FULL YEAR RESULTS STATEMENT
For the year ended 25 September 2020

23 November 2020

Resilient FY20 performance

Greencore Group plc ('Greencore' or the 'Group'), a leading manufacturer of convenience food in the UK, today issues its results for the year ended 25 September 2020.

HIGHLIGHTS[1,2]

- Group Revenue of £1,264.7m, a reduction of 12.5% impacted by effect of COVID-19 on food to go categories in the second half of FY20
- Adjusted EBITDA of £85.0m, after charging £10.7m of additional operating costs resulting from the Group's response to COVID-19
- Adjusted Operating Profit of £32.5m and Adjusted EPS of 2.9 pence
- Net Debt (excluding lease liabilities) of £350.5m at 25 September 2020 with Net Debt: EBITDA of 4.4x as measured under financing agreements
- Cash and undrawn committed debt facilities of £232.0m at year end
- Revised financing agreements and amendments on near term covenant conditions secured with the Group's bank lending syndicate and Private Placement Note holders
- Launching a new sustainability strategy built around three pillars: Sourcing with Integrity, Making with Care, and Feeding with Pride
- As announced on 19 May 2020, the Group will not be proceeding with a final FY20 or an interim FY21 dividend payment
- While the Group anticipates that COVID-19 will continue to have an uncertain impact on its near term trading environment, it is well positioned to take advantage of recovering trading conditions as they occur
- The Group has separately announced today its intention to conduct a non-pre-emptive placing of new ordinary shares of £0.01 each in the capital of Greencore at the placing price (the 'Placing'). It is intended that the proposed Placing will result in the Group raising gross proceeds of up to £90m as part of the suite of operational and financing measures to protect and support growth in the business

SUMMARY FINANCIAL PERFORMANCE[1,2]

	FY20 £m	FY19 £m	Change
Group Revenue	1,264.7	1,446.1	-12.5%
Pro Forma Revenue Growth			-14.3%
Adjusted EBITDA	85.0	142.0	-40.1%
Group Operating Profit	12.9	99.8	-87.1%
Adjusted Operating Profit	32.5	105.5	-69.2%
Adjusted Operating Margin	2.6%	7.3%	-470 bps
Group (Loss)/Profit Before Tax	(10.8)	56.4	nm
Adjusted Profit Before Tax	17.3	92.3	-81.3%
Basic EPS (pence)	(2.6)	19.9	nm
Group Exceptional Items (after tax)	(20.5)	25.9	
Adjusted EPS (pence)	2.9	16.0	-81.9%
Total proposed dividend per share (pence)	-	6.20	
Free Cash Flow	(29.7)	54.9	-£84.6m
Net Debt (excluding lease liabilities)	350.5	288.5	
Net Debt:EBITDA as per financing agreements	4.4x	1.8x	
Return on Invested Capital ("ROIC")	4.1%	14.4%	

Commenting on the results, Patrick Coveney, Chief Executive Officer, said:

"This has been an exceptionally challenging year for Greencore, and I am enormously proud of the resilience and adaptability that our colleagues have shown in helping to navigate the business through the toughest trading conditions it has ever seen. Having been designated as 'key workers', Greencore colleagues have played an instrumental role in helping to feed the UK, and their health and wellbeing remains our number one priority.

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There is a direct correlation between the performance of food to go and the nation's ability to move around freely. As a result, that part of our business has been significantly impacted by the social restrictions that have been put in place as a result of COVID-19. However, we remain confident that demand for our food to go categories will recover strongly as the effect of COVID-19 recedes, and were encouraged by the uplift in demand that we saw in Q4 as the UK economy slowly reopened.

Throughout the year we have acted quickly and decisively to put in place comprehensive sets of measures to mitigate the impact of COVID-19 on our business. However, in light of the ongoing uncertainty that is being caused by the current lockdown measures, there is a strong rationale in further strengthening our balance sheet. Today's proposed Placing achieves this.

Despite the ongoing uncertainty, we have still been able to secure new business and extend our product range during FY20, and our other convenience categories have delivered a solid performance. Furthermore, our relationships with our customers are stronger than ever before, having worked in close collaboration with them throughout the pandemic, and they remain firmly committed to the categories in which we operate. As such, notwithstanding the near-term challenges, we are optimistic about the medium-term prospects for Greencore."

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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] Net Debt (excluding lease liabilities) includes a £5.9m modification charge in the income statement in the year, reflecting the incremental interest costs that will be incurred by the Group in future periods as a result of the covenant amendments (refer to Note 7). Net Debt for the purpose of calculating leverage under the Group's financing agreements was £344.6m.

PROPOSED EQUITY PLACING

The Group has separately announced today a non-pre-emptive equity placing of new ordinary share targeting gross proceeds of up to £90m as part of the suite of operational financing measures to protect and support growth in the business. The Group consulted with a number of its major shareholders on the rationale for, and the structure of, the proposed Placing prior to this announcement. The Placing structure has been chosen as it minimises cost, time to completion and management distraction during an unprecedented time for the Group. The consultation has confirmed the Board's unanimous view that the Placing is in the best interest of shareholders, as well as wider stakeholders in Greencore. Directors and members of the Group's senior management team will be participating alongside the placing and intend to contribute around £0.7m in total.

COVID-19 UPDATE[1,2]

The Group performance was broadly in line with plan for much of the first half of FY20, until the outbreak of the COVID-19 pandemic and the implementation of mobility and other restrictions in the UK during March. Since then the Group has managed through this challenging trading environment with three priorities – keeping our people safe, feeding the UK, and protecting our business.

The food industry has been an essential component of UK infrastructure through this pandemic and Greencore is playing an important role in this regard. The organisation continues to function well in demanding working circumstances, with a resilient supply chain and production network enabling strong levels of customer service. However, the reduction in mobility caused by the UK national lockdown period during the second half of FY20 clearly had a material, albeit temporary, effect on the Group's trading performance.

Keeping people safe

Over the course of the pandemic the Group has carried out an extensive range of practical measures to support and improve colleague safety across its manufacturing and distribution network, such as protective screening, reset factory layouts, extra space in changing and amenity areas, reconfigured shift patterns, providing additional personal protective equipment ('PPE') to colleagues and temperature checking at facilities. The Group has also worked very hard on cultural and behavioural commitments to ensure that everybody across the network is focused on keeping people safe and maintaining hygiene protocols.

The Group's production network has functioned resiliently through the pandemic. This included the ramping down and subsequent recommencement of production at the Group's Bow, Atherstone and Heathrow facilities in response to demand changes in the first months of the outbreak. It also included the movement of a proportion of production to other sites following a temporary cessation in production at the Northampton site during August 2020 following the COVID-19 outbreak in the area and at the site.

Feeding the UK

The Group worked closely and collaboratively with its customers throughout the initial response to the pandemic and the subsequent recovery in demand. Initially this took the form of rationalising product ranges in an efficient and economical way to meet altered demand patterns, while also maintaining customer service metrics and the integrity of the supply chain. In more recent months, the Group has focussed on working with customers to build back their businesses rapidly and sharing consumer, shopper, channel, format and regional insights to enable them to capitalise on this recovering demand. These customer relationships have been critical to the business and they have deepened through the challenges of COVID-19.

The Group has also stepped up its broader engagement in multiple ways at national, regional and local level by working with national charities, supporting shielded communities and supporting ad hoc donations across the business to contribute towards local community initiatives all over the UK.

Protecting our business

Whilst COVID-19 is clearly impacting the Group's short term performance, the Group has taken a comprehensive set of actions to ensure that it is strongly positioned to build back the business as the pandemic eases, and to enable it to be one of the longer term winners in UK convenience food.

The Group's initiatives are informed by modelling a set of scenarios that reflect the Group's considered and conservative view on short and medium term trading, and ensuring the Group is efficiently and effectively funded through any of these scenarios.

The Group incurred COVID-19 related costs of £24.6m, comprising £10.7m of operating costs and £13.9m of exceptional charges.

- Operating costs of £10.7 m comprised £2.5m of front-line employee recognition payments, £5.5m of incremental costs relating to furloughed colleagues, £1.9m of other costs incurred to reconfigure production areas and implement measures to ensure safe working and social distancing, and £0.8m of costs in relation to the temporary closure of sites. These operating costs are net of UK Government assistance of £21.3m received under the Coronavirus Job Retention Scheme; and
- Exceptional items of £13.9m comprise £1.2m of transaction costs relating to the modification of debt facilities, a £5.9m modification charge reflecting the incremental interest costs that will be incurred by the Group in future periods as a result of the covenant amendments, inventory and plant and equipment impairment of £4.8m and restructuring costs of £2.0m.

Actions taken during FY20 to protect profitability included rapidly tightening the Group's food to go network to adjust to demand changes, shift optimisation, furloughing a substantial proportion of colleagues using the Government's Coronavirus Job Retention Scheme, reducing agency labour, deferring product development, pay freezes, and agreeing voluntary reductions in compensation for the Board and the wider senior management team. The impact from the full suite of mitigating actions, taken since the pandemic began, enabled the Group to generate modestly positive Adjusted EBITDA in Q3 and a further improvement in Q4.

In FY20, the Group deferred a substantial portion of non-essential capital expenditure, deferred cash contributions to the defined benefit pension schemes, and suspended dividend payments, in order to manage cash outflows.

The Group retained cash and undrawn committed bank facilities of £232.0m at 25 September 2020.

Greencore secured agreement with its bank lending syndicate in May 2020 and its Private Placement Note Holders in July 2020 to waive the Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods. The Group announces today that it has secured further support from its bank lending syndicate and its Private Placement Note holders. Of the key features, the Group has:

- Extended the maturity of its £75m revolving credit bank facility by two years to March 2023
- Refinanced the Group's £50m bilateral loan for a new three year term maturing in January 2024
- Amended the EBITDA: Interest covenant condition for the March 2021 test period from 3.0x to 2.0x
- Amended the Net Debt: EBITDA covenant test at June 2021 from 4.25x to 5.0x
- Reduced the minimum liquidity requirement on cash and undrawn facilities to £70m for FY21, from a range of £100m-£125m
- Increased the maximum net debt requirement to £550m to May 2021, and £500m to September 2021, from a range of £450m-£550m

The Covid Corporate Financing Facility ('CCFF') remains a potential source of liquidity for the Group however, since year end the scheme is now subject to additional qualifying conditions and review prior to any prospective issuance. The Group has not reconfirmed its continued eligibility for the scheme under these new qualifying conditions. The scheme has a closing date for issuing commercial paper of 22 March 2021.

The proposed Placing enables the Group to proactively manage debt levels to ensure appropriate liquidity and leverage headroom, including through more extreme downside scenarios, avoid a set of further cost and capital reduction actions now which would compromise the Group's ability to build back effectively post-COVID-19, enable the Group to fully deliver new business already landed and pursue incremental opportunities targeted for FY21 and continue appropriate levels of investment to drive forward the Group's productivity enhancement initiatives, including in automation.

SUSTAINABILITY

The Group has separately published its Sustainability Report (www.*makingeverydaytastebetter.com*) that describes how sustainability is embedded through the business model and in the overall strategic objectives of the Group. The Group aims to lead the sustainability agenda for the sector and the strategy has been informed by extensive stakeholder consultation and feedback. The Group is also aligning its annual sustainability reporting with the Global Reporting Initiative (GRI) framework to ensure enhanced and transparent disclosure.

The Group's sustainability strategy is built around three pillars: Sourcing with Integrity, Making with Care, and Feeding with Pride. Each pillar contains a set of priorities – an aspirational goal supported by specific milestone targets and short term actions that relate to the most material sustainability challenges, risks and opportunities facing the business.

BREXIT

While the nature of the UK's exit from the EU remains uncertain, the Group continues to monitor closely the potential implications on the business, including, in particular, any potential changes to prospective demand, the supply chain and the availability and cost of labour. Detailed contingency planning is in place to mitigate these challenges and to support dialogue with our customers, government, the wider industry and other stakeholders.

The Group continues to believe that the risks from Brexit are manageable in the medium term, while acknowledging potential near-term challenges associated with a disorderly exit. The direct financial impact associated with preparation for Brexit was modest in FY20.

CURRENT TRADING AND OUTLOOK[1]

The recent resurgence of COVID-19 cases across the UK led to the introduction of tiered regional restrictions in October and this impeded the pace of recovery in revenue in food to go categories that had been evident at the end of FY20. Revenue in the Group's food to go categories was approximately 22% below prior year levels in the first five trading weeks of FY21, while performance in the Group's other convenience categories was flat with prior year levels.

Further mobility restrictions were reintroduced in early November for a planned four-week period of nationwide lockdown. The impact of these restrictions, while not as severe as that experienced in the first lockdown, has further impacted food to go demand. Revenue in the Group's food to go categories was approximately 26% below prior year levels in the first two trading weeks affected by the nationwide lockdown, while performance in the Group's other convenience categories was approximately 1% below prior year levels.

The Group anticipates that the duration and severity of the COVID-19 pandemic will continue to have an uncertain impact on its trading environment, and in particular on demand in its food to go categories, in FY21. Further cost mitigants have already been adopted to protect the business, including use of the new furlough supports, pay freezes, elimination of discretionary spending, and a reduction in planned capital expenditures. The Group's financial guidance remains suspended.

Notwithstanding this near term uncertainty, the Group is well positioned to take advantage of recovering trading conditions as they occur. As the effect of COVID-19 recedes, demand in the Group's food to go categories is likely to bounce back strongly. Indeed, the strong recovery in demand for food to go categories already observed during the second half of FY20 demonstrated that the business responds very positively as mobility restrictions are eased. Customers' commitment to, and investment in, food to go categories and formats remains very supportive. Furthermore, new business wins already secured together with other opportunities in a consolidating supply market will help provide an additional underpin to this anticipated build back in Group revenue.

ADOPTION OF IFRS 16 LEASES

The Group adopted IFRS 16 Leases, the new accounting standard for leases, for the financial year ended 25 September 2020. The Group transitioned to the standard using the modified retrospective approach, which does not require the restatement of comparative periods. On transition the Group recognised a right-of-use lease asset of £50.0m and a lease liability of £54.1m. This has been adjusted since reporting on 27 March 2020 and a reconciliation is provided in Note 1 to the Financial Statements. The impact on the Group's FY20 results are detailed in the Financial Review, and are summarised as follows:

Performance Measures	£m
EBITDA	+12.9
Group Operating Profit	immaterial
Group Profit before taxation	-1.2
Basic EPS (p)	-0.3
Net Debt	+60.7

The impact of IFRS 16 on the Group's APMs are detailed in the Appendix to this Report.

Basis of preparation

The financial information included within this Results Statement has been extracted from 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 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. These forward-looking statements may generally, but not always, be identified by the use of words such as 'will', 'aims', 'anticipates', 'continue', 'could', 'should', 'expects', 'is expected to', 'may', 'estimates', 'believes', 'intends', 'projects', 'targets', or the negative thereof, or similar expressions.

By their nature, forward-looking statements 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. 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 other than as required by law.

CONFERENCE CALL

A conference call for investors and analysts will be held at 8.30am on 24 November 2020. Registration and dial in details are available at 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 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 and pickles, and frozen Yorkshire Puddings.

In FY20 we manufactured 619m sandwiches and other food to go products, 116m chilled prepared meals, and 264m bottles of cooking sauces, pickles and condiments. We carry out more than 10,000 direct to store deliveries each day. We have 16 world-class manufacturing sites in the UK, with industry-leading technology and supply chain capabilities. We generated revenues of £1.3bn in FY20 and employ approximately 12,200 people. We are headquartered in Dublin, Ireland.

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

OPERATING REVIEW[1,2]

Convenience Foods UK & Ireland

	FY20 £m	FY19 £m	Change (As reported)	Change (Pro Forma basis)
Revenue	1,264.7	1,446.1	-12.5%	-14.3%
Adjusted Operating Profit	32.5	105.5	-69.2%	
Adjusted Operating Margin %	2.6%	7.3%	-470 bps	
Group Operating Profit	12.9	99.8	-87.1%	

	Pro Forma Revenue Growth				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY20
Group	+1%	-1%	-36%	-20%	-14%
Food to go categories	+1%	-5%	-53%	-29%	-23%
Other convenience food categories	+1%	+7%	+2%	+3%	+3%

Strategic developments

The Group's strategy and its commercial, operational and organisational objectives remained relevant through FY20 notwithstanding the challenges presented by the COVID-19 pandemic. They formed a critical element of the Group's capability to start rebuilding the business rapidly during the second half of the year.

There was intensive commercial engagement and activity during the year as the Group worked closer than ever with customers through the response to COVID-19. Joint initiatives that were already in place on supply chain, waste and availability were modified to reflect the rapid change in consumer demand and shopper behaviours. The Group worked with customers to simplify product ranges at the outbreak of the pandemic and then to quickly rebuild the relevant ranges as demand returned, especially in food to go categories.

Market dynamics have also created significant opportunities to secure new business, supporting the strategic objective of diversifying the Group's product and channel footprint. In FY20 the Group extended its product range with a number of existing and new food to go customers. The Group also broadened its channel presence in food to go categories. New business was also secured in the Group's Direct to Store distribution network and several other convenience categories.

Freshtime, acquired in September 2019, has been successfully integrated into the Group. It has successfully extended the Group's presence in meal salads and chilled snacking and as such provides a platform to drive growth and improve Group returns in these categories.

In H1, the Group opened a new distribution centre in Tamworth that enhances capacity and will maximise cost and operational efficiencies in the Group's Direct to Store distribution model.

In FY20, the Group continued to make good progress on its Greencore Excellence agendas across its commercial, purchasing and operational functions. The objective is to codify distinctive and repeatable ways of working which unlock value and create competitive advantage. Significant operational improvement opportunities have been identified and implemented, through a combination of optimisation of current process and implementation of new processes, technologies and automation.

The Group prioritised its automation programme for continued investment through FY20. This programme is designed to drive production efficiencies to help offset labour inflation, to help manage labour availability, and to enable and support social distancing across the Group's production network. In FY20, several prototypes were installed successfully with an accelerated rollout planned across the network in the coming years.

The Group has continued to evolve its technical and food safety agenda throughout FY20, with a particular focus on reinforcing governance, continued innovation and ongoing supplier engagement. Enhanced technology and data analytics capability is enabling the Group to also improve forecasting accuracy, identify margin enhancement opportunities, and improve traceability.

COVID-19

Greencore, as with the chilled food industry, has very high levels of safety and hygiene on site as a matter of course. Over the course of the pandemic the Group has engaged intensively with regulatory bodies including the Health & Safety Executive and Public Health England to augment this further, and has carried out an extensive range of measures to support and improve colleague safety across its manufacturing and distribution network.

The Group has also worked very hard on cultural and behavioural commitments to ensure that everybody across the network is focused on keeping people safe and maintaining hygiene protocols. Extensive occupational health support is in place for colleagues in facilities and those who are working from home.

The Group's production network has also functioned resiliently through the pandemic. In particular this included the ramping down and subsequent recommencement of production at the Group's Bow, Atherstone and Heathrow facilities in response to demand changes in the first months of the outbreak. It also included the movement of a proportion of production to other sites following a temporary cessation in production at the Northampton site during August 2020 following the COVID-19 outbreak in the area and at the site. The Group worked closely with the relevant health and government authorities to bring the site back safely into full production by the middle of September 2020. The Group remains highly vigilant around the potential for further disruption to sites as a result of localised outbreaks and remains well prepared for such possibilities.

Performance

Reported revenue decreased by 12.5% to £1,264.7m in FY20. On a pro forma basis revenue decreased by 14.3%, after adjusting for the acquisition of Freshtime, the exit of longer life ready meals manufacturing at the Kiveton facility in H1 19, and any movement in foreign exchange. Adjusted Operating Profit fell by 69.2% to £32.5m and Adjusted Operating Margin fell by 470bps to 2.6%.

The UK trading environment had demonstrated encouraging signs of improvement before the outbreak of COVID-19 in March and the related imposition of social restrictions by the UK Government. The business was significantly impacted in March and April by the effect that these social restriction measures had on consumer demand, most particularly in food to go categories. While UK consumer sentiment and broader economic activity remained both fragile and subdued, the Group saw a progressive uplift in demand as the economy slowly reopened and as customers reset product ranges, formats and service models to this new environment.

FY20 revenue in the Group's food to go categories (comprising sandwiches, salads, sushi and chilled snacking) totalled £772.9m and accounted for approximately 61% of reported revenue. Reported revenues declined by 19.7% in these categories, driven by the impact of COVID-19 and partly offset by the acquisition of Freshtime. Adjusting for this acquisition, Pro Forma Revenue declined by 22.6%.

Underlying product revenue growth in food to go categories was broadly in line with plan for most of H1 20. From the middle of March, trading was negatively impacted by significantly reduced demand in grocery retail, as well as the restrictions on trading activity applied to other convenience and food service channels. Underlying demand improved gradually through the second half. Pro forma revenue for food to go categories in Q4 was 29% below prior year levels, an improvement on the 53% reduction in Q3.

Revenue for the distribution of third party products accounted for approximately 6% of Group revenue in FY20 and benefitted from new customer wins in the period. Following the acquisition of Freshtime in September 2019, revenue from its products that were previously distributed by Greencore is now classified as underlying product revenue.

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 Irish ingredients trading businesses. Reported revenue across these businesses increased by 1.7% to £491.8 m in FY20. Pro Forma Revenue increased by 3.2%, after adjusting for movements in foreign exchange and excluding sites that have ceased trading. This was driven by strong growth in the Group's cooking sauce business through the second half of the year, while revenue in the ready meals business was broadly unchanged. Revenue in the Group's Irish ingredients trading businesses increased modestly in FY20.

Inflation trends in the Group's main UK cost components were broadly as anticipated. Raw material and packaging costs rose by less than 1% in FY20. Direct labour inflation was approximately 5%.

Overall, Group Operating Profit declined from £99.8m to £12.9m. Adjusted Operating Profit declined by £73.0m to £32.5m, after charging £10.7m of COVID-19 related operating costs. The Group experienced a decline in profitability in its food to go categories, reflecting the significant revenue reduction in the second half of the year that was only partly offset by associated cost mitigating measures and the first full year contribution from the acquisition of the Freshtime business. Profitability in the Group's other convenience categories improved in FY20, in particular in the ready meals business following the reset of its product and facility footprint during FY19.

Group Cash Flow and Returns

	FY20 £m	FY19 £m	Change (as reported)
Free Cash Flow	(29.7)	54.9	-£84.6m
Net Debt (excluding lease liabilities)	350.5	288.5	
Net Debt:EBITDA as per financing agreements	4.4x	1.8x	
ROIC	4.1%	14.4%	

Strategic developments

The Group's capital allocation model ensured a prudent financial profile for the business as it entered FY20 and a strong foundation from which to respond to the challenges presented by the COVID-19 pandemic.

The Group implemented a range of mitigating actions in H2 to manage cash outflows, including the deferral of a substantial portion of non-essential capital expenditure, a deferral of cash contributions to the defined benefit pension schemes, and the suspension of dividend payments.

In FY20 the Group focussed on balance sheet strength, liquidity and flexibility with the support of its bank lending syndicate and Private Placement Note holders. In H1 the Group extended the maturity of its £340m revolving credit bank facility to January 2025.

The Group retained cash and undrawn committed bank facilities of £232.0m at 25 September 2020.

Greencore secured agreement with its bank lending syndicate in May 2020 and its Private Placement Note Holders in July 2020 to waive the Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods. The Group announces today that it has secured further support from its bank lending syndicate and its Private Placement Note holders. Of the key features, the Group has:

- Extended the maturity of its £75m revolving credit bank facility by two years to March 2023
- Refinanced the Group's £50m bilateral loan for a new three year term maturing in January 2024
- Amended the EBITDA: Interest covenant condition for the March 2021 test period from 3.0x to 2.0x
- Amended the Net Debt: EBITDA covenant test at June 2021 from 4.25x to 5.0x
- Reduced the minimum liquidity requirement on cash and undrawn facilities to £70m for FY21, from a range of £100m-£125m
- Increased the maximum net debt requirement to £550m to May 2021, and £500m to September 2021, from a range of £450m-£550m

The Covid Corporate Financing Facility ('CCFF') remains a potential source of liquidity for the Group however, since year end the scheme is now subject to additional qualifying conditions and review prior to any prospective issuance. The Group has not reconfirmed its continued eligibility for the scheme under these new qualifying conditions. The scheme has a closing date for issuing commercial paper of 22 March 2021.

In July 2020 the Group announced that it had entered into a conditional agreement to sell its interests in its molasses trading businesses to United Molasses Marketing (Ireland) Limited and United Molasses Marketing Limited. The Group is selling its interests for a cash consideration of approximately £15.6m, subject to customary working capital adjustments. The transaction is subject to the approval of relevant anti-trust authorities which is ongoing. The proceeds will be used to further strengthen the Group's balance sheet.

Performance

Free Cash Flow was a £29.7m outflow in FY20 compared to an inflow of £54.9m in FY19, the decrease primarily reflecting reduced profitability and the working capital outflows associated with reduced demand in the Group's food to go categories. The conversion rate of Adjusted EBITDA was negative in FY20 (FY19: 36%). The impact of higher working capital outflows was partly offset by lower pension cash contributions and lower maintenance capex. Several other factors had a mitigating impact on the levels of overall cash outflow during FY20, principally the decision not to pay an interim FY20 dividend.

The Group's Net Debt at 25 September 2020 was £411.2m, an increase of £122.7m compared to the prior year period which includes the impact of IFRS 16 lease obligations of £60.7m. Net Debt excluding lease liabilities increased to £350.5m from £288.5m at the end of FY19. The Group's Net Debt:EBITDA leverage as measured under financing agreements was 4.4x at year end. This compared to 2.1x at the end of March 2020 and 1.8x at the end of September 2019. As at 25 September 2020, the Group had committed facilities of £577.9m with a weighted average maturity of 3.3 years. Following the revised financing agreements secured after year end the weighted average maturity of these facilities is now 3.6 years.

ROIC was 4.1% for the 12 months ended 25 September 2020, compared to 14.4% for the 12 months ended 27 September 2019. The reduction was primarily driven by reduced profitability in the period. Average invested capital also increased primarily due to the impact of the recognition of right-to-use assets recognised under IFRS 16 *Leases*.

FINANCIAL REVIEW[1,2]

Revenue and Operating Profit

Reported revenue in the period was £1,264.7m, a decrease of 12.5% compared to FY19, primarily reflecting the impact of COVID-19 on demand in food to go categories. Pro Forma Revenue decreased by 14.3%.

Group Operating Profit decreased from £99.8m to £12.9m as a result of significantly lower revenue in FY20 and an increase in the level of exceptional items in FY20. Adjusted Operating Profit of £32.5m was 69.2% lower than in FY19 with lower profits in food to go categories in FY20 partly offset by an improved performance in the Group's other convenience categories. Adjusted Operating Margin was 2.6%, 470 basis points lower than the prior year.

Net finance costs

The Group's net bank interest payable was £14.7m in FY20, an increase of £0.5m versus FY19. The increase was driven by lower net interest income in the year. The Group also recognised a £1.2m interest charge relating to the interest payable on lease liabilities in the year.

The Group's non-cash finance charge, before exceptional items, in FY20 was £1.3m (FY19: £4.7m). The change in the fair value of derivatives and related debt adjustments in the period was a £0.7m credit (FY19 charge: £2.1m) and the non-cash pension financing charge of £1.9m was £0.6m lower than the FY19 charge of £2.5m.

The exceptional non-cash finance charges are detailed below in Exceptional Items, classified as debt restructuring and modification.

Profit before taxation

The Group's Profit before taxation decreased from £56.4m in FY19 to a loss of £10.8m in FY20, driven by lower Group Operating Profit and partly offset by lower finance costs as compared to the FY19 costs which included an exceptional finance charge. Adjusted Profit Before Tax in the period was £17.3m (FY19: £92.3m), primarily driven by a reduction in Adjusted Operating Profit.

Taxation

The Group's effective tax rate in FY20 (including the tax impact associated with pension finance items) was 13% (FY19: 15%). This reflects the rate benefit resulting from the restatement of the deferred tax assets, arising from the decision by the UK Government to maintain the UK corporation tax rate at 19%. This decision not to decrease the UK corporation tax rate to 17% results in a one-off tax credit to the income statement, with a corresponding increase to the Group's net deferred tax asset.

Exceptional items

The Group had a pre-tax exceptional charge of £22.8m in FY20, and an after tax charge of £20.5m, comprised as follows:

Exceptional Items	**£m**
Debt restructuring and modification	(7.1)
Non-core property related charges	(8.2)
Inventory and plant and equipment impairment	(4.8)
Transaction and integration costs	(2.9)
Restructuring costs	(2.0)
Legacy US legal matters	2.2
Exceptional items (before tax)	**(22.8)**
Tax on exceptional items	2.3
Exceptional items (after tax)	**(20.5)**

Earnings per share

The Group's basic loss per share for was 2.6 pence compared to basic earnings per share in FY19 of 19.9 pence. This was driven by a £52.7m reduction in Earnings in FY20 and the elimination of Earnings from discontinued operations in FY19 of £64.8m. The weighted average number of shares in issue in FY20 was 443.9m (FY19: 532.0m).

Adjusted Earnings were £13.0m in the period, £71.9m behind prior year levels largely due to a reduction in Adjusted Operating Profit. Adjusted earnings per share of 2.9 pence was 81.9% behind FY19.

Cash Flow and Net Debt

Adjusted EBITDA was £57.0m lower in FY20 at £85.0m, after the impact of IFRS 16 that increased the FY20 outturn by £12.9m. The Group incurred a net working capital outflow of £46.1m. Maintenance capital expenditure of £18.9m was incurred in the period (FY19: £30.6m). The cash outflow in respect of exceptional charges was £10.1m (FY19: £9.6m), of which £3.0m related to prior year exceptional charges.

Interest paid in the period was £14.3m, including interest on lease liabilities (FY19: £16.9m), a reduction on FY19 primarily reflecting the impact of closing out swaps in the prior year. Cash tax increased by £1.1m to £4.6m due to a one-off change in rules for the timing of UK corporation tax payments impacting FY20. 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. The Group's cash funding for defined benefit pension schemes was £9.4m (FY19: £16.0m), reflecting the decision to defer cash contributions in the second half of the year.

These movements resulted in a Free Cash outflow of £29.7m compared to an inflow of £54.9m in FY19 driven by lower profitability and higher working capital outflows, partially offset by the non-recurrence of cash outflows associated with discontinued operations.

In FY20, the Group incurred strategic capital expenditure of £13.0m (FY19: £13.6m including £1.2m on discontinued operations).

Equity dividend cash payments decreased significantly to £16.7m (FY19: £50.3m). As announced on 30 March 2020, the Group did not proceed with the payment of an interim FY20 dividend. The FY19 final dividend payment made in FY20 was made on a reduced number of shares, reflecting the impact of the Group's tender offer which was executed in January 2019. The FY19 period also included the change in the phasing of dividend cash payments resulting from the removal of the scrip dividend option (the interim and final dividend for FY18, and the interim dividend for FY19, were paid during FY19).

The Group's Net Debt at 25 September 2020 was £411.2m, an increase of £122.7m compared to the prior year period, driven primarily by the cash outflows described previously as well as the impact of IFRS 16 lease obligations of £60.7m.

Financing

The Group had total committed debt facilities of £577.9m at 25 September 2020 and a weighted average maturity of 3.3 years. Following the revised financing agreements secured after year end the weighted average maturity of these facilities is now 3.6 years. The facilities comprise:

- A £340m revolving credit bank facility with a maturity date of January 2025.
- A £50m bilateral bank facility with a maturity date of January 2024.
- £112.9m of outstanding Private Placement notes with maturities ranging between October 2021 and June 2026.
- A revolving credit bank facility of £75m, with a maturity date of March 2023.

The Group had cash and undrawn committed facilities of £232.0m at 25 September 2020, compared to £216.6m as at 27 September 2019.

Pensions

All 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 25 September 2020 was £82.1m, £9.9m lower than the position at 27 September 2019. The net pension deficit after related deferred tax was £63.8m (FY19: £74.8m). The decrease in net pension deficit was driven principally by the Group's ongoing contributions to the schemes during the year.

In FY20 the Group entered a formal agreement with the Trustees of the legacy defined benefit pension scheme in the UK to defer cash contributions to the pension for a period of six months which resulted in a reduction of cash contributions in FY20 of £4.9m.

The valuations and funding obligations of the Group's legacy defined benefit pension schemes are assessed on a triennial basis with the relevant trustees. The next assessment is expected to conclude during FY21. In FY20 the Trustees of one of the smaller UK legacy defined benefit schemes completed a buy-out of the scheme, transferring insurance policies to individual scheme members removing the scheme liabilities from the Group's Statement of Financial Position.

Dividends

The Group announced on 30 March 2020 that it would not proceed with an interim FY20 dividend payment, and on 19 May 2020 announced that it would not be proceeding with either a final FY20 or an interim FY21 dividend payment. The Group will seek to reinstate dividend payments as soon as is practicable thereafter in accordance with its capital allocation strategy. The total dividend for FY19 was 6.20 pence per share.

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 25 September 2020 issued on 23 November 2020.

Responsibility Statement

Each of the Directors of Greencore Group plc confirm that, to the best of each person's knowledge and belief as required by the Transparency Regulations:

- The Financial Statements, prepared in accordance with IFRS as adopted by the EU and the Company Financial Statements prepared in accordance with FRS 101: *Reduced Disclosure Framework*, give a true and fair view of the assets, liabilities, financial position of the Group and Company at 25 September 2020 and the profit/loss of the Group for the year 25 September 2020; and

- The Financial Statements include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

P.G. Kennedy
Chairman
Date: 23 November 2020

FULL YEAR RESULTS STATEMENT
For the year ended 25 September 2020

GROUP INCOME STATEMENT
For year ended 25 September 2020

			2020			2019	
	Notes	**Pre - exceptional £m**	**Exceptional (Note 3) £m**	**Total £m**	Pre - exceptional £m	Exceptional (Note 3) £m	Total £m
Continuing operations							
Revenue	2	**1,264.7**	**–**	**1,264.7**	1,446.1	–	1,446.1
Cost of sales		**(859.5)**	**(2.9)**	**(862.4)**	(972.4)	–	(972.4)
Gross profit		**405.2**	**(2.9)**	**402.3**	473.7	–	473.7
Operating costs, net		**(372.7)**	**(12.8)**	**(385.5)**	(368.2)	(4.8)	(373.0)
Group Operating Profit before acquisition related amortisation		**32.5**	**(15.7)**	**16.8**	105.5	(4.8)	100.7
Amortisation of acquisition related intangibles		**(3.9)**	**–**	**(3.9)**	(0.9)	–	(0.9)
Group Operating Profit		**28.6**	**(15.7)**	**12.9**	104.6	(4.8)	99.8
Finance income	4	**0.1**	**–**	**0.1**	0.8	–	0.8
Finance costs	4	**(17.3)**	**(7.1)**	**(24.4)**	(19.7)	(25.4)	(45.1)
Share of profit of associates after tax		**0.6**	**–**	**0.6**	0.9	–	0.9
Profit/(loss) before taxation		**12.0**	**(22.8)**	**(10.8)**	86.6	(30.2)	56.4
Taxation		**(1.4)**	**2.3**	**0.9**	(13.2)	0.2	(13.0)
Profit for the period from continuing operations		**10.6**	**(20.5)**	**(9.9)**	73.4	(30.0)	43.4
Discontinued Operations							
Result from discontinued operations		**–**	**–**	**–**	8.9	55.9	64.8
Profit/(loss) for the financial year		**10.6**	**(20.5)**	**(9.9)**	82.3	25.9	108.2
Attributable to:							
Equity shareholders		**9.0**	**(20.5)**	**(11.5)**	80.1	25.9	106.0
Non-controlling interests		**1.6**	**–**	**1.6**	2.2	–	2.2
		10.6	**(20.5)**	**(9.9)**	82.3	25.9	108.2
Earnings per share (pence) – continuing operations							
Basic earnings per share	6			**(2.6)**			7.7
Diluted earnings per share	6			**(2.6)**			7.7
Earnings per share (pence) – total							
Basic earnings per share	6			**(2.6)**			19.9
Diluted earnings per share	6			**(2.6)**			19.9

FULL YEAR RESULTS STATEMENT
For the year ended 25 September 2020

GROUP STATEMENT OF COMPREHENSIVE INCOME
for year ended 25 September 2020

	2020 £m	2019 £m
Items of comprehensive income taken directly to equity for continuing and discontinued operations		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on Group legacy defined benefit pension schemes	**1.6**	(13.3)
Tax credit on Group legacy defined benefit pension schemes	**2.3**	2.9
	3.9	(10.4)
Items that may subsequently be reclassified to profit or loss:		
Currency translation adjustment	**1.3**	10.3
Translation reserve transferred to Income Statement on discontinued operation	**-**	(24.5)
Net Investment hedge transferred to Income Statement	**-**	22.3
Cash flow hedges:		
fair value movement taken to equity	**1.4**	0.2
transfer to Income Statement for the year	**0.1**	0.3
	2.8	8.6
Net income/(expense) recognised directly within equity	**6.7**	(1.8)
(Loss)/profit for the financial year	**(9.9)**	108.2
Total comprehensive income for the financial year	**(3.2)**	106.4
Attributable to:		
Equity shareholders	**(4.9)**	104.2
Non-controlling interests	**1.7**	2.2
Total comprehensive income for the financial year	**(3.2)**	106.4
Attributable to:		
Continuing operations	**(3.2)**	49.8
Discontinued operations	**-**	56.6
Total comprehensive income for the financial year	**(3.2)**	106.4

FULL YEAR RESULTS STATEMENT
For the year ended 25 September 2020

GROUP STATEMENT OF FINANCIAL POSITION
at 25 September 2020

	Notes	2020 £m	2019 (restated*) £m
ASSETS			
Non-current assets			
Goodwill and intangible assets		**478.5**	483.3
Property, plant and equipment		**313.2**	332.5
Right-of-use assets	8	**55.6**	–
Investment property		**6.1**	5.8
Investment in associates		**–**	1.2
Retirement benefit assets	9	**42.9**	36.4
Derivative financial instruments		**3.0**	5.5
Deferred tax assets		**46.1**	37.1
Total non-current assets		**945.4**	901.8
Current assets			
Inventories		**44.7**	45.9
Trade and other receivables		**157.7**	173.8
Cash and cash equivalents		**267.0**	265.0
Derivative financial instruments		**0.6**	–
Current tax receivable		**0.5**	0.7
Assets held for sale	10	**11.2**	–
Total current assets		**481.7**	485.4
Total assets		**1,427.1**	1,387.2
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**4.5**	4.5
Share premium		**0.4**	0.1
Reserves		**271.6**	294.8
		276.5	299.4
Non-controlling interests		**5.7**	6.4
Total equity		**282.2**	305.8
LIABILITIES			
Non-current liabilities			
Borrowings	7	**397.5**	330.1
Lease liabilities	8	**46.6**	–
Other payables		**3.7**	3.7
Derivative financial instruments		**2.5**	3.3
Provisions		**5.4**	6.7
Retirement benefit obligations	9	**125.0**	128.4
Deferred tax liabilities		**11.5**	6.9
Total non-current liabilities		**592.2**	479.1
Current liabilities			
Borrowings	7	**220.0**	223.4
Trade and other payables		**302.0**	358.4
Lease liabilities	8	**14.1**	–
Derivative financial instruments		**–**	0.3
Provisions		**4.5**	5.5
Current tax payable		**10.4**	14.7
Liabilities held for sale	10	**1.7**	–
Total current liabilities		**552.7**	602.3
Total liabilities		**1,144.9**	1,081.4
Total equity and liabilities		**1,427.1**	1,387.2

* The reported comparatives have been restated to reflect a change in the presentation in of cash at bank and bank overdrafts as set out in Note 1

GROUP STATEMENT OF CASH FLOWS
for the year ended 25 September 2020

	Notes	**2020** **£m**	2019 £m
(Loss)/profit before taxation		**(10.8)**	56.4
Finance income	4	**(0.1)**	(0.8)
Finance costs	4	**17.3**	19.7
Share of profit of associates (after tax)		**(0.6)**	(0.9)
Exceptional items	3	**22.8**	30.2
Continuing operating profit (pre-exceptional)		**28.6**	104.6
Discontinued operating profit (pre-exceptional)		**–**	9.1
Operating profit (pre-exceptional)		**28.6**	113.7
Depreciation (including right-of-use assets)		**49.6**	32.9
Amortisation of intangible assets		**6.8**	4.5
Employee share-based payment expense		**2.0**	3.6
Contributions to Group legacy defined benefit pension scheme	9	**(9.4)**	(16.0)
Working capital movement		**(46.1)**	(22.8)
Other movements		**–**	0.8
Net cash inflow from operating activities before exceptional items		**31.5**	116.7
Cash outflow related to exceptional items	3	**(10.1)**	(9.6)
Interest paid (including lease liability interest)		**(14.3)**	(16.9)
Tax paid		**(4.6)**	(3.5)
Net cash inflow from operating activities		**2.5**	86.7
Cash flow from investing activities			
Dividends received from associates		**0.3**	1.0
Purchase of property, plant and equipment		**(29.8)**	(39.6)
Purchase of intangible assets		**(2.1)**	(4.6)
Acquisition of undertakings	11	**–**	(56.2)
Disposal of undertakings		**–**	811.9
Disposal of investment property		**–**	0.5
Net cash (outflow)/inflow from investing activities		**(31.6)**	713.0
Cash flow from financing activities			
Proceeds from issue of shares		**0.3**	0.1
Ordinary shares purchased - own shares		**–**	(0.6)
Drawdown of bank borrowings		**64.6**	67.0
Repayment of bank borrowings		**–**	(210.0)
Repayment of non-bank borrowings		**–**	(63.1)
Repayment of private placement notes		**–**	(14.6)
Repayment of lease liabilities	8	**(11.2)**	(0.4)
Dividends paid to equity holders of the Company		**(16.7)**	(50.3)
Dividends paid to non-controlling interests		**(2.4)**	(2.2)
Capital return via tender offer		**–**	(509.0)
Termination of swaps		**–**	(12.6)
Net cash inflow/(outflow) from financing activities		**34.6**	(795.7)
Increase in cash and cash equivalents and bank overdrafts		**5.5**	4.0
Reconciliation of opening to closing cash and cash equivalents			
Cash and cash equivalents and bank overdrafts at beginning of year		**41.6**	37.0
Translation adjustment		**(0.1)**	0.6
Increase in cash and cash equivalents and bank overdrafts		**5.5**	4.0
Cash and cash equivalents and bank overdrafts at end of year		**47.0**	41.6

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

1. Basis of preparation

The financial information included within this full year results statement has been extracted from the audited Consolidated Financial Statements of Greencore Group plc for the year ended 25 September 2020, to which an unqualified audit opinion is attached. Full details of the basis of preparation of the Group Financial Statements for the year ended 25 September 2020 are included in Note 1 of the 2020 Annual Report.

The financial information presented in this full year results statement 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).

Following the disposal of Greencore's US business in November 2018, the prior year includes the results of the business within profit from discontinued operations in the Group Income Statement.

Prior year restatement

Within the financial year the Group changed the net presentation of cash at bank and in hand and bank overdrafts for the Group's cash pooling arrangement. While the Group has the legal right to offset under the arrangement, it was determined that a more appropriate presentation of cash at bank and in hand and bank overdrafts is on a gross basis in line with the requirements of IAS 32 *Financial Instruments: Presentation* and therefore prior year comparatives have been restated accordingly. The impact of this change is to increase both cash at bank and in hand and bank overdrafts within borrowings as at 27 September 2019 by £223.4m, and by £202.9m as at 28 September 2018 in the Group's Statement of Financial Position. This has no impact on net assets.

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.

The implementation of mobility restrictions by the UK Government earlier in FY20 had a material impact on the Group's performance, with a marked decline in revenue and profitability, followed by a gradual recovery as social restrictions eased in the second half of the year. The resurgence of COVID-19 cases across the UK led to the introduction of tiered regional restrictions in October 2020 and this impeded the recovery in demand in food to go categories that had been evident at the end of FY20. Further mobility restrictions were reintroduced in early November 2020 for a planned four-week period of national lockdown.

The Group continues to expect that the duration and severity of the COVID-19 pandemic, including the increased restrictions on mobility implemented by the UK Government in early November 2020, will have a material and volatile impact on its trading environment, and in particular demand in its food to go categories, in the first half of FY21.

Accordingly, the Directors have considered a number of scenarios for the next 18 months. These scenarios consider the estimated potential impact of COVID-19 restrictions on the business, along with the Group's own mitigating actions on costs and cashflows. The scenarios modelled are more sensitive to volumes in food to go categories where the exposure to mobility restrictions is greater. Based on current levels of trading and various durations of mobility restrictions, the impact on revenue, profit and cashflows are modelled, including the consequential impact on working capital. In particular the scenarios adjust for demand in food to go categories in the first half of FY21 and a gradual recovery thereafter. They also include modelling for potential supply disruptions associated with unplanned, temporary site closures due to COVID-19.

Under each scenario cost mitigating actions are modelled, including the utilisation of the Coronavirus Job Retention Scheme, the elimination of non-essential expenditures, and business expense rationalisation. Cashflow mitigating actions are also modelled, including a reduction in non-business critical capital projects and further engagement with Trustees of the legacy defined benefit pension schemes to defer cash contributions. The Group has assumed that no significant structural changes to the business will be needed in any of the scenarios modelled.

The Group's scenarios assume:

- A base case projection assuming a reduction in run-rate volumes into Q1 reflective of increased mobility restrictions due to the resurgence of COVID-19 cases across the UK together with the nationwide lockdown from early November. This assumes an accelerated reduction in demand in food to go categories, with some partial offset via increased demand in other convenience categories. A gradual recovery is assumed in the second half of FY21, with the volume run rate in food to go categories at the end of the year assumed to be below FY19 levels;
- A severe but plausible downside scenario is also applied to the base case, which includes a second further nationwide lockdown in early 2021 and the financial impact of several material supply side disruptions; and

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

1. Basis of preparation (continued)

Going Concern (continued)

- A more severe downside scenario, assuming a slower recovery of food to go categories reflecting a stricter level of mobility restrictions continuing throughout H1, a third nationwide lockdown in June, and a slower recovery in second half volumes. In this scenario further mitigating actions are assumed including, but not limited to, a further reduction in capital expenditure and a further reduction of the indirect costs base.

The Group retained financial strength and flexibility at year end, with cash and undrawn committed bank facilities of £232.0m at 25 September 2020 (September 2019: £216.6m). The Directors have taken steps to ensure adequate liquidity is available to the Group in light of the considerable uncertainty surrounding the ongoing impact of COVID-19.

In November 2020 the Group extended the maturity of its £75m committed bank facility by two years to March 2023 and refinanced its £50m bilateral loan for a new three year term maturing in January 2024.

Greencore secured agreement with its bank lending syndicate in May 2020 and its Private Placement Note Holders in July 2020 to waive the Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods. The Group announces today that it has secured further amendments to its covenant conditions with its bank lending syndicate and its Private Placement Note holders. Of the key features, the Group has:

- Amended the EBITDA: Interest covenant condition for the March 2021 test period from 3.0x to 2.0x;
- Amended the Net Debt: EBITDA covenant test at June 2021 from 4.25x to 5.0x;
- Reduced the minimum liquidity requirement on cash and undrawn facilities to £70m for FY21, from a range of £100m-£125m;
- Increased the maximum net debt requirement to £550m to May 2021, and £500m to September 2021, from a range of £450-£550m;
- Agreed not to proceed with final FY20 dividend and interim FY21 dividend; and
- Restricted acquisitions with an aggregate of £25m for the duration of the waiver period.

The Covid Corporate Financing Facility (‘CCFF’) remains a potential source of liquidity for the Group however, since year end the scheme is now subject to additional qualifying conditions and review prior to any prospective issuance. The Group has not reconfirmed its continued eligibility for the scheme under these new qualifying conditions. The scheme has a closing date for issuing commercial paper of 22 March 2021.

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 over the next 18 months. Accordingly, the Directors adopt the going concern basis in preparing the Group Financial Statements.

In the event that the impact of COVID-19 restrictions were even more severe than the severe downside modelled, the Group would reengage with lenders regarding further covenant amendments and would also consider other sources of financing including equity.

New Standards and Interpretation

IFRS 16 *Leases*

IFRS 16 *Leases* sets out the principle for the recognition, measurement, presentation, and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating leases or finance leases for lessees and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term greater than a year.

The Group has adopted IFRS 16 *Leases* using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 *Leases* was recognised as an adjustment to the opening balance of retained earnings at 28 September 2019 with no restatement of comparative information. The adjustment to retained earnings includes the deferred tax asset recognised on transition and after adjusting for existing lease incentives now included in the right-of-use asset.

On adoption of IFRS 16 *Leases*, the Group recognised liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate (‘IBR’) as of 28 September 2019. The discount rates applied was determined using the UK Government Bond rates and the credit spread on the Group’s borrowings. The IBR was calculated using the portfolio approach for assets with similar characteristics. The weighted average incremental borrowing rate applied during the year was 2.2%.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

1. Basis of preparation (continued)

New Standards and Interpretation (continued)

IFRS 16 *Leases* (continued)

In applying IFRS 16 *Leases* for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate for portfolios of leases with reasonably similar characteristics;
- Accounting for low value leases and leases with a remaining term of less than 12 months as at 28 September 2019 as an expense without recognising a right–of–use asset or a lease liability; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 had a material impact on the Group's Consolidated Financial Statements. The transition adjustments and impact in FY20 are presented below and have been updated from the half year statement to include a property lease signed prior to transition.

Group Statement of Financial position as at 28 September 2019

- Right-of-use leased assets +£50.0m
- Lease liabilities, Net debt +£54.1m

Group Income Statement for the year ended 25 September 2020

- Depreciation -£12.9m
- Finance costs -£1.2m
- Short-term and low value lease charge -£0.8m

Group Statement of Cash Flows for the year ended 25 September 2020

- Net cash flow from operating activities +£11.2m
- Net cash flow from financing activities -£11.2m

A reconciliation of the operating lease commitment previously reported under IAS 17 to the discounted lease creditor as at 28 September 2019 under IFRS 16 is as follows:

	£m
Operating lease commitment reconciliation	
Operating lease commitments disclosed as at 27 September 2019	48.6
Assets not yet available for use	7.7
Adjustments for extensions and termination options	1.8
Low value and short–term leases for which the on–balance sheet model was not applied	(1.2)
Discounting using the Group's incremental borrowing rate as at 28 September 2019	(2.8)
Lease liability recognised at 28 September 2019	**54.1**
analysed as:	
Current liabilities	13.0
Non–current liabilities	41.1
	54.1

The Group has finalised the impact on transition to IFRS 16 *Leases* resulting in an adjustment to the right-to-use asset and lease liability on 28 September 2019, since half year reporting on 27 March 2020. The adjustment relates to a property lease which was entered into during the prior year but was not available for use until the current year while fit out works were underway. The lease had not been included in the lease commitment at 27 September 2019. The right-of-use asset has been adjusted by £8.8m which includes £1.1m dilapidations provision and £7.7m lease liabilities.

Set out below is the new accounting policy of the Group upon adoption of IFRS 16 *Leases*:

The Group leases various properties, motor vehicles and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A right–of–use asset and lease liability are recognised at commencement for contracts containing a lease, with the exception of leases with a term of 12 months or less or leases where the underlying asset is of low value, such leases continue to be expensed through the Income Statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

1. Basis of preparation (continued)

New Standards and Interpretation (continued)

IFRS 16 *Leases* (continued)

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the incremental borrowing rate. Lease payments include fixed payments, payments for an optional renewal period and termination option payments. The lease term is the non-cancellable period of the lease, which includes options to extend the lease term where it is reasonably certain the option will be exercised. The Group has applied judgement to determine the lease term for some lease contracts that includes renewal options and break clauses.

Following initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future minimum lease payments or when the Group changes its assessment of whether it is reasonably certain to exercise an option within a contract.

The right–of–use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the asset less any lease incentives received. After lease commencement, the Group measures right–of–use assets using a cost model, reflecting cost less accumulated depreciation and impairment. The right–of–use asset is depreciated using the straight–line method from the commencement date to the earlier of the end of the useful life of the right–of–use asset or the end of lease term.

IFRIC 23

IFRIC 23 *Uncertainty over Income Tax Treatments* (effective date for the Group: financial year beginning 28 September 2019). This IFRIC clarifies the accounting treatment for uncertainties in income taxes and is applied in the determination of taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. The Group calculates current and deferred tax provisions in line with the requirements of IFRIC 23 on the basis that in calculating provisions, it applies either the 'expected value' method of the 'most likely' method for each uncertainty. There was no impact for the Group on the adoption of the standard.

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 businesses.

Revenue earned individually from four customers in Convenience Foods UK & Ireland of £274.4m, £168.5m, £146.6m and £128.9m respectively represents more than 10% of the Group's revenue (2019: Revenue earned individually from four customers in Convenience Foods UK & Ireland of £304.0m, £247.5m, £163.5m and £146.9m respectively represents more than 10% of the Group's revenue).

	Convenience Foods UK & Ireland	
	2020	2019
	£m	£m
Revenue	**1,264.7**	1,446.1
Group operating profit before exceptional items and amortisation of acquisition related intangible assets	**32.5**	105.5
Amortisation of acquisition related intangible assets	**(3.9)**	(0.9)
Exceptional items within operating profit	**(15.7)**	(4.8)
Group operating profit	**12.9**	99.8
Finance income	**0.1**	0.8
Finance costs including exceptional finance costs	**(24.4)**	(45.1)
Share of profit of associates after tax	**0.6**	0.9
Taxation	**0.9**	(13.0)
Results from discontinued operations	**–**	64.8
(Loss)/profit for the period	**(9.9)**	108.2

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

2. Segment information (continued)

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

	2020 £m	2019 £m
Revenue		
Food to go categories	**772.9**	962.5
Other convenience categories	**491.8**	483.6
Total revenue for Convenience Foods UK and Ireland	**1,264.7**	1,446.1

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 Irish Ingredients trading businesses.

3. Exceptional Items

Exceptional items are those which, in management's judgement, should be disclosed separately by virtue of their nature or amount. Such items are included within the Group Income Statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

The Group reports the following exceptional items:

		2020 £m	2019 £m
Debt restructuring and modification	(A)	**(7.1)**	(25.4)
Non-core property related charges	(B)	**(8.2)**	–
Inventory and plant and equipment impairment	(C)	**(4.8)**	–
Transaction and integration costs	(D)	**(2.9)**	(1.8)
Restructuring costs	(E)	**(2.0)**	–
Legacy US legal matters	(F)	**2.2**	–
Profit on disposal of Greencore's US business	(G)	**–**	55.9
Guaranteed Minimum Pension ('GMP') equalisation	(H)	**–**	(3.0)
		(22.8)	25.7
Tax on exceptional items		**2.3**	0.2
Total exceptional items		**(20.5)**	25.9

(A) Debt Restructuring and modification

During the year, the Group restructured its debt, adding a new facility and securing amendments to existing financing agreements. The Group recognised a debt modification charge of £5.9m in the income statement in the year, reflecting the incremental interest costs that will be incurred by the Group in future periods as a result of the covenant amendments. In line with the debt modification requirements of IFRS 9, the Group is required to reflect the remeasurement of the carrying value of debt due to the change in the contractual cashflows, resulting in a charge in the year, with a corresponding increase in borrowings. The Group also incurred £1.2m of transaction costs relating to the modification of facilities.

In the prior year, following the disposal of Greencore's US business in November 2018, the Group reshaped its debt and associated derivative portfolio to reflect the removal of US dollar assets from the business. This resulted in a £25.4m exceptional charge in the period comprising the recycling of the net investment hedge of £22.3m including foreign exchange differences arising on debt and derivatives relating to US dollar exposure, and the cash cost of terminating a US dollar related swap. It also includes the recycling of interest rate swaps of £1.0m and the write off of capitalised finance fees on debt facilities of £2.1m.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

3. Exceptional Items (continued)

(B) Non-core property related charges

The Group completed a review of all property assets held across the Group to assess their recoverable value in line with the requirements of IAS 36 *Impairment of Assets*. As a result, the Group recognised a charge of £3.6m in relation to investment properties, which includes £0.8m carried within other current assets. Land classified as property, plant and equipment was also impaired with a £4.3m charge recognised in the year to write down the property to fair value which was determined to be its recoverable value. The Group also recognised a provision of £0.3m of remediation costs in relation to investment properties.

(C) Inventory and plant and equipment impairment

The Group recognised an impairment charge of £2.9m relating to inventory during the year. This was as a result of a drop off in demand in food to go categories when the UK Government introduced a UK nationwide lockdown earlier in the year, together with temporarily ceasing production at the Northampton facility in August 2020 due to a COVID-19 outbreak.

The Group also recognised an asset impairment charge of £1.9m relating to plant and equipment in certain food to go facilities, following a review of the food to go network as a result of the impact of COVID-19 on volumes.

(D) Transaction and Integration costs

The Group recognised a charge of £2.9m (2019: £1.8m), comprising £1.8m of transaction costs relating to an aborted acquisition and £0.8m of integration costs in relation to the acquisition of Freshtime UK Limited in September 2019. In addition the Group incurred £0.3m of costs associated with the conditional agreement to dispose of its Irish Molasses trading businesses which was announced in July 2020.

(E) Restructuring costs

During the year the Group incurred a cost of £2.0m in relation to restructuring activities for redundancies following a review of the food to go network as a result of the impact of COVID-19 on volumes.

(F) Legacy US legal matters

During the year, the Group recognised a credit of £2.2m on the settlement of a legacy US legal case, as an amount was recovered under a Group insurance policy.

(G) Profit on disposal of Greencore's US business

In the prior year, the Group completed the disposal of Greencore's US business to Hearthside Food Solutions LLC. A profit on disposal of £55.9m was recognised which included transaction and separation costs of £17.9m. This was presented as discontinued in the Group's Income Statement. Details of the disposal are set out in Note 10.

(H) Guaranteed Minimum Pension (GMP) equalisation

Due to a ruling in the High Court of Justice of England and Wales in October 2018, pension schemes are under a duty to equalise benefits for all members, regardless of gender, in relation to minimum pension benefits. For the Group, an estimate was made of the impact of equalisation, which increased the legacy defined benefit pension scheme liabilities in the UK by £3.0m with a corresponding charge to exceptional items. Whilst guidance has been issued by the Department of Work and Pensions, legislative provisions regarding the change are still being finalised. Therefore in the continued absence of guidance, the Group has maintained its £3.0m estimated cost to equalise the funds as at 25 September 2020 in line with the ruling.

Cash flow on exceptional items

The total net cash outflow during the year in respect of exceptional charges was £10.1m (2019: £9.6m), of which £3.0m was in respect of prior year exceptional charges.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

4. Finance costs and finance income

	2020 £m	2019 £m
Finance income		
Interest on bank deposits	**0.1**	0.8
Total finance income recognised in the Group Income Statement	**0.1**	0.8
Finance costs		
Finance costs on interest bearing cash and cash equivalents, borrowings and other financing costs	**(14.8)**	(15.0)
Net pension financing charge	**(1.9)**	(2.5)
Unwind of discount on liabilities	**(0.1)**	(0.1)
Change in fair value of derivatives and related debt adjustment	**1.1**	(0.9)
Interest on lease obligations	**(1.2)**	–
FX on inter-company and external balances where hedge accounting is not applied	**(0.4)**	(1.2)
Total finance costs recognised in the Group Income Statement before exceptional items	**(17.3)**	(19.7)
Exceptional items		
Debt restructuring and modification	**(7.1)**	(25.4)
Total exceptional finance costs recognised in the Group Income Statement	**(7.1)**	(25.4)
Total finance costs recognised in the Group Income Statement	**(24.4)**	(45.1)

5. Dividends Paid and Proposed

	2020 £m	2019 £m
Amounts recognised as distributions to equity holders in the year:		
Equity dividends on Ordinary Shares:		
Final dividend of 3.75 pence for the year ended 27 September 2019 (2018: 3.75 pence)	**16.7**	23.8
Interim dividend of nil for the year ended 25 September 2020 (2019: 2.45 pence)	**–**	10.9
Total	**16.7**	34.7

The Group announced during the year that it was not proceeding with an interim FY20 dividend, a final FY20 dividend or an interim FY21 dividend payment.

6. Earnings per Ordinary Share

Numerator for Earnings per Share Calculations

	2020			2019		
	Continuing operations £m	**Discontinued operations £m**	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
(Loss)/profit attributable to equity holders of the Company (numerator for earnings per share calculations)	**(11.5)**	**–**	**(11.5)**	41.2	64.8	106.0

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

6. Earnings per Ordinary Share (continued)

Denominator for Basic Earnings Per Share Calculations

	2020	2019
	'000	'000
Shares in issue at the beginning of the year	**446,007**	706,978
Effect of shares held by Employee Benefit Trust	**(2,235)**	(3,389)
Effect of shares issued during the year	**112**	15
Effect of share reduction due to tender offer	**–**	(171,633)
Weighted average number of Ordinary Shares in issue during the year	**443,884**	531,971
Dilutive effect of share awards	**1,180**	1,587
Weighted average number of Ordinary Shares for diluted earnings per share	**445,064**	533,558

Earnings Per Share Calculations

		2020			2019	
	Continuing operations pence	**Discontinued operations pence**	**Total pence**	Continuing operations pence	Discontinued operations pence	Total pence
Basic earnings per Ordinary Share	**(2.6)**	**–**	**(2.6)**	7.7	12.2	19.9
Diluted earnings per Ordinary Share	**(2.6)**	**–**	**(2.6)**	7.7	12.2	19.9

7. Borrowings

		2020		2019
	Principal Borrowings £m	**Debt Modification £m**	**Total £m**	Total £m
Bank overdrafts	**(220.0)**	–	**(220.0)**	(223.4)
Bank borrowings	**(278.9)**	**(4.6)**	**(283.5)**	(213.9)
Private placement notes	**(112.7)**	**(1.3)**	**(114.0)**	(116.2)
Total borrowings	**(611.6)**	**(5.9)**	**(617.5)**	(553.5)

Bank overdrafts

As disclosed in Note 1, the Group's bank overdrafts have been restated to meet the presentational requirements for offsetting in accordance with IAS 32. Comparative information for the year ended 27 September 2019 has increased from £nil to £223.4m. This has no impact on the Group's net assets.

Bank Borrowings

The Group's bank borrowings, net of finance fees comprised of £278.9m at 25 September 2020 (September 2019: £213.9m) with maturities ranging from January 2022 to January 2025, the earliest of which is the Group's £50m bank bilateral facility which matures in January 2022. The Group had £185.0m (September 2019: £175.0m) of undrawn committed bank facilities in respect of which all conditions precedent had been met. Uncommitted facilities undrawn at 25 September 2020 amounted to £7.0m (September 2019: £7.0m).

The Group extended the maturity of its £340m committed bank facility by one year to 2025 and secured an additional £75m one year committed debt facility in March 2020. In November 2020 the Group extended the maturity of the £75m committed bank facility by two years to March 2023 and refinanced the £50m bank bilateral facility for a new three year term ending in January 2024.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

7. Borrowings (continued)

Private Placement Notes

The Group's outstanding Private Placement Notes net of finance fees comprised of £112.7m (denominated as $120.9m and £18m) at 25 September 2020 (2019: £116.2m, denominated as $120.9m and £18m). These were issued as fixed rate debt in October 2013 ($65m) and June 2016 ($74.5m and £18m) with maturities ranging between October 2021 and June 2026.

The Group has swapped the $120.9m 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.

Revisions to Financing Agreements

Greencore secured agreement with its bank lending syndicate in May 2020 and its Private Placement Note Holders in July 2020 to waive the Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods. The Group announces today that it has secured further amendments to its covenant conditions with its bank lending syndicate and Private Placement Note holders. Of the key features, the Group has:

- Amended the EBITDA: Interest covenant condition for the March 2021 test period from 3.0x to 2.0x;
- Amended the Net Debt: EBITDA covenant test at June 2021 from 4.25x to 5.0x;
- Reduced the minimum liquidity requirement on cash and undrawn facilities to £70m for FY21, from a range of £100m-£125m;
- Increased the maximum net debt requirement to £550m to May 2021, and £500m to September 2021, from a range of £450m-£550m;
- Agreed not to proceed with final FY20 dividend and interim FY21 dividend; and
- Restricted acquisitions with an aggregate of £25m for the duration of the waiver period.

The terms of the covenant waiver agreements result in a higher interest costs for the waiver periods that the covenant conditions have been granted. In line with the Group's accounting policy on accounting for debt modifications, the Group recognised a modification charge of £5.9m in the income statement in the year. The charge reflects the incremental interest costs that will be incurred by the Group in future periods as a result of the covenant waivers. Refer to note 3 Exceptional items.

8. Leases

The Group adopted IFRS 16 *Leases* with effect from 28 September 2019. At the date of transition, the Group calculated the lease commitments outstanding at that date and applied appropriate discount rates to calculate the present value of the lease commitments which was recognised as a lease liability and a right-of-use asset on the Group's Statement of Financial Position.

The movement in the Group's right-of-use leased assets during the period is as follows:

	Land and buildings £m	**Plant & machinery £m**	**Motor vehicles £m**	**Total £m**
At 27 September 2019	–	–	–	–
IFRS 16 Transition adjustment (note 1)	**33.1**	**5.2**	**11.7**	**50.0**
Additions	**9.5**	**2.3**	**8.9**	**20.7**
Disposals	**–**	**(0.1)**	**(0.6)**	**(0.7)**
Lease term modification	**(0.8)**	**–**	**–**	**(0.8)**
Depreciation charge for the period	**(4.8)**	**(2.3)**	**(5.8)**	**(12.9)**
Assets transferred to held for sale	**(0.6)**	**–**	**(0.1)**	**(0.7)**
Right-of-use assets at 25 September 2020	**36.4**	**5.1**	**14.1**	**55.6**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

8. Leases (continued)

The movement in the Group's lease liabilities during the period is as follows:

	Total £m
At 27 September 2019	–
IFRS 16 Transition adjustment (note 1)	54.1
Additions	20.3
Disposals	(0.9)
Lease term modification	(0.9)
Payments	(12.4)
Lease interest	1.2
Liabilities transferred to held for sale	(0.7)
Lease liabilities at 25 September 2020	**60.7**

An analysis of the maturity profile of the discounted lease liabilities arising from the Group's leasing activities as at 25 September 2020 is as follows:

	2020 £m
Within one year	14.1
Between one and five years	32.5
Over 5 years	14.1
Total	**60.7**
Analysed as:	
Current liabilities	14.1
Non–current liabilities	46.6
Total	**60.7**

The Group avails of the exemption from capitalising lease costs for short–term leases and low value assets where the relevant criteria are met. The following lease costs have been charged to the Group Income Statement as incurred:

	2020 £m
Short–term leases	0.7
Leases of low value assets	0.1
Total	**0.8**

The total cash outflow for lease payments during the period was as follows:

	2020 £m
Cash outflow for short–term leases and leases of low value	0.6
Lease payments relating to capitalised right-of-use assets	11.2
Interest payment on lease obligations	1.2
Total	**13.0**

9. Retirement Benefit Obligations

The Group operates three legacy defined benefit pension schemes in the Republic of Ireland (the 'Irish schemes') and one legacy defined benefit pension scheme and one legacy defined benefit commitment in the UK (the 'UK schemes'). These are all closed to future accrual and there is an assumption applied in the valuation of the schemes that there will be no 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

9. Retirement Benefit Obligations (continued)

In consultation with the independent actuaries to the scheme, the valuation of pension obligations have 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 £92.0m at 27 September 2019 to a net liability of £82.1m at 25 September 2020. This reduction in the net liability position is mainly driven by the ongoing contributions made by the Group in respect of schemes in deficit. During the year, the Group paid £10.4m (2019: £16.7m) in contributions to the pension schemes.

In protecting the business and liquidity in response to the COVID-19 pandemic, the Group entered a formal agreement with the Trustees of the legacy defined benefit pension scheme in the UK to defer cash contributions to the pension for a period of six months which resulted in a reduction of cash contributions of £4.9m.

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 2017 and 31 March 2019. There is a live actuarial valuation ongoing in respect of the UK scheme and as such, subject to completion of the ongoing engagement with the Trustees the cash contributions will be agreed in FY21. 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 the relevant pension authorities.

The Group continue to seek ways to reduce its liabilities through various restructuring initiatives in co-operation with the Trustees of the respective schemes, which if implemented could modestly increase the annual cash funding requirements. During the year, the Trustees of one of the smaller UK legacy defined benefit schemes, completed a buy-out of the scheme liabilities resulting in a settlement. This eliminated the Group's future obligations under the scheme. The carrying value of the plan assets and scheme liabilities prior to settlement were £20.0m respectively.

In October 2020, the Trustees of two of the smaller Irish defined benefit pension schemes purchased an insurance policy for the scheme liabilities relating to pension members. 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.

The principal actuarial assumptions are as follows:

	UK Schemes		Irish Schemes	
	2020	2019	**2020**	2019
Rate of increase in pension payments *	**2.85%**	2.95%	**0.00%**	0.00%
Discount rate	**1.70%**	1.80%	**0.95%**	0.85%
Inflation rate**	**2.95%**	3.05%	**1.50%**	1.50%

* 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.

**Inflation is Retail Price Index (RPI) for UK Schemes, for reference Consumer Price Index (CPI) is assumed to be 0.5% per annum lower than RPI.

The financial position of the schemes was as follows:

	UK Schemes £m	**Irish Schemes £m**	**2020 Total £m**	2019 Total £m
Fair value of plan assets	**232.8**	**270.0**	**502.8**	524.7
Present value of scheme liabilities	**(356.7)**	**(228.2)**	**(584.9)**	(616.7)
(Deficit)/surplus in schemes	**(123.9)**	**41.8**	**(82.1)**	(92.0)
Deferred tax asset	**23.5**	**(5.2)**	**18.3**	17.2
Net (liability)/asset at end of year	**(100.4)**	**36.6**	**(63.8)**	(74.8)
Presented as:				
Retirement benefit asset*			**42.9**	36.4
Retirement benefit obligation			**(125.0)**	(128.4)

*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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

9. Retirement Benefit Obligations (continued)

Sensitivity of pension liability to judgemental assumptions

		Impact on Scheme Liabilities		
		UK	Irish	
Assumption	**Change in assumption**	**Schemes**	**Schemes**	**Total**
		£m	**£m**	**£m**
Discount rate	Increase by 0.5%	-30.5	-13.6	-44.1
Discount rate	Decrease by 0.5%	+34.8	+14.7	+49.5
Rate of inflation	Increase by 0.5%	+27.0	+5.3	+32.3
Rate of inflation	Decrease by 0.5%	-24.2	-4.9	-29.1
Rate of mortality	Members assumed to live 1 year longer	+11.7	+8.2	+19.9

Sensitivity of pension scheme assets to yield movements

		Impact on Scheme Assets		
		UK	Irish	
Assumption	**Change in assumption**	**Schemes**	**Schemes**	**Total**
		£m	**£m**	**£m**
Change in bond yields	Decrease by 0.5%	+26.0	+14.1	+40.1

10. Assets held for sale and disposal of undertakings

Molasses trading businesses

On 28th July 2020, the Group announced that it had entered into a conditional agreement to sell its interest in its molasses trading businesses to United Molasses Marketing (Ireland) Limited and United Molasses Marketing Limited which includes Premier Molasses Company Limited ('Premier Molasses') and United Molasses (Ireland) Limited ('UMI').

The core activities of these businesses are importing and distributing animal feed across the island of Ireland. The Group is selling its interests for a cash consideration of approximately £15.6m, subject to customary adjustments for cash, debt and working capital. The transaction is subject to the approval of relevant anti-trust authorities which is ongoing.

At 25 September 2020, the disposal met the recognition criteria to be classified as held for sale under IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. The businesses are not considered to be either separate major lines of business or geographical areas of operation and therefore do not constitute discontinued operations as defined in IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

Greencore's Molasses trading businesses are included within the Convenience Foods UK and Ireland reporting segment.

At 25 September 2020, the following assets and liabilities were classified as held for sale:

	Premier Molasses £m	UMI £m	2020 Total £m
Assets			
Property, plant and equipment	**3.4**	**–**	**3.4**
Right-of-use assets	**0.7**	**–**	**0.7**
Investment in associate	**–**	**1.5**	**1.5**
Inventories	**2.6**	**–**	**2.6**
Trade and other receivables	**3.0**	**–**	**3.0**
Total assets held for sale	**9.7**	**1.5**	**11.2**
Liabilities			
Trade and other payables	**0.6**	**–**	**0.6**
Deferred tax liability	**0.4**	**–**	**0.4**
Lease liabilities	**0.7**	**–**	**0.7**
Total liabilities held for sale	**1.7**	**–**	**1.7**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

10. Assets held for sale and disposal of undertakings (continued)

Greencore's US Business

In the prior year, the Group completed, on 25 November 2018, the disposal of its US business to Hearthside Food Solutions LLC. In the year ended 27 September 2019, a profit of £64.8m was recognised with a net cash inflow arising on the disposal of £810.9m.

Hull

In the prior year, the Group received £1.0m of deferred cash consideration from the disposal of its Cakes and Desserts business at Hull ('Hull') to Bright Blue Foods Limited in February 2018.

11. Acquisition of undertakings

Freshtime UK Limited

On 3 September 2019, the Group acquired 100% of Freshtime UK Limited ('Freshtime') for £56.2m. Freshtime was a well-established supplier of meal salads, chilled snacking and prepared produce in the UK, operating from a single facility in Boston, Lincolnshire. The fair value of the assets acquired, determined in accordance with IFRS have now been finalised and are presented in the table below. In particular, provisional values relating to property, plant and equipment have been revised to reflect an external property valuation resulting in a £1.2m reduction to the net assets as reported on 27 September 2019. Deferred tax on fair value adjustments has also been finalised.

	September 2019 £m
Assets	
Intangible assets	17.5
Property, plant and equipment	4.1
Inventories	1.2
Current tax receivable	0.5
Trade and other receivables	11.7
Total assets	**35.0**
Liabilities	
Provisions	(0.1)
Deferred tax liabilities	(3.0)
Trade and other payables	(14.2)
Current tax payable	(1.3)
Total liabilities	**(18.6)**
Net assets acquired	**16.4**
Goodwill	39.8
Total enterprise value	**56.2**

12. Subsequent Events

Revisions to financing agreements

In November 2020, the Group extended the maturity of its £75m committed bank facility by two years to March 2023 and refinanced its £50m bilateral loan for a new three year term maturing in January 2024. In addition, the Group has secured further amendments to its covenant conditions with its bank lending syndicate and its Private Placement Note holders. The amended covenant conditions are set out in Note 7.

Equity placing

The Group has announced today a non-pre-emptive equity placing of new ordinary shares targeting gross proceeds of up to £90m as part of the suite of operational and financing measures to protect the business.

Pension plan asset

In October 2020, the Trustees of two of the smaller Irish defined benefit pension schemes purchased an insurance policy for the scheme liabilities relating to pension members. 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 25 September 2020

13. Information

Copies of the Yearly Financial Report are available for download from the Group's website at www.greencore.com.

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 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 a more relevant focus on the core business performance of the Group. The APMs are not part of the IFRS financial statements and are accordingly not audited.

On 28 September 2019, the Group adopted IFRS 16 *Leases*, the new accounting standard for leases. The Group transitioned to the standard using the modified retrospective approach, which does not require the restatement of comparative periods and as such the APMs for the prior period have not been restated. The changes introduced by the standard impacted profit for the financial year by replacing operating lease costs with a depreciation and interest charge. In the statement of financial position, net assets are impacted by an uplift in the right-of-use assets offset by the lease obligations and after adjusting for the tax effect of the transition. The impact on APMs due to IFRS 16 *Leases* in FY20 is set out in the table below.

Performance measures	**FY20**
Adjusted EBITDA (£m)	+12.9
Adjusted Operating Profit (£m)	Immaterial
Adjusted Profit Before Tax (£m)	-1.2
Adjusted EPS (pence)	-0.3
Free Cash Flow (£m)	–
Net Debt (£m)	+60.7
ROIC (%)	-0.1

PRO FORMA REVENUE GROWTH

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.

Pro Forma Revenue Growth adjusts reported revenue to reflect the ownership of Freshtime for the full period in FY19 and excludes the impact of revenue from the exit of longer life ready meals manufacturing at the Kiveton facility in FY19. It also presents the numbers on a constant currency basis utilising FY19 FX rates on FY20 reported revenue.

	2020 Convenience Foods UK & Ireland %
Reported revenue	**(12.5%)**
Impact of disposals and exits	**0.3%**
Impact of acquisitions	**(2.1%)**
Impact of currency	**–**
Pro Forma Revenue Growth (%)	**(14.3%)**

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

	Food to go categories			**Other convenience categories**		
	H1 FY20 %	**H2 FY20 %**	**Full Year %**	**H1 FY20 %**	**H2 FY20 %**	**Full Year %**
Reported revenue	**1.9%**	**(38.5%)**	**(19.7%)**	**1.0%**	**2.4%**	**1.7%**
Impact of disposals and exits	**–**	**–**	**–**	**2.6%**	**–**	**1.4%**
Impact of acquisitions	**(4.0%)**	**(2.0%)**	**(2.9%)**	**–**	**–**	**–**
Impact of currency	**–**	**–**	**–**	**0.4%**	**(0.2%)**	**0.1%**
Pro Forma Revenue Growth (%)	**(2.1%)**	**(40.5%)**	**(22.6%)**	**4.0%**	**2.2%**	**3.2%**

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 each business unit and of the Group as a whole.

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:

	2020			2019		
	Convenience Foods UK & Ireland £m	**Discontinued operations £m**	**Total £m**	Convenience Foods UK & Ireland £m	Discontinued operations £m	Total £m
Profit for the financial year	**(9.9)**	**–**	**(9.9)**	43.4	64.8	108.2
Taxation [A]	**(0.9)**	**–**	**(0.9)**	13.0	–	13.0
Net finance costs [B]	**17.2**	**–**	**17.2**	18.9	0.2	19.1
Share of profit of associates after tax	**(0.6)**	**–**	**(0.6)**	(0.9)	–	(0.9)
Exceptional items	**22.8**	**–**	**22.8**	30.2	(55.9)	(25.7)
Amortisation of acquisition related intangibles	**3.9**	**–**	**3.9**	0.9	–	0.9
Adjusted Operating Profit	**32.5**	**–**	**32.5**	105.5	9.1	114.6
Depreciation and amortisation [C]	**52.5**	**–**	**52.5**	36.5	–	36.5
Adjusted EBITDA	**85.0**	**–**	**85.0**	142.0	9.1	151.1
Adjusted Operating Margin (%)	**2.6%**	**–**	**2.6%**	7.3%	5.3%	7.1%

(A) Includes tax credit on exceptional items for continuing operation of £2.3m (2019: £0.2m) and for discontinued operations £nil (2019: £nil).

(B) Finance costs less finance income.

(C) Excludes amortisation of acquisition related intangibles. The current period includes depreciation of right-of-use assets.

ADJUSTED PROFIT BEFORE TAX ('PBT')

Adjusted PBT is used as a measure by the Group to measure overall performance before associated tax charge and exceptional 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 on the fair value of all derivative financial instruments and related debt adjustments.

The following table sets out the calculation of Adjusted PBT:

	2020 £m	2019 £m
Profit before taxation for continuing operations	**(10.8)**	56.4
Taxation on share of profit of associates	**0.2**	0.2
Exceptional items	**22.8**	30.2
Pension finance items	**1.9**	2.5
Amortisation of acquisition related intangibles	**3.9**	0.9
FX and fair value movements[A]	**(0.7)**	2.1
Adjusted Profit Before Tax for continuing operations	**17.3**	92.3

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

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

ADJUSTED 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.

	2020 **£m**	2019 £m
Profit attributable to equity holders of the Group	**(11.5)**	106.0
Exceptional items (net of tax)	**20.5**	(25.9)
FX effect on inter-company and external balances where hedge accounting is not applied	**0.4**	1.2
Movement in fair value of derivative financial instruments and related debt adjustments	**(1.1)**	0.9
Amortisation of acquisition related intangible assets (net of tax)	**3.2**	0.7
Pension financing (net of tax)	**1.5**	2.0
Adjusted Earnings	**13.0**	84.9

	2020 **‘000**	2019 ‘000
Weighted average number of ordinary shares in issue during the year	**443,884**	**531,971**

	2020 **pence**	2019 pence
Adjusted Earnings Per Share	**2.9**	16.0

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.

CAPITAL EXPENDITURE (CONTINUED)

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:

	2020			2019		
	Convenience Foods UK & Ireland £m	**Discontinued operations £m**	**Total £m**	Convenience Foods UK & Ireland £m	Discontinued operations £m	Total £m
Purchase of property, plant, and equipment	**29.8**	**–**	**29.8**	38.4	1.2	39.6
Purchase of intangible assets	**2.1**	**–**	**2.1**	4.6	–	4.6
Net cash outflow from capital expenditure	**31.9**	**–**	**31.9**	43.0	1.2	44.2
Strategic Capital Expenditure	**13.0**	**–**	**13.0**	12.4	1.2	13.6
Maintenance Capital Expenditure	**18.9**	**–**	**18.9**	30.6	–	30.6
Net cash outflow from capital expenditure	**31.9**	**–**	**31.9**	43.0	1.2	44.2

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, repayment of lease liabilities, acquisition and disposal of undertakings, disposal of investment property and adjusting for 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:

	2020			2019		
	Convenience Foods UK & Ireland £m	**Discontinued operations £m**	**Total £m**	Convenience Foods UK & Ireland £m	Discontinued operations £m	Total £m
Net cash inflow/(outflow) from operating activities	**2.5**	**–**	**2.5**	98.9	(12.2)	86.7
Net cash (outflow)/inflow from investing activities	**(31.6)**	**–**	**(31.6)**	714.2	(1.2)	713.0
Net cash (outflow)/inflow from operating and investing activities	**(29.1)**	**–**	**(29.1)**	813.1	(13.4)	799.7
Strategic Capital Expenditure	**13.0**	**–**	**13.0**	12.4	1.2	13.6
Repayment of lease liabilities	**(11.2)**	**–**	**(11.2)**	–	–	–
Acquisition of undertakings, net of cash acquired	**–**	**–**	**–**	56.2	–	56.2
Disposal of undertakings	**–**	**–**	**–**	(811.9)	–	(811.9)
Disposal of investment property	**–**	**–**	**–**	(0.5)	–	(0.5)
Dividends paid to non-controlling interest	**(2.4)**	**–**	**(2.4)**	(2.2)	–	(2.2)
Free Cash Flow	**(29.7)**	**–**	**(29.7)**	67.1	(12.2)	54.9
Adjusted EBITDA	**85.0**	**–**	**85.0**	142.0	9.1	151.1
Free Cash Flow Conversion (%)	**(34.9%)**	**–**	**(34.9%)**	47.3%	(134.1%)	36.3%

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 debt modification and 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 25 September 2020 is as follows:

	At 27 September 2019 £m	IFRS 16 transition adjustment £m	Cash flow £m	Translation and non-cash adjustments £m	Transferred to held for sale £m	At 25 September 2020 £m
Cash and cash equivalents and bank overdrafts	**41.6**	–	**5.5**	**(0.1)**	–	**47.0**
Bank borrowings	**(213.9)**	–	**(64.6)**	**(0.4)**	–	**(278.9)**
Private Placement Notes	**(116.2)**	–	–	**3.5**	–	**(112.7)**
Net debt excluding debt modification and lease liabilities	**(288.5)**	–	**(59.1)**	**3.0**	–	**(344.6)**
Debt modification	–	–	–	**(5.9)**	–	**(5.9)**
Net debt excluding lease liabilities	**(288.5)**	–	**(59.1)**	**(2.9)**	–	**(350.5)**
Lease liabilities	–	**(54.1)**	**12.4**	**(19.7)**	**0.7**	**(60.7)**
Net Debt	**(288.5)**	**(54.1)**	**(46.7)**	**(22.6)**	**0.7**	**(411.2)**

	At 28 September 2018 £m	Cash flow £m	Translation and non-cash adjustments £m	Acquisitions £m	At 27 September 2019 £m
Cash and cash equivalents and bank overdrafts	37.0	(5.2)	0.6	9.2	41.6
Bank borrowings	(350.5)	143.0	(6.4)	–	(213.9)
Private Placement Notes	(124.8)	14.6	(6.0)	–	(116.2)
Non-bank borrowings	(62.3)	63.1	(0.8)		–
Net debt excluding lease liabilities	(500.6)	215.5	(12.6)	9.2	(288.5)
Lease liabilities	(0.5)	0.4	0.1	–	–
Net Debt	(501.1)	215.9	(12.5)	9.2	(288.5)

RETURN ON INVESTED CAPITAL ('ROIC')

The Group uses ROIC as a key measure to determine returns from each business unit, along with the measurements 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 for continuing operations. 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.

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

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.

	2020 £m	2019 £m
Adjusted Operating Profit	**32.5**	105.5
Share of profit of associates before tax	**0.8**	1.1
Taxation at the effective tax rate [A]	**(4.3)**	(16.0)
Group NOPAT	**29.0**	90.6

	2020 £m	2019 £m
Invested Capital		
Total assets	**1,427.1**	1,387.2
Total liabilities	**(1,144.9)**	(1,081.1)
Net Debt	**411.2**	288.5
Lease liability transferred to held for sale	**0.7**	–
Derivatives not designated as fair value hedges	**(1.1)**	(1.9)
Retirement benefit obligation (net of deferred tax asset)	**63.8**	74.8
Invested Capital for the Group[B]	**756.8**	667.2
Average Invested Capital for ROIC calculation for the Group	**712.0**	628.3
ROIC (%) for the Group	**4.1%**	14.4%

[A] The effective tax rates for the Group for the financial year ended 25 September 2020 and 27 September 2019 were 13% and 15% respectively.

[B] The invested capital for the Group in 2018 was £589.3m which excludes £741.7m of invested capital in the disposal group held for sale.