

Strategic Report Highlights

Resilient Group Revenue

Summary

The full year figures represent twelve months trading in the pandemic environment compared to three months in the previous year. It also embraces six months trading post Brexit. The year on year growth across all metrics reflects how resilient the Group is and how well it can adapt in an environment of uncertainty.

- Group revenue up 2.3% to £313.3m.
- Group EBITDA*¹ up 2.5% to £26.9m.
- Profit before tax up 493% to £17.0m.
- Adjusted Basic EPS*² (pence per share) 9.1p (2020: 7.9p).
- Strong cash generation driving down net bank debt down from £26.5m to £13.1m (excluding IFRS 16 debt), reducing leverage to 0.5 times annualised EBITDA of the Group (2020: 1.1 times).
- The Group's Operating Brilliance Programme continues to drive improvements in operational variances, with gross margin increasing 1.7% to 32.9%.

Strategic Highlights

- Extremely positive second half performance with second half revenues up 9.1% against the corresponding period in the prior year.
- Progressive improvement year on year with retail up 5.8% and foodservice down 14.9% as it recovers from Covid impact.
 - The foodservice business continues to improve with second half revenues up 4.6% against the comparative period in the previous year.
- Significant growth in overseas division up 13.4% against the previous year.
- Investment in capital projects of £6.2m, including:
 - A new frozen dough ball facility commissioned in Manchester;
 - Additional 50% capacity in state-of-the art artisan bread production equipment.
- Further innovation in line with consumer trends with:
 - Award-winning Free From and vegan cakes; and
 - Launch of vegan doughnuts and a range of artisan gluten-free breads.
- Continued double-digit growth in artisan sourdough breads.
- Product excellence illustrated by the winning of several Quality Food and Drink 'Q' Awards.
- Continued investment in development, engagement and the health and wellbeing of employees.

¹ The Group uses Alternative Performance Measures (APMs) which are non-IFRS measures to monitor performance of its operations and of the Group as a whole. These APMs along with their definitions are provided in the Adjusted EBITDA, Operating Profit and Profit Before Tax tables and the tables in the Financial Review section. APMs are disclosed as, in the opinion of the Board, this will allow shareholders to gain a clearer understanding of the trading performance of the Group.

² Adjusted EPS has been calculated using profit, excluding amortisation of intangibles, significant non-recurring and other items as shown in the tables above net of associated taxation. In the opinion of the Board, the adjustments made will allow shareholders to gain a clearer understanding of the trading performance of the Group.

In order to understand the business performance, adjusted measures for the Group are presented which exclude the impact of significant non-recurring items and other items to present adjusted EBITDA, operating profit and profit before tax. In the opinion of the Board the adjusted measure allows shareholders to gain a clearer understanding of the trading performance of the Group. The analysis below shows the movement from adjusted to statutory measures, the figures are for the 52 weeks ended 26 June 2021 and 52 weeks ended 27 June 2020:

Adjusted EBITDA

	2021 £000	2020 £000
Adjusted EBITDA	26,904	26,248
Significant non-recurring items – (See Note 4)	958	(10,331)
Difference between Defined Benefit Pension Scheme charges and cash cost	473	200
Movement in the fair value of foreign exchange contracts	696	(73)
Adjustments, significant non-recurring and other items	2,127	(10,204)
EBITDA	29,031	16,044

Adjusted Operating Profit

	2021 £000	2020 £000
Adjusted operating profit	16,100	14,939
Significant non-recurring items – (See Note 4)	958	(10,331)
Difference between Defined Benefit Pension Scheme charges and cash cost	473	200
Movement in the fair value of foreign exchange contracts	696	(73)
Adjustments, significant non-recurring and other items	2,127	(10,204)
Operating profit	18,227	4,735

Adjusted Profit Before Tax

	2021 £000	2020 £000
Adjusted profit before tax	15,126	13,728
Significant non-recurring items – (See Note 4)	958	(10,331)
Difference between Defined Benefit Pension Scheme charges and cash cost	249	(56)
Movement in the fair value of foreign exchange contracts	696	(73)
Discounting of deferred consideration	(105)	(14)
Movement in the fair value of interest rate swaps	89	(386)
Adjustments, significant non-recurring and other items	1,887	(10,860)
Profit before tax	17,013	2,868

Group Performance
Measures

Group Revenue

£313.3m

up 2.3%

Adjusted EBITDA*¹

£26.9m

up 2.5%

Adjusted Operating Profit*¹

£16.1m

up 7.8%

Adjusted Profit*¹ Before Tax

£15.1m

up 10.2%

Adjusted Basic EPS

9.1p

up 15.2%

Capital Investment

£6.2m

up 31.6%

Net Debt (excl leases)

£13.1m

down 50.4%

Statutory Measures

*²

EBITDA

£29.0m

Operating Profit

£18.2m

Profit Before Tax

£17.0m

Basic EPS

9.8p

*²

Net Debt (incl. leases)

£23.7m

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*² Measures that do not vary are shown in the first column only.