FULL YEAR RESULTS STATEMENT
For the financial year ended 27 September 2024

3 December 2024

Delivering ahead of expectations in FY24, with strong momentum into FY25 and dividend reintroduction

Greencore Group plc ('Greencore' or the 'Group'), the FTSE 250 leading manufacturer of convenience food in the UK, issues its results for the 52-week period ended 27 September 2024, reporting a stronger than expected performance and a positive outlook as the Group enters FY25.

SUMMARY FINANCIAL PERFORMANCE[1,2,3]

	FY24 £m	FY23 £m	Change
Group Revenue	1,807.1	1,913.7	-5.6%
Pro Forma Revenue Growth			-1.4%
Like-for-Like Revenue Growth			+3.4%
Gross margin	33.2%	29.7%	+350bps
Adjusted EBITDA	153.7	132.8	+15.7%
Group Operating Profit	84.3	66.0	+27.7%
Adjusted Operating Profit	97.5	76.3	+27.8%
Adjusted Operating Margin	5.4%	4.0%	+140 bps
Group Profit before taxation	61.5	45.2	+36.1%
Basic EPS (pence)	10.1	7.2	+40.3%
Adjusted EPS (pence)	12.7	9.3	+36.6%
Total Proposed Dividend per Share (pence)	2.0	-	+2.0p
Group Exceptional Items (after tax)	(9.4)	(5.5)	-£3.9m
Free Cash Flow	70.1	56.8	+£13.3m
Net Debt (excluding lease liabilities)	148.1	154.0	
Net Debt: EBITDA as per financing agreements	1.0x	1.2x	
Return on Invested Capital ("ROIC")	11.5%	8.9%	+260bps

FINANCIAL HIGHLIGHTS[1,2,3,4]

- Like-for-Like (LFL) volume growth ahead of the wider market driven by a strong performance in key categories and gross margin improvement to 33.2% in FY24, up 350 basis points from 29.7% in FY23
- Delivery of Adjusted Operating Profit of £97.5m in FY24, up 27.8%, with +140bps of margin improvement to 5.4%
- ROIC increased to 11.5%, up 260 basis points from 8.9% in FY23
- Improved balance sheet position with Net Debt (excluding leases) to Adjusted EBITDA reduced to 1.0x
- Following the commitment to return £50m to shareholders in May 2024, the Group returned £40m to shareholders via share buybacks in FY24 and today announces the reintroduction of a dividend
- Proposed FY24 dividend of 2.0p per share (FY23: nil) payable on 6 February 2025
- Given the Group's strong balance sheet and confidence in the outlook the Group is today announcing the launch of an additional £10m share buyback

STRATEGIC AND OPERATIONAL HIGHLIGHTS[3]

- Continued delivery of "Horizon 2" resulting in an accelerated profit recovery
- Outstanding operational service levels of 99.2% achieved in FY24
- Several customer contract renewals in FY24 providing a solid multi-year platform
- New large ready meals contract successfully onboarded at the Kiveton site in late Q4 FY24
- Completed consolidation of soups business into single site providing efficiency gains
- Continued proactive management of contract profitability and manufacturing capacity utilisation
- Sustainable colleague engagement score at 81% in our *People at the Core* survey, up from 79% previously
- Transformation programme (Making Business Easier) launched to update the Group's IT infrastructure and to improve process efficiency across the Group
- Agreement with UK Trustees to cease £9.8m in annual UK pension funding contributions when fully funded position is achieved
- The Group will hold a Capital Markets Day for analysts and institutional investors in London on 5 February 2025

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1 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.
2 The Group has introduced an additional APM in 2024, Like-for-Like Revenue Growth, to complement the existing APM, Pro Forma Revenue Growth. Like-for-Like Volume Growth is calculated on the same basis as Like-for-Like Revenue Growth.
3 The financial year is the 52-week period ended 27 September 2024 with comparatives for the 52-week period ended 29 September 2023.
4 Kantar grocery market performance for the 52-week period to 29 September 2024
5 Market expectations as complied by Greencore from available analyst estimates on 25 November 2024 (https://www.greencore.com/investor-relations/analyst-centre

OUTLOOK[5]

Building on a strong FY24 performance and the ongoing successful execution of Horizon 2, Greencore has developed a leaner, more agile and efficient operating platform. This is driving exciting new innovations across our categories for both customers and the UK consumer. It has also accelerated profit recovery and enhanced the Group's returns profile. Although it is early in the year and being mindful of the significant labour cost headwind announced in the UK Budget, the Group is encouraged by the business's underlying momentum. The Group plans to offset the additional labour costs fully via further efficiency initiatives, alongside our usual inflation recovery measures in FY25. As a result, the Group anticipates FY25 Adjusted Operating Profit to be within the top half of the range of current market expectations[5]. Further detail on medium-term plans will be shared at the Capital Markets Day on 5 February 2025.

Dalton Philips, Greencore Chief Executive Officer, said

"The Group delivered excellent progress against its key financial metrics and strategic priorities in FY24, underpinned by close customer engagement in a period that continued to be defined by cost inflation and muted consumer confidence. I would like to thank all our Greencore colleagues whose continued dedication has enabled us to deliver these results. Over the last 12 months we have remained focused on making high quality food, rebuilding our profitability, and positioning Greencore to be known as the UK's leading convenience foods manufacturer. We continue to make progress against each of our strategic objectives and are well positioned to continue this momentum in FY25 and over the longer term.

The Group has maintained its strong financial discipline, with leverage reduced to 1.0x, while also returning a further £40m to shareholders and announcing an additional share buyback. I am also delighted that today marks a return to Greencore paying dividends. The strength of our balance sheet will provide us with the ability to invest in the growth and efficiency of our business and to pursue M&A opportunities on a selective basis, while also enabling us to deliver increasing returns to shareholders.

Looking ahead, we expect Adjusted Operating Profit for FY25 to be within the top half of the range of current market expectations and we'll share more detail on our medium-term growth strategy at our Capital Markets Day in February".

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 and Conference Call

A presentation of the results for analysts and institutional investors will take place at 8.30am on 3 December 2024 at etc. Venues, 8 Fenchurch Place, London EC3M 4PB. The presentation slides will be available on the Investor Relations section on www.greencore.com from 7.00am that morning.

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

FULL YEAR RESULTS STATEMENT
For the financial year ended 27 September 2024

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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. To help us achieve this we have a model called The Greencore Way, which is built on the differentiators of People at the Core, Great Food, Excellence and Sustainability – The Greencore Way describes both who we are and how we will succeed.

We supply all of 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, pickles and frozen Yorkshire Puddings.

In FY24 we manufactured 748m sandwiches and other food to go products, 125m chilled ready meals, and 204m bottles of cooking sauces, dips and table sauces. We carry out more than 10,500 direct to store deliveries each day. We have 16 world-class manufacturing sites and 17 distribution centres in the UK, with industry-leading technology and supply chain capabilities. We generated revenues of £1.8bn in FY24 and employ c.13,300 people. We are headquartered in Dublin, Ireland.

For further information go to www.greencore.com or follow Greencore on social media.

FULL YEAR RESULTS STATEMENT
For the financial year ended 27 September 2024

OPERATING REVIEW[1,2,3]

Trading Performance

	FY24 £m	FY23 £m	Change (As reported)
Group Revenue	1,807.1	1,913.7	-5.6%
Pro Forma Revenue Growth			-1.4%
Like-for-Like Revenue Growth			+3.4%
Gross margin	33.2%	29.7%	+350bps
Group Operating Profit	84.3	66.0	+27.7%
Adjusted Operating Profit	97.5	76.3	+27.8%
Group Profit Before Tax	61.5	45.2	+36.1%

Group revenue decreased by 5.6% to £1,807.1m in FY24. The decline was driven by the disposal of Trilby Trading in September 2023, accounting for a decrease of 4.2%, and the proactive decision to exit a number of low returning contracts during FY23 accounting for a further 4.8% decline. This was partially offset by the impact of inflation recovery and price totalling 1.8% and a 1.6% benefit from volume increases (a combination of underlying growth and price mix). While pro forma revenue showed a 1.4% decline, LFL revenue, an additional measure introduced in FY24, which considers the impact of new business wins and losses, increased by 3.4%.

Overall, Group Operating Profit in FY24 increased 27.7% to £84.3m and Adjusted Operating Profit increased by 27.8% to £97.5m. The improvement was driven by a continuation of operational and commercial initiatives during the financial year.

With the exception of labour costs, inflation in the Group's main cost components has slowed and the majority incurred was recovered or mitigated in the period through a range of mechanisms, including pass-through of cost increases, cost reductions, product and range reformulations, and alternative sourcing. These mechanisms benefited the Group's gross margin, which increased 350bps to 33.2% in FY24. Efficiency initiatives also supported the offsetting, recovery and mitigation of labour, fixed cost and other overhead cost inflation. Labour costs will increase in FY25 with the introduction of further national living wage increases and national insurance changes in the UK from April 2025 as announced in the recent UK Budget. As a result of the increase in national insurance charges, our current estimate for FY25 is additional costs of c.£7.5m. We have a strong track record of managing inflationary costs – including annual increases in the national living wage; contractual protections in place across many of our contracts; and strong customer relationships where negotiations are necessary. We will work hard and plan to offset the additional costs fully via further efficiency initiatives alongside our usual inflation recovery measures in FY25.

Revenue in the Group's Food to Go categories (comprising sandwiches, salads, sushi and chilled snacking) totalled £1,244.6m and accounted for approximately 69% of Group revenue. Revenue decreased by £8.0m in these categories, as LFL volume growth (including mix), inflation recovery and pricing impacts were offset by the proactive decision to exit a number of low margin contracts in FY23. LFL Revenue Growth across the Food to Go category was 4.0% in the period. The Group experienced LFL volume growth of 1.4% across the Food to Go sandwiches category, outperforming the wider market[4], however there were weaker performances in the Food to Go salads and the own label sushi categories.

The Group's Other Convenience categories comprise chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces, pickles and frozen Yorkshire Pudding categories. Revenue across these categories decreased by 14.9% to £562.5m in FY24. The decrease was driven by the disposal of the Trilby Trading business and exiting low margin contracts which offset LFL volume growth (including mix), inflation recovery and pricing impacts. Volumes increased 0.3% on a LFL basis in the period. LFL Revenue Growth across the Other Convenience category was 2.2% in the period. The Group achieved a strong volume performance in the chilled ready meals category, increasing 1.6% on a LFL basis, outperforming the wider market[4]. This was in addition to a strong LFL volume performance across ambient sauces, chilled soups and sauces, and frozen Yorkshire Pudding categories.

Group Cash Flow

	FY24 £m	FY23 £m	Change (as reported)
Free Cash Flow	70.1	56.8	+£13.3m
Net Debt	193.0	199.0	+£6.0m
Net Debt (excluding lease liabilities)	148.1	154.0	+£5.9m
ROIC	11.5%	8.9%	+260bps

The Group continued to carefully manage cash flows and leverage in FY24, as Group profit recovered, the seasonal working capital profile was managed and the Group continued ongoing investment to support future growth.

Free Cash Flow for FY24 was an inflow of £70.1m and represented a 23% increase on the prior year as the higher profitability in FY24 was offset by increases in financing and tax costs. Free cash flow conversion was 45.6%, an increase on 42.8% in FY23.

The Group's Net Debt at 27 September 2024 was £193.0m, a decrease of £6.0m compared to 29 September 2023. Net Debt excluding lease liabilities was £148.1m, down 4% on the prior year due to increased profitability. The Group's Net Debt: Adjusted EBITDA leverage covenant as measured under financing agreements was 1.0x, compared to 1.2x at 29 September 2023. As outlined in the financial review, the Group successfully completed a refinancing of its revolving credit facility (RCF) with a new £350m RCF put in place in November 2023. See page 8 for more details.

ROIC increased to 11.5% for FY24, compared to 8.9% for the prior year. The year-on-year increase was driven primarily by increased profitability in the 12-month period. Average invested capital decreased year-on-year from £678.1m to £660.3m.

Strategic Developments

The Group delivered excellent progress against its strategic priorities in FY24, underpinned by close customer engagement in a period that continued to be defined by inflation and muted consumer confidence.

The Group's priorities continue to be guided by the strategic framework for recovery and growth, with goals set across a three-horizon framework:

- The first objective was to stabilise the business through the first horizon, which was achieved in FY23;
- The second horizon is focused on the rebuilding of profitability and returns; and
- The focus of the third horizon is to further develop our strong growth platform.

Our horizon framework will guide the prioritisation and sequencing of our long-term strategic objectives.

The Group delivered year-on-year LFL revenue growth of 3.4% through a combination of underlying volume growth, in addition to price and mix impact, including the recovery of inflation. LFL volume growth of 0.5% represents a strong volume performance, relative to the wider market performance[4]. The Group maintained outstanding operational service levels during the financial year, working closely with our customers and supply partners, with average service levels at 99.2% in FY24 compared to 98.5% in FY23. In June 2024, the Group took the step of recalling a number of products, in line with a number of other food manufacturers as a result of an outbreak of E.coli in the UK. The Group took this precautionary step as we are committed to the highest food safety and quality standards for our customers and end consumers.

The Group has remained focused on proactively managing commercial returns, capacity management, maximising returns and optimising use of our manufacturing footprint. This has led to improved operational efficiencies in FY24 across the manufacturing footprint of the Group and an improvement in the returns profile of the majority of sites. We continue to review all sites to ensure they are delivering, or are on a path to deliver, in line with the Group's expectations.

The consolidation of two soup manufacturing sites was completed in FY24, with the closure of soup production capacity at the Kiveton facility and consolidation of soup production at the Bristol site. Following the consolidation, the Group secured a long term, reinvigorated partnership with a major food retailer in the soups category, which was delivered via high quality innovation and consistency, supporting the Group's decision to consolidate into one site for our soups category.

From a customer perspective, the Group successfully won new business with existing customers and added new customers to its portfolio. The Group already operates in the coffee shop and café channel but successfully added a significant new customer, the largest coffee shop operator in the UK, securing a long-term supply position in their critical food to go mission and increasing our presence in this important and growing channel. A new chilled ready meals contract with an existing customer was successfully onboarded at the Kiveton site in Q4 FY24. The chilled ready meals category is now expected to deliver improved profitability and returns in FY25. In addition, the Group onboarded a significant customer across its Direct to Store network, driving improved profitability and returns across this category and augmented the Group's overall sushi proposition with a supply extension into a new category, Poke Bowls for a premium food retailer, winning the business on quality and innovation.

The Group's grocery business at Selby benefited from two significant commercial developments: firstly, the complete overhaul of one of its major client's cooking sauce range, for which the Group won supplier of the year, and secondly, securing a long-term supply partnership with a significant, fast-growing retailer.

The Group launched a multi-year programme in FY24, called Making Business Easier, focused on bringing the Group's IT estate onto a single enterprise resource planning platform and improving process efficiency across the Group. An exceptional charge of £4.0m was recognised in FY24 relating to the programme.

Despite a slowing inflationary environment, the Group's cost base had risen following several years of high-cost inflation and therefore new initiatives commenced in FY24 targeted at reducing the cost base to make the business more efficient but ensuring consistent high-quality and delivery of products to customers. Commercial and operational efficiencies to support profitability and mitigate fixed cost inflation in FY24 included:

- A commercial excellence programme combining profit enhancement activities across volume, cost, pricing and product mix:
  - new product development and innovation has enabled the Group to drive volume and unlock value for both Greencore and customers, with 421 new products launched in FY24, delivering almost 60m units; and
  - streamlining the total number of unique ingredients used in our products, resulted in a reduction of 5% versus FY23, with a continued focus on decreasing complexity and cost, alongside driving innovation and growth, while the Group continued to nurture long term customer relationships and be a supplier of choice to the Group's chosen partners.

- A structured operational excellence programme has been established across the business aimed at deploying best practice learnings throughout the network. This has continued to deliver simplification and standardisation across the Group, which involves:
  - wider diagnostic benchmarking of the Group's manufacturing facilities, supporting identification of improvement workstreams;
  - implementation of four large pilot sites for improvement activities, which continues to develop, as we professionalise our operational excellence approach and expand this further into the remaining manufacturing sites; and
  - as part of our centre of excellence model we have created a group logistics improvement team, enhancing our improvement agenda, alongside our planning, technical and engineering teams.

The Group will continue to focus on commercial excellence, operational excellence and continued tight management of costs.

Colleagues

During FY24, we made progress in our engagement with our colleagues. The Group conducted our *People at the Core* survey to understand our colleagues' views with an 84% participation rate. The Group achieved an 81% sustainable engagement score, representing a 2 percentage point increase from the last survey in 2022, which is also 2 percentage points ahead of the UK National norm. Colleague communication and senior leadership engagement scores increased by 9 and 6 percentage points respectively.

Better Future Plan

This year, the Group has sharpened its focus on what it takes to transform into a future-fit food business that drives positive impact for both people and the planet – the *Better Future Plan*.

During FY24, the Group made several adjustments to ensure its *Better Future Plan* was more relevant to the changing external landscape, key environmental and relevant societal issues, and the expectations of stakeholders. Some of the progress made across the *Better Future Plan* in FY24 is outlined below:

- Achieved the first absolute Scope 1 and 2 carbon emissions reduction vs. 2019 base year (1.5% reduction), following four years of increases against our 2030 SBTi target;
- Re-based FY19 Scope 3 footprint and recalculated prior year footprints as a requirement of new FLAG guidance under SBTi, showing a 2.2 % decrease in FLAG-based emissions and a 1.7% decrease in Energy and Industry-based emissions vs. the Group's FY19 baseline;
- Development of a product portfolio dashboard to improve monitoring and insights on Nutrient Profiling Model (NPM) scores and the number of red traffic lights on products. Over 70% of the Group's product portfolio is already classed as 'healthier' according to NPM guidance which places it in a good position towards 2030 targets;
- FY24 saw progress against the Group's 2025 plastic packaging commitments for the first time due to a significant focus on obtaining detailed data on the composition of packaging from suppliers;
- Completed multi-year roadmap development across all ten of the Group's strategic topics, including a clear strategy for each area defining its vision, objectives, KPIs and levers for change; and
- Embedded our sustainability targets further and included sustainability performance in the incentive and reward framework to drive change.

Sustainability data has also received significant focus, and the Group has placed greater emphasis on gathering high-quality data and providing more transparency on definitions across all reportable sustainability metrics, laying critical foundations as it prepares for mandatory sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD) in FY26.

FULL YEAR RESULTS STATEMENT
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FINANCIAL REVIEW[1,2,3]

Revenue and Operating Profit

Group revenue in the period was £1,807.1m, a decrease of 5.6% compared to FY23, due to a decrease in volume year on year linked to the disposal of Trilby Trading Limited and the proactive decision to resign a number of low margin contracts in FY23. These decreases were offset by the impact of the recovery of inflation and pricing. Pro Forma Revenue Growth declined by 1.4% when adjusting for the disposal of Trilby Trading Limited, while LFL Revenue Growth increased 3.4% when adjusting for the impact of business wins and losses.

Group Operating Profit increased from £66.0m in FY23 to £84.3m in FY24 as a result of continued strong focus on improving returns across our portfolio, other commercial initiatives and enhancing operational efficiencies during the financial year. Adjusted Operating Profit was £97.5m compared to £76.3m in FY23. Adjusted Operating Margin was 5.4%, 140bps higher than FY23.

Net finance costs

The Group's net bank interest cost was £22.8m in FY24, an increase of £2.0m versus FY23. The increase was driven by higher cost of debt during FY24. The Group also recognised a £1.4m interest charge relating to the interest payable on lease liabilities in the financial year (FY23: £1.2m).

The Group's non-cash finance charge in FY24 was a net £0.9m (FY23: £2.7m). The change in the fair value of derivatives and related debt adjustments including foreign exchange in the financial year was a £0.2m credit (FY23: £1.4m charge) and the non-cash pension financing charge of £1.0m was £0.2m lower than the FY23 charge of £1.2m.

Profit before taxation

The Group's Profit before taxation increased from £45.2m in FY23 to £61.5m in FY24, driven by higher Group Operating Profit offset by higher exceptional items and finance costs. Adjusted Profit Before Tax in the financial year was £75.5m compared to £58.1m in FY23, the increase primarily driven by the strong operating performance of the Group.

Taxation

The Group's reported effective tax rate in FY24 was 25% (FY23: 21%), while the adjusted effective tax rate was 22% (FY23: 21%). The adjusted effective tax rate adjusts profit before tax for exceptional items and derivative financial instruments. The increase in the effective tax rate reflects the increase in the UK corporation tax rate.

Exceptional items

The Group had a pre-tax exceptional charge of £10.2m in FY24, and an after-tax charge of £9.4m, comprised as follows:

Exceptional Items	**£m**
Transformation costs	(4.0)
Manufacturing site consolidation	(6.0)
Non-core property related costs	(0.2)
Exceptional items (before tax)	**(10.2)**
Tax on exceptional items	0.8
Exceptional items (after tax)	**(9.4)**

In FY24, the Group commenced a multi-year transformation programme, Making Business Easier, which is focused on transforming the Group's technology infrastructure and end-to-end processes to drive efficiencies in the way the Group operates. The programme is expected to last over a period of up to five years, with a total estimated cash cost of up to £80m. This is comprised of a projected expense of up to £50m to be recognised within exceptional items and up to £30m of estimated capital spend and software licensing costs. The Group recognised a charge of £4.0m in exceptional items in respect of the work carried out in the financial year. The Group also completed the consolidation of two soup manufacturing sites during the financial year, resulting in the recognition of an impairment of associated property, plant and equipment of £5.0m and incurring associated impairment of engineering spares, redundancy and mothballing costs of £1.0m. A net loss of £0.2m was recognised on the disposal of an investment property.

Earnings per share

The Group's basic earnings per share for FY24 was 10.1 pence compared to 7.2 pence in FY23. This was driven by a £10.4m increase in profit attributable to equity holders and a decrease in the weighted average number of shares in issue in FY24 to 459.8m (FY23: 495.4m) due to the impact of the share buyback programme.

Adjusted Earnings were £58.4m in the financial year, £12.2m ahead of FY23 largely due to an increase in Adjusted Operating Profit offset by an increase in interest and tax costs. Adjusted Earnings Per Share of 12.7 pence compared to adjusted earnings per share of 9.3 pence in FY23.

FINANCIAL REVIEW (continued)

Cash Flow and Net Debt

Adjusted EBITDA was £20.9m higher in FY24 at £153.7m. The Group recognised a net working capital outflow of £8.0m (FY23: working capital inflow of £2.2m). Maintenance Capital Expenditure of £26.2m was recorded in the financial year (FY23: £26.6m). The cash outflow in respect of exceptional charges was £5.3m (FY23: £10.9m).

Interest paid in the financial year was £20.9m (FY23: £17.6m), including interest of £1.4m on lease liabilities (FY23: £1.2m), an increase on FY23 reflecting higher interest costs on borrowings in FY24. The Group recognised tax paid of £5.4m (FY23: £2.7m) in the financial year driven by an increase in the tax charge for the year in line with an increase in the UK corporation tax rate. Cash repayments on lease liabilities remained in line with the prior year at £15.7m (FY23: £15.6m). The Group's cash funding for defined benefit pension schemes was £11.5m (FY23: £11.1m).

In FY24, the Group recorded Strategic Capital Expenditure of £6.2m (FY23: £10.8m).

The Group did not make any equity dividend cash payments in either financial year. The Group made net share purchases of £59.7m in FY24 reflecting the continuation of the Group's share buyback programme costing £55.0m in FY24 and the purchase of shares for the Group's employee share ownership scheme of £5.5m, offset by the proceeds from the issue of shares of £0.8m. The share buyback cashflow includes £5.6m which had been transferred to the independent broker in order to complete the share buyback, which had yet to be transacted at year end but has been fully utilised as of 11 November 2024. This compared to net share purchases of £30.1m in FY23.

In August 2024, the Group completed the sale of an investment property in Ireland for a final net cash consideration of £0.7m (2023: £Nil).

The Group's Net Debt excluding lease liabilities at 27 September 2024 was £148.1m, a decrease of £5.9m compared to the end of FY23.

Financing

As at 27 September 2024, the Group had total committed debt facilities of £429.9m and a weighted average maturity of 3.7 years. These facilities comprised:

- a £350.0m sustainability linked revolving credit bank facility with a maturity date of November 2028;
- a £50.0m bilateral bank facility with a maturity date of January 2026; and
- £9.0m and $27.9m of outstanding Private Placement Notes with maturities ranging between June 2025 and June 2026.

At 27 September 2024, the Group had cash and undrawn committed bank facilities of £279.4m (FY23: £327.8m).

During FY24, the Group refinanced its debt facilities with a new five year £350.0m sustainability linked RCF, maturing in November 2028 with the option of two additional one-year extensions. The facility also includes a £100 million accordion option which provides additional potential financing facilities. This new facility replaces the £340.0m RCF that was due to mature in January 2026. A £45.0m term loan due to mature in June 2024 was also repaid in full as part of this debt restructuring.

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 27 September 2024 was £14.8m, £5.3m lower than the position at 29 September 2023. The net pension deficit after related deferred tax was £9.4m (FY23: £12.8m), comprising a net deficit on UK schemes of £22.0m (FY23: £28.3m) and a net surplus on Irish schemes of £12.6m (FY23: £15.5m).

The decrease in the Group's net pension deficit was driven principally by contributions paid by the Group offset by net actuarial losses, particularly on the Irish scheme. The movement in the discount rate is driven by the corporate bond rate.

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. Full actuarial valuations were carried out on the Irish and UK schemes at 31 March 2022 and 31 March 2023 respectively. The UK defined benefit scheme is expected to achieve a fully funded position on a triennial valuation basis by the end of September 2025. Following discussions with the UK scheme's trustees, it has been agreed that £9.8m of annual pension contributions from the Group will cease when the fully funded position is achieved. The Group has engaged with the trustees of the UK scheme and, relative to the liabilities on the triennial funding basis the UK scheme is now 100% hedged for movements in gilt yields, reducing the Group's exposure to risk. The Group has also agreed with the trustees that these contributions will cease sooner if the UK scheme remains ahead of schedule.

Return of value to shareholders

In May 2024, we committed to returning a further £50m to shareholders over the next 12 months and completed £40m of this return through share buyback by 11 November 2024. We are now pleased to announce a proposed dividend of 2.0 pence per share. Given the Group's strong balance sheet, the Group is also announcing the launch of an additional £10m share buyback.

Dalton Philips
Chief Executive Officer
Date: 2 December 2024