

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

29 November 2022

### Strong improvement in revenue and profitability in FY22

Greencore Group plc ('Greencore' or the 'Group'), a leading manufacturer of convenience food in the UK, today issues its results for the 53 weeks ended 30 September 2022.

#### PERFORMANCE<sup>1,2</sup>

- Strong growth in food to go and other convenience categories drove Group Revenue growth of 31.3% above FY21 levels to £1.7bn and 20.3% above FY19 levels
- Pro Forma Revenue growth in food to go categories increased by 35.2% year on year, driven by a combination of strong underlying volume growth, contribution from new wins, and increased pricing as we continued to recover inflation
- Pro Forma Revenue growth in other convenience categories increased by 19.2%, driven by increased underlying pricing and higher revenue in the Group's Irish ingredients trading business
- Significant growth in Adjusted Operating Profit, in line with previous guidance, up £33.2m to £72.2m (FY21: £39.0m), with Adjusted Operating Margin of 4.2% (FY21: 2.9%)
- Group ROIC increased to 8.4% from 4.5% at the end of FY21 due to the increase in Operating Profit
- Adjusted EPS of 9.2p up 5.5p (FY21: 3.7p)
- Net Debt (excluding lease liabilities) of £180.0m at year end (FY21: £183.1m) after £33.1m strategic capex and £8.8m share buyback completed during the year
- Robust balance sheet with substantial liquidity headroom and continued progress on deleveraging. Net Debt: EBITDA of 1.5x as measured under financing agreements has now reached the Group's target range of 1.0x - 1.5x. Committed facilities of £578.0m (FY21: £433.6m)
- Completed £10m share buyback programme in early October which is the first phase of the £50m value return to shareholders announced in May 2022. Intention to return a further £15m of value to shareholders in the form of a share buyback in FY23

#### OPERATING & STRATEGIC UPDATE<sup>1</sup>

- Maintained high operational service levels during the year, working closely with our customers and supply partners to manage ongoing supply-side challenges and disruptions
- Completed onboarding of new business wins, expanding the Group's product ranges and channel reach. New business wins accounted for approximately 4.4% of the Group's pro forma revenue growth in FY22
- Recovered or mitigated all FY22 input cost and other inflation
- Completed strategic capital investment programme to support the delivery of previously announced business wins. There are some commissioning challenges as we ramp up production and we are working to resolve these in the first half of FY23
- Launched Better Greencore, our change programme with the first phase targeted to deliver annual recurring benefits of approximately £30m in FY24. The second phase, focusing on operational and technological excellence, will be launched in FY23. The Group recognised an exceptional charge of £16.1m in respect of the work carried out in the financial year
- Advanced our sustainability agenda relating to the data and systems framework to measure performance effectively. The Group also commenced a collaboration project with a key customer on category level eco-footprinting

#### OUTLOOK<sup>1</sup>

Revenue performance in the early weeks of FY23 has broadly held up however, we do note some mix effect between categories. We remain cautious about the potential impact of the recessionary environment and cost-of-living factors on consumer spending through the year ahead, the impact of which has not yet been fully absorbed by the consumer.

We expect that FY23 will be a year of further substantial inflation and are working closely with our customers on recovery and mitigation. We remain focused on the execution of our change programme, Better Greencore, and are planning for the second phase which will focus on operational and technological excellence.

We continue to make decisions on customer contracts which are no longer economic, with a heightened focus on our ability to recover inflation.

The Board is confident that a continued focus on the strengths of the business, underpinned by our resilient balance sheet and the efficiency and productivity gains related to our Better Greencore programme will support the further successful progress of the Group in the years ahead.

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### SUMMARY FINANCIAL PERFORMANCE <sup>1,2</sup>

	FY22 £m	FY21 £m	Change
Group Revenue	1,739.6	1,324.8	+31.3%
Pro Forma Revenue Growth	29.4%		
Adjusted EBITDA	126.9	92.3	+37.5%
Group Operating Profit	52.1	42.8	+21.7%
Adjusted Operating Profit	72.2	39.0	+£33.2m
Adjusted Operating Margin	4.2%	2.9%	+130bps
Group Profit Before Tax	39.8	27.8	+£12.0m
Adjusted Profit Before Tax	59.8	22.6	+£37.2m
Basic EPS (pence)	6.2	5.0	
Group Exceptional Items (after tax)	(13.5)	12.1	
Adjusted EPS (pence)	9.2	3.7	5.5p
Free Cash Flow	58.7	72.2	-£13.5m
Net Debt	228.0	242.7	14.7m
Net Debt (excluding lease liabilities)	180.0	183.1	£3.1m
Return on Invested Capital ("ROIC")	8.4%	4.5%	

#### Commenting on the results, Dalton Philips, Chief Executive Officer (CEO), said:

*"Greencore has made great progress in recovering from a very challenging period with revenue, profits, leverage and returns all improving significantly in FY22. I want to acknowledge and thank our teams and colleagues who have done and continue to do a fantastic job every day in driving the business forward."*

*"My first few weeks in the CEO role have confirmed to me the fantastic capability and potential of this business. Our leading market positions, close customer relationships, well invested facilities and intense focus on efficiencies give us confidence as we continue to navigate our way through the challenges of the current macroeconomic climate."*

<sup>1</sup> The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions are provided in the Appendix to the Full Year Results Statement.

<sup>2</sup> The financial year is the 53-week period ended 30 September 2022 with comparatives for the 52-week period ended 24 September 2021.

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### Basis of preparation

The financial information included within this Results Statement is based on the audited consolidated financial statements of Greencore Group plc. Details of the basis of preparation can be found in Note 1 to the attached financial information.

### Forward-looking statements

Certain statements made in this document are, or may be deemed to be, forward-looking. These represent expectations for the Group's business, and involve known and unknown risks and uncertainties, many of which are beyond the Group's control. The Group has based these forward-looking statements on current expectations and projections about future events based on information currently available to the Group. The forward-looking statements contained in this document include statements relating to the financial condition, results of operations, business, viability and future performance of the Group and certain of the Group's plans and objectives. These forward-looking statements include all statements that do not relate only to historical or current facts and may generally, but not always, be identified by the use of words such as 'will', 'aims', 'achieves', 'anticipates', 'continue', 'could', 'develop', 'should', 'expects', 'is expected to', 'may', 'maintain', 'grow', 'estimates', 'ensure', 'believes', 'intends', 'projects', 'sustain', 'targets', or the negative thereof, or similar future or conditional expressions, but their absence does not mean that a statement is not forward-looking.

By their nature, forward-looking statements are prospective and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and reflect the Group's current expectations and assumptions as to such future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. There may be risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. You should not place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this announcement. The Group expressly disclaims any obligation to publicly update or review these forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

### Presentation & Conference Call

A presentation of the results for analysts and institutional investors will take place at 8.00am on 29 November 2022 at etc. venues, 8 Fenchurch Place, London EC3M 4PB. The presentation slides will be available on the Investor Relations section on [www.greencore.com](http://www.greencore.com) from 7.00am that morning.

This presentation can also be accessed live from the Investor Relations section on [www.greencore.com](http://www.greencore.com) or alternatively via conference call. Registration and dial in details are available at [www.greencore.com/investor-relations/](http://www.greencore.com/investor-relations/)

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### About Greencore

We are a leading manufacturer of convenience food in the UK and our purpose is to make every day taste better. We supply to all the major supermarkets in the UK. We also supply convenience and travel retail outlets, discounters, coffee shops, foodservice and other retailers. We have strong market positions in a range of categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings.

In FY22, we manufactured 795m sandwiches and other food to go products, 127m chilled prepared meals, and 296m bottles of cooking sauces, pickles, condiments and chilled soups. We carry out more than 10,600 direct to store deliveries each day. We have 23 world-class manufacturing units across 16 locations in the UK, with industry-leading technology and supply chain capabilities. We generated revenues of £1.7bn in FY22 and employ approximately 14,000 people. We are headquartered in Dublin, Ireland. For further information go to [www.greencore.com](http://www.greencore.com) or follow Greencore on social media.

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### OPERATING REVIEW <sup>1,2</sup>

#### Strategic developments

We made strong progress against our strategic objectives in FY22, delivering good year on year volume growth while recovering significant levels of ongoing inflation and enhancing profit conversion. This progress was underpinned by close customer engagement in what has been, and continues to be, a very challenging trading environment for the food industry. Overall demand in the Group's categories has been very resilient, with demand supported by robust service levels across the network, despite having to navigate ongoing and challenging inbound supply chain disruption.

Onboarding of previously announced new business wins continued during the quarter, expanding the Group's product ranges and channel reach. New business wins accounted for approximately 4.4% of the Group's Pro Forma Revenue growth in FY22. The Group also continued to work closely with customers on product and range innovations to mitigate the impact of inflation at consumer level.

Our strategic capital investment programme of approximately £30m across three existing manufacturing sites, to support the delivery of previously announced business wins, was completed in Q4. There are some commissioning challenges as we ramp up production in our new ready meals production unit. We are focused on managing this disruption and driving operating efficiency and improved output and conversion rates.

Better Greencore, our change programme, continues to progress well. The first phase of the programme is expected to deliver an annual recurring benefit of approximately £30m in FY24. To unlock these improvements the Group will invest a total of approximately £24m comprising operating and capital costs during FY22 and FY23 of which £16.1m has been incurred in 2022. The internal operational and organisation model has changed fundamentally in this first phase, realigning teams from a matrixed structure to a functional model. While this is a complex task, it will deliver a more customer-centric approach across the business. The new structure is supported by the full deployment of an integrated business management model that will make the Group more effective across product development, operations and overall cost management. The second phase of Better Greencore is focused on operational and technological excellence. This phase will be launched internally in FY22.

#### Trading Performance

	FY22 £m	FY21 £m	Change (As reported)	Change (Pro Forma basis)
Revenue	1,739.6	1,324.8	31.3%	29.4%
Group Operating Profit	52.1	42.8	21.7%	
Adjusted Operating Profit	72.2	39.0	£33.2m	
Adjusted Operating Margin %	4.2%	2.9%	130bps	

Reported Group revenue increased by 31.3% to £1,739.6m in FY22. Revenue Growth in FY22 was driven by a combination of increased volumes, double digit percentage increase in underlying pricing and increased revenue in the Group's Irish ingredients trading business as well as the impact of a 53<sup>rd</sup> trading week in FY23.

Adjusted Operating Profit rose from £39.0m to £72.2m and Adjusted Operating Margin advanced by 130bps to 4.2%. Group Profit Before Tax was £39.8m in FY22, compared to a Profit Before Tax of £27.8m in FY21.

The UK trading environment, especially in food to go categories, was resilient during FY22 notwithstanding some demand volatility caused by COVID-19 related mobility restrictions in H1 22 and the increasing impact of inflation on the UK consumer during H2 22. The Group will continue to monitor the impact of increased prices at a consumer level closely.

In FY22 the Group benefitted from its strong market position in the grocery retail channel, its expanded customer and format mix, and its portfolio across food to go and other convenience categories. The new business wins onboarded in FY21 and FY22 also contributed meaningfully to Group revenue performance. In H1 22, the Group worked closely with one of its key food to go customers to extend its offering into the store network of a leading UK coffee shop retailer. The Group also completed the onboarding of a significant business win in ready meals in H2 22, supported by a strategic capital investment.

FY22 revenue in the Group's food to go categories (comprising sandwiches, salads, sushi and chilled snacking) totalled £1,161.3m and accounted for approximately 67% of reported revenue. Reported revenue increased by 37.9% in these categories, driven by a recovery in underlying demand as the year progressed, strong execution on new business wins, and increased pricing. Revenue for the distribution of third-party products accounted for approximately 10% of Group revenue in FY22 (FY21: c.8%).

## FULL YEAR RESULTS STATEMENT

### For the year ended 30 September 2022

On a pro forma basis, revenue in food to go categories grew by 35.2% in FY22 driven by increased volumes due to the impact of new business wins in 2021 and 2022 as well as ongoing recovery in underlying volume towards pre COVID-19 levels, and double digit inflation recovery.

The Group's other convenience categories comprise activities in the chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Pudding categories, as well as an Irish ingredients trading business. Reported revenue across these categories increased by 19.8% to £578.3m in FY22.

On a pro forma basis, revenue increased by 19.2%, driven by increased underlying pricing, and higher revenue in the Group's Irish ingredients trading business. Volumes were modestly up year on year due to the Group's onboarding of new business wins in the ready meals category.

There was a substantial increase in inflation in the Group's main cost components in FY22, which led to a mid-teen rate of inflation for the period. This inflation was fully recovered through pricing and other mechanisms comprising product and range innovations, alternative sourcing and operating efficiency initiatives. The largest component of inflation was raw materials and packaging, where we have explicit price recovery mechanisms in place with a number of our customers. The other elements were recovered through a combination of constructive direct dialogue with our customers and operational efficiencies. We also work collaboratively with our customers on multiple other initiatives to manage inflation, including range alterations, packaging redesigns and product reformulations.

In FY22, the Group experienced an IT security incident that resulted in temporary unauthorised access to part of the Group's IT systems. The Group responded rapidly and proactively to the incident to protect the Group's infrastructure and data and to restore the impacted part of the IT systems. From an operational perspective, the impact on customers was minimised as the Group put in place manual back up processes to ensure that production could continue. The Group recognised net costs of £1.9m incurred as a result of the incident. This included insurance recovery of £8.6m against the business impact and costs relating to the incident. Appropriate notification was also made to the relevant authorities. In FY21 the Group incurred £5.3m of operating costs relating to COVID-19.

Overall, Group Operating Profit in FY22 increased to £52.1m (FY21: £42.8m). Adjusted Operating Profit increased to £72.2m (FY21: £39.0m). The increase in Adjusted Operating Profit was driven by a return to profitability in the Group's food to go categories as profit conversion improved on an increased revenue base. Underlying profitability in the Group's other convenience categories was below FY21 levels as we incurred pre operating and commissioning costs for the new ready meals production unit.

#### Group Cash Flow and Returns

	FY22 £m	FY21 £m	Change (as reported)
Free Cash Flow	58.7	72.2	(£13.5m)
Net Debt	228.0	242.7	£14.7m
Net Debt (excluding lease liabilities)	180.0	183.1	£3.1m

In FY22, we continued to manage cashflows and leverage closely, balancing recovering profitability, seasonal working capital outflows and capital investment requirements to support future growth in the business.

Free Cash Flow was an inflow of £58.7m in FY22, a reduction of £13.5m on FY21 which was £72.2m. The decrease primarily reflects more normalised working capital inflow in 2022 post COVID-19. Free Cash Flow Conversion was 46.3% compared with 78.2% in FY21.

Net Debt at 30 September 2022 was £228.0m, a decrease of £14.7m compared to 24 September 2021. Net Debt excluding lease liabilities decreased to £180.0m from £183.1m in FY21. Net Debt: EBITDA leverage, as measured under financing agreements, was 1.5x at period end which represents further progress on deleveraging and has now reached our target range of 1.0x – 1.5x, which was rebased from 1.5x to 2.0x post COVID-19.

In November 2021, the Group further strengthened its balance sheet when it extended the maturity on its £340.0m revolving credit facility by one year to January 2026. As at 30 September 2022, the Group had total committed debt facilities of £578.0m and a weighted average maturity of 2.5 years. At 30 September 2022, the Group had cash and undrawn committed bank facilities of £398.0m.

Cash interest costs in FY22 were £16.7m down from £18.8m in FY21. As rates are increasing, we anticipate cash interest to increase to approximately £18m in FY23.

In May 2022, we announced a £50m value return to shareholders over the coming two years and subsequent to the year-end, announced that the first phase, a £10m share buyback programme that commenced on 26 July 2022, had been completed. We plan to buyback a further £15m of shares in FY23.

## FULL YEAR RESULTS STATEMENT

### For the year ended 30 September 2022

ROIC increased to 8.4% in FY22, compared to 4.5% in FY21. The year-on-year increase was driven primarily by increased profitability in the year. Average invested capital decreased modestly year on year from £728.8m to £695.0m.

#### Better Future Plan

Greencore's sustainability strategy, the 'Better Future Plan', was launched in November 2021 and is built around three pillars and aspirations:

- Sourcing with Integrity: By 2030 we will source our priority ingredients from a sustainable and fair supply chain
- Making with Care: By 2040 we will operate with net zero emissions (scope 1 and scope 2)
- Feeding with Pride: By 2030 we will have increased our positive impact on society through our products

The Group advanced the Better Future Plan during FY22, with a focus on progressing the data and systems framework to measure performance effectively. The Group is building a substantial body of data on the nutritional profile of its portfolio and is currently trialling product foot-printing technology with one of its customers. While this progress has not yet followed through to absolute reductions in the Group's scope 1 and scope 2 carbon footprint as increased production post COVID-19 has impacted the Group's energy usage, the Group continues to look at ways to accelerate delivery through focusing on collaboration with customers to drive the systems level change required.

The Group's total carbon footprint is made up of emissions from direct operations (Scope 1 and 2), which represents 6% of the Group's total, while the Group's indirect emissions (Scope 3) from the ingredients sourced and the products placed on the market by the Group represent the majority (94%) of the Group's total footprint. The most major reductions will therefore come from collaborating with the Group's customers and suppliers to reduce Scope 3, but we recognise the importance of Scope 1 and 2 and are continuing to look to accelerate plans on energy reduction.

The Group has published its TCFD report conducting scenario analysis as part of the FY22 Annual Report to estimate the potential impact of climate risks and opportunities.

Food donation continues to be a central focus for the Group's community engagement efforts with the equivalent of 1.63m meals redistributed to food redistribution organisations in order to ensure our surplus food reaches those who need it.

The Group's standalone sustainability report for FY22 on our Better Future Plan will be released in January 2023.

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### FINANCIAL REVIEW <sup>1,2</sup>

#### Revenue and Operating Profit

Reported revenue in the period was £1,739.6m, an increase of 31.3% compared to FY21, primarily reflecting the recovery in demand in food to go categories and the impact of new business wins. Pro Forma Revenue increased by 29.4%.

Group Operating Profit increased from £42.8m to £52.1m as a result of an improved revenue delivery in FY22 and notwithstanding the movement from a net exceptional gain to a net exceptional charge in FY22. Adjusted Operating Profit of £72.2m compared to £39.0m in FY21, driven by an improvement in profit in food to go categories partly offset by a lower underlying performance in the Group's other convenience categories as we commissioned the new ready meals facility. Adjusted Operating Margin was 4.2%, 130 basis points higher than FY21.

#### Net finance costs

The Group's net bank interest payable was £11.1m in FY22, a decrease of £3.9m versus FY21. The decrease was driven by lower cost of debt during FY22. The Group also recognised a £1.2m interest charge relating to the interest payable on lease liabilities in the period (FY21: £1.3m).

The Group's non-cash finance charge in FY22 was a net £nil (FY21: £2.7m charge). The change in the fair value of derivatives and related debt adjustments including foreign exchange in the period was a £1.1m credit (FY21: £0.9m charge) and the non-cash pension financing charge of £1.1m was £0.6m lower than the FY21 charge of £1.7m.

#### Profit before taxation

The Group's Profit before taxation increased from £27.8m in FY21 to £39.8m in FY22, driven by higher Group Operating Profit and lower finance costs. Adjusted Profit Before Tax in the period was £59.8m compared to £22.6m in FY21, primarily driven by an improvement in Adjusted Operating Profit.

#### Taxation

The Group's effective tax rate in FY22 (adjusting pre-exceptional profit for the change in fair value of derivatives) was 19% (FY21: 15%). In March 2021, the UK Government announced an increase in the UK rate of corporation tax from 19% to 25%, to be effective from 1 April 2023. This has been reconfirmed by Jeremy Hunt, the newly appointed Chancellor of the Exchequer, in October 2022.

#### Exceptional items

The Group had a pre-tax exceptional charge of £16.5m in FY22, and an after-tax charge of £13.0m, comprised as follows:

Exceptional Items	£m
Reorganisation costs	(16.1)
Pension restructuring	(0.4)
<b>Exceptional items (before tax)</b>	<b>(16.5)</b>
Tax credit on exceptional items	3.0
<b>Exceptional items (after tax)</b>	<b>(13.5)</b>

In H1 22 the Group commenced a change programme, Better Greencore, to support the revitalisation of its excellence cost efficiency programmes and to unlock further cost efficiencies by reducing organisational complexity. The Group recognised a charge of £16.1m in respect of work carried out in the period.

#### Earnings per share

The Group's basic earnings per share for FY22 was 6.2 pence compared to 5.0 pence in FY21. This was driven by a £6.9m increase in profit attributable to equity holders, partially offset by an increase in the weighted average number of shares in issue in FY22 to 523.4m (FY21: 511.8m).

Adjusted Earnings were £48.1m in the period, £29.3m ahead of prior year levels largely due to an increase in Adjusted Operating Profit. Adjusted earnings per share of 9.2 pence compared to adjusted earnings per share of 3.7 pence in FY21.



# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### Cash Flow and Net Debt

Adjusted EBITDA was £34.6m higher in FY22 at £126.9m. The Group incurred a net working capital inflow of £2.0m. Maintenance capital expenditure of £16.9m was incurred in the period (FY21: £16.2m). The cash outflow in respect of exceptional charges was £13.6m (FY21: £3.3m).

Interest paid in the period was £16.7m (FY21: £18.8m), including interest of £1.2m on lease liabilities, a decrease on FY21 reflecting lower average borrowings and interest costs as the group exited the covenant waiver period and reduced leverage. The Group recognised a cash tax credit of £2.2m reflecting a refund received in the period. The cash tax rate for the Group is expected to rise towards the Group's effective rate in the medium term as a result of increased profitability and a reduction in the degree to which UK losses may be utilised in any one year. Cash repayments on lease liabilities increased to £17.3m (FY21: £14.3m). The Group's cash funding for defined benefit pension schemes was £11.5m (FY21: £7.0m), reflecting the restoration of cash contributions after an agreement with Trustees to defer cash contributions for a period in FY21.

These movements resulted in a free cash inflow of £58.7m compared to an inflow of £72.2m in FY21 when a working capital benefit was realised as volume returned to the business post COVID-19.

In FY22, the Group incurred strategic capital expenditure of £33.1m (FY21: £24.0m).

The Group did not make any equity dividend cash payments in either period. The Group made net share purchases of £11.8m in FY22 reflecting the initiation of a £10m share buyback program (which completed on 6 October 2022) and the implementation of a new employee share ownership scheme introduced in the period. This compared to net equity proceeds of £87.1m in FY21 when the Group completed an equity placing.

In December 2020 (FY21), the Group also completed the sale of its interests in its molasses trading businesses for a final cash consideration of £16.3m.

The Group's Net Debt excluding lease liabilities at 30 September 2022 was £180.0m, a decrease of £3.1m compared to the end of FY21.

### Financing

In November 2021 the Group further strengthened its balance sheet when it extended the maturity on its £340.0m revolving credit facility by one year to January 2026. As at 30 September 2022, the Group had total committed debt facilities of £578.0m and a weighted average maturity of 2.5 years. These facilities comprised:

- A £340.0m revolving credit bank facility with a maturity date of January 2026
- A £75.0m revolving credit bank facility with a maturity date of March 2023
- A £50.0m bilateral bank facility with a maturity date of January 2024
- A £45.0m bank term loan facility with a maturity date of June 2024
- £18.0m and \$55.9m of outstanding Private Placement Notes with maturities ranging between June 2023 and June 2026

At 30 September 2022 the Group had cash and undrawn committed bank facilities of £398.0m.

### Pensions

All of the Group's legacy defined benefit pension schemes are closed to future accrual. The net pension deficit relating to legacy defined pension schemes, before related deferred tax, at 30 September 2022 was £20.3m, £25.7m lower than the position at 24 September 2021. The net pension deficit after related deferred tax was £10.4m (FY21: £29.3m), comprising a net deficit on UK schemes of £44.5m (FY21: £65.3m) and a net surplus on Irish schemes of £34.1m (FY21: £36.0m).

The decrease in the Group's net pension deficit was driven principally by an actuarial gain on UK scheme liabilities arising from an increase in the discount rates used to value these liabilities. The movement in the discount rate is driven by the corporate bond rate. The UK scheme is 77% hedged for movements in gilt yields. Whilst there has been significant economic volatility particularly in bond markets recently the liquidity position of the scheme has been more than sufficient to manage collateral calls and to maintain the hedged position of the scheme.

The Irish scheme is fully hedged for movements in gilt yields and subsequent to the year end the Trustees of the scheme entered into an annuity buy-in transaction in respect of pensioner liabilities, representing approximately 80% of the liabilities in the scheme.

Separate to this IAS 19 *Employee Benefits* valuation, the valuations and funding obligations of the Group's legacy defined benefit pension schemes are assessed on a triennial basis with the relevant Trustees. During H2 21 the Group concluded the latest assessment of the valuation and funding plan for its principal UK legacy defined benefit pension scheme. The Group expects the annual cash funding requirement for all schemes to be modestly below £15m.



## **FULL YEAR RESULTS STATEMENT**

### **For the year ended 30 September 2022**

#### **Return of value to shareholders**

In May 2022, we announced that we would return £50m of value to shareholders over the next two years. The first phase of this value return was a £10m share buyback programme which commenced in July 2022 and completed in early October 2022. We plan to return a further £15m of value to shareholders in FY23 in the form of a share buyback.

#### **Principal risks and uncertainties**

There are a number of potential risks and uncertainties which could have a material impact on future Group performance and could cause actual results to differ materially from expected and historical results. The risks and uncertainties are described in detail in the section Risks and risk management in the Annual Report and Financial Statements for the year ended 30 September 2022 issued on 29 November 2022.

**P.G. Kennedy**

Chair

Date: 28 November 2022

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### GROUP INCOME STATEMENT

For year ended 30 September 2022

	Notes	Pre - exceptional £m	2022* Exceptional (Note 4) £m	Total £m	Pre – exceptional £m	2021 Exceptional (Note 4) £m	Total £m
Revenue	2	1,739.6	–	1,739.6	1,324.8	–	1,324.8
Cost of sales		(1,216.6)	–	(1,216.6)	(901.9)	–	(901.9)
<b>Gross profit</b>		<b>523.0</b>	–	<b>523.0</b>	422.9	–	422.9
Operating costs before acquisition related amortisation	3	(449.6)	(16.5)	(466.1)	(383.3)	7.7	(375.6)
Impairment of trade receivables		(1.2)	–	(1.2)	(0.6)	–	(0.6)
<b>Group operating profit before acquisition related amortisation</b>		<b>72.2</b>	<b>(16.5)</b>	<b>55.7</b>	39.0	7.7	46.7
Amortisation of acquisition related intangibles		(3.6)	–	(3.6)	(3.9)	–	(3.9)
<b>Group operating profit</b>		<b>68.6</b>	<b>(16.5)</b>	<b>52.1</b>	35.1	7.7	42.8
Finance income	5	0.2	–	0.2	0.1	–	0.1
Finance costs	5	(12.5)	–	(12.5)	(19.1)	–	(19.1)
Profit on disposal of associates		–	–	–	–	4.0	4.0
<b>Profit/(loss) before taxation</b>		<b>56.3</b>	<b>(16.5)</b>	<b>39.8</b>	16.1	11.7	27.8
Taxation		(10.5)	3.0	(7.5)	(2.5)	0.4	(2.1)
<b>Profit/(loss) for the financial year</b>		<b>45.8</b>	<b>(13.5)</b>	<b>32.3</b>	13.6	12.1	25.7
<b>Attributable to:</b>							
Equity shareholders		45.8	(13.5)	32.3	13.3	12.1	25.4
Non-controlling interests		–	–	–	0.3	–	0.3
		<b>45.8</b>	<b>(13.5)</b>	<b>32.3</b>	13.6	12.1	25.7
<b>Earnings per share (pence)</b>							
Basic earnings per share	6			6.2			5.0
Diluted earnings per share	6			6.1			5.0

\* The financial year is the 53-week period ended 30 September 2022 with comparatives for the 52-week period ended 24 September 2021

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### GROUP STATEMENT OF COMPREHENSIVE INCOME for year ended 30 September 2022

	2022*	2021
	£m	£m
<b>Items of comprehensive income taken directly to equity</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Actuarial gain on Group legacy defined benefit pension schemes	14.4	36.3
Tax charge on Group legacy defined benefit pension schemes	(4.1)	(1.1)
	<b>10.3</b>	<b>35.2</b>
<b>Items that may subsequently be reclassified to profit or loss:</b>		
Currency translation adjustment	1.8	(3.2)
Translation reserve transferred to Income Statement on disposal of subsidiary	–	(1.0)
Non-controlling interest transferred to Income Statement on disposal of subsidiary	–	(5.8)
Cash flow hedges:		
fair value movement taken to equity	8.5	(0.5)
transferred to Income Statement	(1.6)	1.2
	<b>8.7</b>	<b>(9.3)</b>
<b>Other comprehensive income for the financial year</b>	<b>19.0</b>	<b>25.9</b>
Profit for the financial year	<b>32.3</b>	<b>25.7</b>
<b>Total comprehensive income for the financial year</b>	<b>51.3</b>	<b>51.6</b>
<b>Attributable to:</b>		
Equity shareholders	51.3	57.3
Non-controlling interests	–	(5.7)
<b>Total comprehensive income for the financial year</b>	<b>51.3</b>	<b>51.6</b>

\* The financial year is the 53-week period ended 30 September 2022 with comparatives for the 52-week period ended 24 September 2021

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### GROUP STATEMENT OF FINANCIAL POSITION at 30 September 2022

	Notes	2022 £m	2021 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill and intangible assets	7	468.1	473.3
Property, plant and equipment	7	319.4	307.4
Right-of-use assets		44.4	54.1
Investment property		3.1	3.0
Retirement benefit assets	9	39.8	42.1
Derivative financial instruments		12.4	–
Deferred tax assets		37.1	48.1
Trade and other receivables		0.3	0.4
<b>Total non-current assets</b>		<b>924.6</b>	<b>928.4</b>
<b>Current assets</b>			
Inventories		63.3	47.7
Trade and other receivables		248.7	196.3
Cash and cash equivalents		99.6	119.1
Derivative financial instruments		2.5	–
<b>Total current assets</b>		<b>414.1</b>	<b>363.1</b>
<b>Total assets</b>		<b>1,338.7</b>	<b>1,291.5</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		5.2	5.3
Share premium		89.7	89.7
Reserves		370.7	328.2
<b>Total equity</b>		<b>465.6</b>	<b>423.2</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8	209.8	209.1
Lease liabilities		33.6	42.0
Other payables		2.7	3.7
Derivative financial instruments		–	2.7
Provisions		5.2	5.5
Retirement benefit obligations	9	60.1	88.1
Deferred tax liabilities		18.9	18.2
<b>Total non-current liabilities</b>		<b>330.3</b>	<b>369.3</b>
<b>Current liabilities</b>			
Borrowings	8	69.8	93.1
Trade and other payables		445.1	375.8
Lease liabilities		14.4	17.6
Derivative financial instruments		0.1	2.9
Provisions		4.7	2.1
Current tax payable		8.7	7.5
<b>Total current liabilities</b>		<b>542.8</b>	<b>499.0</b>
<b>Total liabilities</b>		<b>873.1</b>	<b>868.3</b>
<b>Total equity and liabilities</b>		<b>1,338.7</b>	<b>1,291.5</b>

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### GROUP STATEMENT OF CASH FLOWS

for the year ended 30 September 2022

	Notes	2022* £m	2021 £m
Profit before taxation		39.8	27.8
Finance income	5	(0.2)	(0.1)
Finance costs	5	12.5	19.1
Exceptional items	4	16.5	(11.7)
<b>Group operating profit before exceptional items</b>		<b>68.6</b>	<b>35.1</b>
Depreciation and impairment of property, plant and equipment and right-of-use assets		52.5	54.6
Amortisation of intangible assets		6.7	7.0
Employee share-based payment expense		2.7	2.1
Contributions to Group legacy defined benefit pension scheme	9	(11.5)	(7.0)
Working capital movement		2.0	33.2
<b>Net cash inflow from operating activities before exceptional items</b>		<b>121.0</b>	<b>125.0</b>
Cash outflow related to exceptional items		(13.6)	(3.3)
Interest paid (including lease liability interest)		(16.7)	(18.8)
Tax received/(paid)		2.2	(0.2)
<b>Net cash inflow from operating activities</b>		<b>92.9</b>	<b>102.7</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(48.6)	(37.1)
Purchase of intangible assets		(1.4)	(3.1)
Disposal of undertakings		–	16.3
Disposal of investment property		–	6.3
<b>Net cash outflow from investing activities</b>		<b>(50.0)</b>	<b>(17.6)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares (net of transaction costs)		–	87.1
Ordinary shares purchased – own shares		(3.0)	–
Capital return via share buyback		(8.8)	–
Drawdown/(repayment) of bank borrowings		9.6	(130.9)
Repayment of Private Placement Notes		(47.3)	–
Settlement of swaps on maturity of Private Placement Notes		(2.6)	–
Repayment of lease liabilities		(17.3)	(14.3)
<b>Net cash outflow from financing activities</b>		<b>(69.4)</b>	<b>(58.1)</b>
<b>Net (decrease)/increase in cash and cash equivalents and bank overdrafts</b>		<b>(26.5)</b>	<b>27.0</b>
<b>Reconciliation of opening to closing cash and cash equivalents and bank overdrafts</b>			
Cash and cash equivalents and bank overdrafts at beginning of year		73.6	47.0
Translation adjustment		(0.4)	(0.4)
Net increase in cash and cash equivalents and bank overdrafts		(26.5)	27.0
<b>Cash and cash equivalents and bank overdrafts at end of year**</b>		<b>46.7</b>	<b>73.6</b>

\* The financial year is the 53-week period ended 30 September 2022 with comparatives for the 52-week period ended 24 September 2021

\*\* Cash and cash equivalents and bank overdrafts is made up of cash at bank and in hand of £99.6m (2021: £119.1m) and bank overdrafts of £52.9m (2021: £45.5m)

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### Notes to the financial information for the year ended 30 September 2022

#### 1. Basis of preparation

The financial information presented in this full year results statement represents financial information that has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations adopted by the European Union (EU). The financial information does not include all the information required for a complete set of financial statements prepared in accordance with EU IFRS, however selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance during the year ended 30 September 2022.

The financial information is based on the information included in the audited Consolidated Financial Statements of Greencore Group plc for the year ended 30 September 2022, to which an unqualified audit opinion is provided. Full details of the basis of preparation of the Group Financial Statements for the year ended 30 September 2022 are included in Note 1 of the FY22 Annual Report.

The financial information is presented in GBP, which is the functional currency of the Company and presentation currency of the Group, rounded to the nearest million.

#### Going Concern

The Directors, after making enquiries, have a reasonable expectation that the Group has adequate resources to continue operating as a going concern for the foreseeable future.

In the current period, the UK trading environment, especially in food to go categories, was resilient notwithstanding some demand volatility caused by COVID-19 related mobility restrictions in H1 22 and the increasing impact of inflation on the UK consumer during H2 22. Notwithstanding the inflationary challenges impacting the broader UK food industry at present, there has been limited demand impact to date in the Group's categories. The Group will continue to monitor the potential impact of a recessionary environment and cost of living factors on consumer spending through the year end.

Accordingly, the Directors have considered a number of scenarios for the next 18 months from the year end date. These scenarios consider the potential impact of a recessionary environment including the impact of inflation and interest rates on consumer spending, along with consideration of under recovery of inflation, supply chain disruption issues and further one off future events linked to a reduction in consumer footfall during the winter months. The Group is satisfied that there is sufficient headroom in the financial covenants under current facilities under each scenario.

The Group's scenarios assume:

- A base case projection using internally approved forecast and strategic plans, which reflect the external economic environment. These plans incorporate the potential impact of climate change of the Group's capital investment process;
- A downside scenario which assesses the potential impact of a recessionary environment including the impact of inflation and interest rates on consumer spending, along with consideration of under recovery of inflation and further one-off future events linked to a reduction in consumer footfall during the winter months; and
- A severe downside scenario which assesses the further impact of inflation under recovery, along with a further reduction in sales to reflect the impact of changes in consumer spending through any recessionary period. In this scenario, mitigating actions are assumed including a reduction in non-business critical capital expenditure and reductions in the amount of the share buyback plan.

While the Group is in a net current liability position of £128.7m (2021: £135.9m) at 30 September 2022, the Group retained financial strength and flexibility as at the end of 2022. The Group had cash and undrawn committed bank facilities of £398.0m at 30 September 2022 (September 2021: £433.6m).

Based on these scenarios and the resources available to the Group, the directors believe the Group has sufficient liquidity to manage through a range of different cashflow scenarios for the next 18 months from the year end date. Accordingly, the directors adopt the going concern basis in preparing the financial information.

#### 2. Segment Information

Convenience Foods UK & Ireland is the Group's operating segment, which represents its reporting segment. The segment incorporates many UK convenience food categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles and, frozen Yorkshire Puddings as well as the Irish ingredients trading business.

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### Notes to the financial information for the year ended 30 September 2022

#### 2. Segment information (continued)

Revenue earned individually from three customers in Convenience Foods UK & Ireland of £316.0m, £261.0m and £196.3m respectively represents more than 10% of the Group's revenue (2021: Revenue earned individually from four customers in Convenience Foods UK & Ireland of £278.1m, £168.1m, £145.0m and £133.9m each respectively represents more than 10% of the Group's revenue).

The following table disaggregates revenue by product categories in the Convenience Foods UK and Ireland reporting segment:

	2022 £m	2021 £m
<b>Revenue</b>		
Food to go categories	1,161.3	842.1
Other convenience categories	578.3	482.7
<b>Total revenue for Convenience Foods UK and Ireland</b>	<b>1,739.6</b>	<b>1,324.8</b>

Food to go categories includes sandwiches, salads, sushi and chilled snacking while the other convenience categories include chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings as well as the Irish Ingredients trading business.

#### 3. IT security incident

In December 2021, the Group experienced an IT security incident that resulted in temporary unauthorised access to part of the Group's IT systems. The Group recognised gross costs of £10.5m relating to this incident from disruption to operations and professional fees and £8.6m of insurance income as a result of insurance claims arising from the IT security incident resulting in a net expense recognised in profit or loss of £1.9m.

#### 4. Exceptional Items

Exceptional items are those which are disclosed separately by virtue of their nature or amount. Such items are included within the Group Income Statement caption to which they relate.

The Group reports the following exceptional items:

		2022 £m	2021 £m
Reorganisation costs	(A)	(16.1)	–
Restructuring costs for legacy defined benefit pension schemes	(B)	(0.4)	(4.0)
Profit on disposal of Molasses trading businesses	(C)	–	11.3
Non-core property related income	(D)	–	3.3
Legacy business provisions	(E)	–	1.1
<b>Total exceptional items before taxation</b>		<b>(16.5)</b>	<b>11.7</b>
Tax credit on exceptional items		<b>3.0</b>	<b>0.4</b>
<b>Total exceptional items</b>		<b>(13.5)</b>	<b>12.1</b>

##### (A) Reorganisation costs

In the current year, the Group commenced a change programme "Better Greencore", which is to support revitalisation of its excellence cost efficiency programmes and unlock cost efficiencies by reducing organisational complexity. The Group recognised a charge of £8.5m in respect of consultancy fees and £7.6m in respect of personnel exit costs. Better Greencore is expected to continue in FY23 with a focus on operational and technological excellence as part of the next phase of the programme.

##### (B) Restructuring costs for legacy defined benefit pension schemes

The Group incurred a charge of £0.4m in the current year and £4.0m in the prior year in relation to restructuring costs associated with its legacy defined benefit pension schemes in Ireland.

##### (C) Profit on disposal of Molasses trading businesses

In the prior year, the Group completed the disposal of its interest in the Molasses trading businesses recognising a profit on disposal of £11.3m.

##### (D) Non-core property related income

In the prior year, the Group recognised a reversal of an impairment of £3.3m prior to the disposal of an investment property in the UK.



# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### Notes to the financial information for the year ended 30 September 2022

#### 4. Exceptional Items (continued)

##### (E) Legacy business provisions

During the prior year, the Group recognised a net credit of £1.1m relating to legacy provisions on discontinued operations.

##### Cash flow on exceptional items

The total net cash outflow during the year in respect of exceptional charges was £13.6m (2021: £3.3m), of which £0.8m was in respect of prior year exceptional charges

#### 5. Finance income and finance costs

	2022 £m	2021 £m
<b>Finance income</b>		
Interest on bank deposits	0.2	–
Foreign exchange on inter-company and external balances where hedge accounting is not applied	–	0.1
<b>Total finance income</b>	<b>0.2</b>	<b>0.1</b>
<b>Finance costs</b>		
Finance costs on interest bearing cash and cash equivalents, borrowings and other financing costs	(11.3)	(15.0)
Interest on lease obligations	(1.2)	(1.3)
Net pension financing charge	(1.1)	(1.7)
Unwind of discount on liabilities	(0.1)	(0.1)
Change in fair value of derivatives and related debt adjustment	1.9	(1.0)
Foreign exchange on inter-company and external balances where hedge accounting is not applied	(0.7)	–
<b>Total finance costs</b>	<b>(12.5)</b>	<b>(19.1)</b>

#### 6. Earnings per Ordinary Share

In the current year, the Group repurchased 9,728,677 Ordinary Shares in the Company, by way of a share buyback, costing £8.8m. These shares were immediately cancelled. The effect of this on the weighted average number of ordinary shares was a decrease of 774,827 shares.

##### Numerator for Earnings per Share Calculations

	2022 £m	2021 £m
<b>Profit attributable to equity holders of the Company</b>	<b>32.3</b>	<b>25.4</b>

##### Denominator for Basic Earnings Per Share Calculations

	2022 '000	2021 '000
Shares in issue at the beginning of the year	526,547	446,157
Effect of shares held by Employee Benefit Trust	(2,403)	(1,116)
Effect of shares issued in equity placing in the year	–	66,707
Effect of shares issued during the year	13	16
Effect of share buyback and cancellation in the year	(775)	–
<b>Weighted average number of Ordinary Shares in issue during the year</b>	<b>523,382</b>	<b>511,764</b>
Dilutive effect of share awards	2,123	660
<b>Weighted average number of Ordinary Shares for diluted earnings per share</b>	<b>525,505</b>	<b>512,424</b>

	2022 pence	2021 pence
<b>Basic earnings per Ordinary Share</b>	<b>6.2</b>	<b>5.0</b>
<b>Diluted earnings per Ordinary Share</b>	<b>6.1</b>	<b>5.0</b>

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### Notes to the financial information for the year ended 30 September 2022

#### 7. Impairment of goodwill, intangible assets and property, plant and equipment

At 30 September 2022, the Group's market capitalisation was lower than the Group's net assets which is an indicator of impairment and therefore an impairment review was performed. The Group performed an impairment test on the carrying value of goodwill (£449.4m) at 30 September 2022 using a value in use model to determine the recoverable amount. The recoverable amount had significant headroom above the carrying value and therefore, no impairment was recorded (2021: £nil). There was also no impairment of intangible assets (2021: £nil). There was an impairment of £0.9m recorded on property, plant and equipment following a review (2021: £4.4m).

#### 8. Borrowings and cash and cash equivalents

	2022	2021
	£m	£m
Bank overdrafts	(52.9)	(45.5)
Bank borrowings	(158.8)	(150.1)
Private placement notes	(67.9)	(106.6)
<b>Total borrowings</b>	<b>(279.6)</b>	<b>(302.2)</b>
Cash and cash equivalents	99.6	119.1
<b>Total borrowings and cash and cash equivalents</b>	<b>(180.0)</b>	<b>(183.1)</b>

Total borrowings and cash and cash equivalents is used by the Group for the purpose of calculating leverage under the Group's financing agreements.

##### Bank borrowings

The Group's bank borrowings, net of finance fees comprised of £158.8m at 30 September 2022 (2021: £150.1m) with maturities to January 2026. The Group had £350.0m (2021: £360.0m) of undrawn committed bank facilities in respect of which all conditions precedent had been met. Uncommitted facilities undrawn at 30 September 2022 amounted to £9.5m (2021: £6.7m).

##### Private Placement Notes

The Group's outstanding Private Placement Notes net of finance fees comprised of £67.9m (denominated as \$55.9m and £18m) at 30 September 2022 (2021: £106.6m, denominated as \$120.9m and £18m). These were issued as fixed rate debt in June 2016.

The Group swapped the \$55.9m Private Placement Notes from fixed rate US Dollar to fixed rate sterling using cross-currency interest rate swaps. The fixed rate US dollar to fixed rate sterling swaps are designated as cash flow hedges.

During the year the Group repaid the fixed rate Private Placement Note of \$65m in full in October 2021.

#### 9. Retirement Benefit Obligations

The Group operates one legacy defined benefit pension scheme and one legacy defined benefit commitment in Ireland (the 'Irish schemes') and one legacy defined benefit pension scheme and one legacy defined benefit commitment in the UK (the 'UK schemes') (collectively the "schemes"). These are all closed to future accrual and there is an assumption applied in the valuation of the schemes that there will be 0% discretionary increases in pension payments. The scheme assets are held in separate Trustee administered funds. The Group continues to seek ways to reduce its liabilities through various restructuring initiatives in co-operation with the respective schemes.

In consultation with the independent actuaries to the schemes, the valuation of pension obligations has been updated to reflect current market discount rates, rates of increase in salaries, pension payments and inflation, current market values of investments and actual investment returns.

The Group's retirement benefit obligations moved from a net liability of £46.0m at 24 September 2021 to a net liability of £20.3m at 30 September 2022. This reduction in the net liability position is mainly driven by actuarial gains of £14.4m due to change in financial assumptions. During the year, the Group paid £12.6m (2021: £8.0m) in contributions to the pension schemes.

Where a funding valuation reveals a deficit in a scheme, the Group will generally agree a schedule of contributions with the trustees designed to address the deficit over an agreed future time horizon. Full actuarial valuations were carried out between 31 March 2019 and 31 March 2020. In general, actuarial valuations are not available for public inspection, however, the results of valuations are advised to members of the various schemes. All of the schemes are operating under the terms of current funding proposals agreed with relevant pension authorities. Based on current discussions with the Trustees of the scheme cash contributions are expected to be modestly below £15m in FY23.

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### Notes to the financial information for the year ended 30 September 2022

#### 9. Retirement Benefit Obligations (continued)

The financial position of the schemes was as follows:

	UK Schemes	Irish Schemes	2022 Total	UK Schemes	Irish Schemes	2021 Total
	£m	£m	£m	£m	£m	£m
Fair value of plan assets	168.7	170.3	339.0	260.6	220.7	481.3
Present value of scheme liabilities	(228.0)	(131.3)	(359.3)	(347.7)	(179.6)	(527.3)
(Deficit)/surplus in schemes	(59.3)	39.0	(20.3)	(87.1)	41.1	(46.0)
Deferred tax asset	14.8	(4.9)	9.9	21.8	(5.1)	16.7
<b>Net (liability)/asset at end of year</b>	<b>(44.5)</b>	<b>34.1</b>	<b>(10.4)</b>	<b>(65.3)</b>	<b>36.0</b>	<b>29.3</b>

#### Presented as:

Retirement benefit asset*	39.8	42.1
Retirement benefit obligation	(60.1)	(88.1)

\*The value of a net pension benefit asset is the value of any amount the Group reasonably expects to recover by way of a refund of surplus from the remaining assets of a plan at the end of the plan's life.

The principal actuarial assumptions are as follows:

	UK Schemes		Irish Schemes	
	2022	2021	2022	2021
Rate of increase in pension payments*	3.35%	3.35%	0.00%	0.00%
Discount rate	5.00%	1.90%	4.00%	1.13%
Inflation rate**	3.55%	3.45%	2.40%	1.80%

\* The rate of increase in pension payments applies to the majority of the liability base, however there are certain categories within the Group's Irish Schemes that have an entitlement to pension indexation.

\*\* The assumption for RPI and CPI are derived from relative yields of index-linked and fixed interest government bonds

#### 10. Dividends Paid and Proposed

There were no dividends paid in the current or prior year and there are no dividends proposed to be paid.

In the current year, the first phase of the value return to shareholders completed with £8.8m value returned up to 30 September 2022 in the form of a share buyback, with £10.0m buyback completed on 6 October 2022. As announced in May 2022, it is the Group's intention to return £50.0m of value to shareholders over the next two years, with the Group planning to return £15.0m in FY23.

#### 11. Subsequent Events

##### Pension plan asset

In November 2022, the Trustees of the Irish legacy defined benefit pension scheme entered into an annuity buy-in transaction to purchase an insurance policy for the pensioner liabilities representing approximately 80% of the liabilities in the Irish scheme. The insurance policy is treated as a plan asset and the fair value of the policy is deemed to be the present value of the related obligations.

##### Resumption of share buyback programme

The Group will recommence a return of value to investors by way of the share buyback programme which is expected to return a further £15m to shareholders in FY23.

#### 12. Information

Copies of the Annual Report and Group Financial Statements are available for download from the Group's website at [www.greencore.com](http://www.greencore.com).

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

#### ALTERNATIVE PERFORMANCE MEASURES

The Group uses the following Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole: Pro Forma Revenue Growth, Adjusted EBITDA, Adjusted Operating Profit, Adjusted Operating Margin, Adjusted Profit before Tax ('PBT'), Adjusted Earnings, Adjusted Earnings per Share, Maintenance and Strategic Capital Expenditure, Free Cash Flow, Free Cash Flow Conversion, Net Debt, Net Debt excluding lease liabilities and Return on Invested Capital ('ROIC'). The APMs used in this results statement are consistent with those used in the Annual Report and are consistent year on year.

The Group believes that these APMs provide useful historical information to help investors evaluate the performance of the underlying business and are measures commonly used by certain investors and security analysts for evaluating the performance of the Group. In addition, the Group uses certain APMs which reflect the underlying performance on the basis that this provides focus on the core business performance of the Group.

#### PRO FORMA REVENUE GROWTH

##### Pro Forma Revenue Growth FY22

The Group uses Pro Forma Revenue Growth as a supplemental measure of its performance. The Group believes that Pro Forma Revenue Growth provides a more accurate guide to underlying revenue performance and is calculated by adjusting reported revenue for the impact of acquisitions, disposals and foreign currency.

Pro Forma Revenue Growth adjusts reported revenue to reflect the disposal of Premier Molasses Company Limited for the period in FY21 up to the date of disposal. As the current year was a 53 week period, Pro Forma Revenue adjusts the current year reported revenue to exclude the additional revenue earned from the additional trading week (FY21: 52 week period). It also presents the revenue on a constant currency basis utilising FY21 FX rates on FY22 reported revenue.

	2022 Convenience Foods UK & Ireland %
Reported revenue - % increase from FY21 to FY22	31.3%
Impact of disposals	0.4%
Impact of currency	0.2%
Impact of additional trading week	(2.5%)
<b>Pro Forma Revenue Growth FY22 (%)</b>	<b>29.4%</b>

The table below shows the Pro Forma Revenue Growth split by food to go categories and other convenience categories.

	Food to go categories			Other convenience categories		
	H1 FY22 %	H2 FY22 %	Full Year %	H1 FY22 %	H2 FY22 %	Full Year %
Reported revenue- % increase from FY21 to FY22	48.0%	31.1%	37.9%	12.9%	26.5%	19.8%
Impact of disposals	-	-	-	2.0%	-	1.0%
Impact of currency	-	-	-	0.9%	0.2%	0.6%
Impact of additional trading week	-	(4.6%)	(2.7%)	-	(4.2%)	(2.2%)
<b>Pro Forma Revenue Growth FY22 (%)</b>	<b>48.0%</b>	<b>26.5%</b>	<b>35.2%</b>	<b>15.8%</b>	<b>22.5%</b>	<b>19.2%</b>

##### Pro Forma Revenue Growth FY21

While Pro Forma Revenue Growth is not directly comparable year on year, we have included the prior year disclosure for completeness. This has been calculated by adjusting FY21 reported revenue to reflect the disposal of Premier Molasses Company Limited for FY20 and for the period in FY21 up to the date of disposal. It also presents the revenue on a constant currency basis utilising FY20 FX rates on FY21 reported revenue.

	2021 Convenience Foods UK & Ireland %
Reported revenue - % increase from FY20 to FY21	4.8%
Impact of disposals	1.3%
Impact of currency	0.1%
<b>Pro Forma Revenue Growth FY21 (%)</b>	<b>6.2%</b>

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

#### PRO FORMA REVENUE GROWTH (CONTINUED)

##### Pro Forma Revenue Growth FY21 (continued)

The table below shows the Pro Forma Revenue Growth split by food to go categories and other convenience categories.

	Food to go categories			Other convenience categories		
	H1 FY21 %	H2 FY21 %	Full Year %	H1 FY21 %	H2 FY21 %	Full Year %
Reported revenue - % increase from FY20 to FY21	(25.6%)	58.6%	9.0%	(7.4%)	4.2%	(1.9%)
Impact of disposals	-	-	-	2.1%	4.7%	3.4%
Impact of currency	-	-	-	(0.3%)	0.7%	0.1%
Pro Forma Revenue Growth FY21 (%)	(25.6%)	58.6%	9.0%	(5.6%)	9.6%	1.6%

#### ADJUSTED EBITDA, ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN

Adjusted EBITDA, Adjusted Operating Profit and Adjusted Operating Margin are used by the Group to measure the underlying and ongoing operating performance of the Group.

The Group calculates Adjusted Operating Profit as operating profit before amortisation of acquisition related intangibles and exceptional items. Adjusted EBITDA is calculated as Adjusted Operating Profit plus depreciation and amortisation of intangible assets. Adjusted Operating Margin is calculated as Adjusted Operating Profit divided by reported revenue.

The following table sets forth a reconciliation from the Group's profit for the financial year to Adjusted Operating Profit, Adjusted EBITDA and Adjusted Operating Margin:

	2022 £m	2021 £m
<b>Profit for the financial year</b>	<b>32.3</b>	25.7
Taxation <sup>(A)</sup>	7.5	2.1
Exceptional items	16.5	(11.7)
Net finance costs <sup>(B)</sup>	12.3	19.0
Amortisation of acquisition related intangibles	3.6	3.9
<b>Adjusted Operating Profit</b>	<b>72.2</b>	39.0
Depreciation and amortisation <sup>(C)</sup>	54.7	53.3
<b>Adjusted EBITDA</b>	<b>126.9</b>	92.3
<b>Adjusted Operating Margin (%)</b>	<b>4.2%</b>	2.9%

<sup>(A)</sup> Includes tax credit on exceptional items of £3.0m (2021: £0.4m).

<sup>(B)</sup> Finance costs less finance income.

<sup>(C)</sup> Excludes amortisation of acquisition related intangibles.

#### ADJUSTED PROFIT BEFORE TAX ('PBT')

Adjusted PBT is used as a measure by the Group to measure overall performance before associated tax charge and other specific items.

The Group calculates Adjusted PBT as profit before taxation, excluding tax on share of profit of associates and before exceptional items, pension finance items, amortisation of acquisition related intangibles, FX on inter-company and certain external balances and the movement in fair value of all derivative financial instruments and related debt adjustments.

The following table sets out the calculation of Adjusted PBT:

	2022 £m	2021 £m
<b>Profit before taxation</b>	<b>39.8</b>	27.8
Exceptional items	16.5	(11.7)
Pension finance items	1.1	1.7
Amortisation of acquisition related intangibles	3.6	3.9
FX and fair value movements <sup>(A)</sup>	(1.2)	0.9
<b>Adjusted Profit Before Tax</b>	<b>59.8</b>	22.6

<sup>(A)</sup> FX on inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments.

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

#### ADJUSTED BASIC EARNINGS PER SHARE ('EPS')

The Group uses Adjusted Earnings and Adjusted EPS as key measures of the overall underlying performance of the Group and returns generated for each share.

Adjusted Earnings is calculated as Profit attributable to equity holders (as shown on the Group Income Statement) adjusted to exclude exceptional items (net of tax), the effect of foreign exchange (FX) on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the interest expense relating to legacy defined benefit pension liabilities (net of tax). Adjusted EPS is calculated by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by Greencore and held in trust in respect of the Annual Bonus Plan and the Performance Share Plan. Adjusted EPS described as an APM here is Adjusted Basic EPS.

The following table sets forth a reconciliation of the Group's Profit attributable to equity holders of the Group to its Adjusted Earnings for the financial years indicated:

	2022	2021
	£m	£m
<b>Profit attributable to equity holders of the Group</b>	<b>32.3</b>	25.4
Exceptional items (net of tax)	13.5	(12.1)
FX effect on inter-company and external balances where hedge accounting is not applied	0.7	(0.1)
Movement in fair value of derivative financial instruments and related debt adjustments	(1.9)	1.0
Amortisation of acquisition related intangible assets (net of tax)	2.7	3.2
Pension financing (net of tax)	0.8	1.4
<b>Adjusted Earnings</b>	<b>48.1</b>	18.8
	2022	2021
	'000	'000
<b>Weighted average number of ordinary shares in issue during the year</b>	<b>523,382</b>	511,764
	2022	2021
	pence	pence
<b>Adjusted Basic Earnings Per Share</b>	<b>9.2</b>	3.7

#### CAPITAL EXPENDITURE

##### Maintenance Capital Expenditure

The Group defines Maintenance Capital Expenditure as the expenditure required for the purpose of sustaining the operating capacity and asset base of the Group, and to comply with applicable laws and regulations. It includes continuous improvement projects of less than £1m that will generate additional returns for the Group.

##### Strategic Capital Expenditure

The Group defines Strategic Capital Expenditure as the expenditure required for the purpose of facilitating growth and developing and enhancing relationships with existing and new customers. It includes continuous improvement projects of greater than £1m that will generate additional returns for the Group. Strategic Capital Expenditure is generally expansionary expenditure creating additional capacity beyond what is necessary to maintain the Group's current competitive position and enables the Group to service new customers and/or contracts or to enter into new categories and/or new manufacturing competencies.

The following table sets forth the breakdown of the Group's purchase of property, plant and equipment and purchase of intangible assets between Strategic Capital Expenditure and Maintenance Capital Expenditure:

	2022	2021
	£m	£m
Purchase of property, plant, and equipment	48.6	37.1
Purchase of intangible assets	1.4	3.1
<b>Net cash outflow from capital expenditure</b>	<b>50.0</b>	40.2
Strategic Capital Expenditure	33.1	24.0
Maintenance Capital Expenditure	16.9	16.2
<b>Net cash outflow from capital expenditure</b>	<b>50.0</b>	40.2

# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

#### FREE CASH FLOW AND FREE CASH FLOW CONVERSION

The Group uses Free Cash Flow to measure the amount of underlying cash generation and the cash available for distribution and allocation.

The Group calculates the Free Cash Flow as the net cash inflow/outflow from operating and investing activities before Strategic Capital Expenditure, acquisition and disposal of undertakings, disposal of investment property and adjusting for lease payments and dividends paid to non-controlling interests.

The Group calculates Free Cash Flow Conversion as Free Cash Flow divided by Adjusted EBITDA.

The following table sets forth a reconciliation from the Group's net cash inflow from operating activities and net cash outflow from investing activities to Free Cash Flow:

	2022 £m	2021 £m
Net cash inflow from operating activities	92.9	102.7
Net cash outflow from investing activities	(50.0)	(17.6)
<b>Net cash inflow from operating and investing activities</b>	<b>42.9</b>	<b>85.1</b>
Strategic Capital Expenditure	33.1	24.0
Repayment of lease liabilities	(17.3)	(14.3)
Disposal of undertakings	–	(16.3)
Disposal of investment property	–	(6.3)
<b>Free Cash Flow</b>	<b>58.7</b>	<b>72.2</b>
<b>Adjusted EBITDA</b>	<b>126.9</b>	<b>92.3</b>
<b>Free Cash Flow Conversion (%)</b>	<b>46.3%</b>	<b>78.2%</b>

#### NET DEBT AND NET DEBT EXCLUDING LEASE LIABILITIES

Net Debt is used by the Group to measure overall cash generation of the Group and to identify cash available to reduce borrowings. Net Debt comprises current and non-current borrowings less net cash and cash equivalents.

Net debt excluding lease liabilities is a measure used by the Group to measure Net Debt excluding the impact of IFRS 16 Leases. Net debt excluding lease liabilities is used for the purpose of calculating leverage under the Group's financing agreements.

The reconciliation of opening to closing Net Debt for the year ended 30 September 2022 is as follows:

	At 24 September 2021 £m	Cash flow £m	Translation and non-cash adjustments £m	At 30 September 2022 £m
Cash and cash equivalents and bank overdrafts	73.6	(26.5)	(0.4)	46.7
Bank borrowings	(150.1)	(9.6)	0.9	(158.8)
Private Placement Notes	(106.6)	47.3	(8.6)	(67.9)
<b>Net debt excluding lease liabilities</b>	<b>(183.1)</b>	<b>11.2</b>	<b>(8.1)</b>	<b>(180.0)</b>
Lease liabilities	(59.6)	18.5	(6.9)	(48.0)
<b>Net Debt</b>	<b>(242.7)</b>	<b>29.7</b>	<b>(15.0)</b>	<b>(228.0)</b>

	At 25 September 2020 £m	Cash flow £m	Translation and non-cash adjustments £m	At 24 September 2021 £m
Cash and cash equivalents and bank overdrafts	47.0	27.0	(0.4)	73.6
Bank borrowings	(283.5)	130.9	2.5	(150.1)
Private Placement Notes	(114.0)	–	7.4	(106.6)
<b>Net debt excluding lease liabilities</b>	<b>(350.5)</b>	<b>157.9</b>	<b>9.5</b>	<b>(183.1)</b>
Lease liabilities	(60.7)	15.6	(14.5)	(59.6)
<b>Net Debt</b>	<b>(411.2)</b>	<b>173.5</b>	<b>(5.0)</b>	<b>(242.7)</b>



# FULL YEAR RESULTS STATEMENT

## For the year ended 30 September 2022

### APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

#### RETURN ON INVESTED CAPITAL ('ROIC')

The Group uses ROIC as a key measure to determine returns for the Group as a whole as well as measuring the financial quality of potential new investments.

The Group uses invested capital as a basis for this calculation as it reflects the tangible and intangible assets the Group has added through its capital investment programme, the intangible assets the Group has added through acquisition, as well as the working capital requirements of the business. Invested Capital is calculated as net assets (total assets less total liabilities) excluding Net Debt, the carrying value of derivatives not designated as fair value hedges and retirement benefit obligations (net of deferred tax assets). Average Invested Capital is calculated by adding together the invested capital from the opening and closing Statement of Financial Position and dividing by two.

The Group calculates ROIC as Net Adjusted Operating Profit After Tax ('NOPAT') divided by Average Invested Capital. NOPAT is calculated as Adjusted Operating Profit plus share of profit of associates before tax, less tax at the effective rate in the Income Statement.

The following table sets forth the calculation of Net Operating Profit After Tax ('NOPAT') and invested capital used in the calculation of ROIC for the financial years.

	2022	2021
	£m	£m
<b>Adjusted Operating Profit</b>	<b>72.2</b>	39.0
Taxation at the effective tax rate <sup>(A)</sup>	<b>(13.7)</b>	(5.9)
<b>Group NOPAT</b>	<b>58.5</b>	33.1
	<b>2022</b>	2021
	£m	£m
<b>Invested Capital</b>		
Total assets	<b>1,338.7</b>	1,291.5
Total liabilities	<b>(873.1)</b>	(868.3)
Net Debt	<b>228.0</b>	242.7
Derivatives not designated as fair value hedges	<b>(14.8)</b>	5.6
Retirement benefit obligation (net of deferred tax asset)	<b>10.4</b>	29.3
<b>Invested Capital for the Group<sup>(B)</sup></b>	<b>689.2</b>	700.8
<b>Average Invested Capital for ROIC calculation for the Group</b>	<b>695.0</b>	728.8
<b>ROIC (%) for the Group</b>	<b>8.4%</b>	4.5%

<sup>(A)</sup> The effective tax rates for the Group for the financial year ended 30 September 2022 and 24 September 2021 were 19% and 15% respectively.

<sup>(B)</sup> The invested capital for the Group in 2020 was £756.8m.