

11 October 2022

Greencore Group plc

Full Year and Q4 Trading Update for the Year ended 30 September 2022

Satisfactory year on year earnings progression and further deleveraging

Greencore Group plc (“Greencore” or the “Group”) a leading manufacturer of convenience foods in the UK, today issues a trading update for Q4 and the full year ended 30 September 2022, ahead of the publication of its full year results on 29 November 2022.

Highlights^{1, 2}

- Progressive year on year improvement in revenue, Operating Profit and deleveraging, supported by continued volume growth and significant recovery of inflation
- FY22 reported revenue of approximately £1.7bln (FY21: £1.3bln)
- FY22 Adjusted Operating Profit and Adjusted EPS at the lower end of the respective ranges of £72-£77m and 9.2p-10.0p (given in the Q3 22 update on 26 July) after absorbing the impact on volume and operations of rail strikes and the unscheduled bank holiday in September 2022
- Strong cash conversion resulting in Net Debt (excluding lease liabilities) of approximately £180m (2021: £183m) at year end after £30m strategic capex and most of the £10m share buyback, with Net Debt:EBITDA, as measured under financing agreements, approaching the Group’s target range of 1.0x - 1.5x
- Q4 Pro-forma revenue 25% up year on year due to the impact of inflation recovery and new business wins

	Pro Forma Revenue Growth	
	Q4 Versus Q4 2021	FY22 Versus FY21
Group	25%	29%
Food to go categories	23%	35%
Other convenience food categories	29%	19%

Trading Performance

Pro forma revenue growth in Q4 22 of 25% year on year is driven by a combination of increased volumes, a low-teen percentage increase in underlying pricing, the onboarding of new business in ready meals and increased revenue in the Group’s Irish ingredients trading business.

Q4 22 revenue growth of 23% in food to go categories is lower than Q3 22 due to a stronger comparative period, the volume impact of rail strikes and the unexpected bank holiday, and the full

year effect of new business wins in Q4 21. In Q4 22, we completed the onboarding of new business enabled by the £30m strategic capital investment across three manufacturing sites.

For the full year, we have delivered good year on year volume growth while recovering significant levels of ongoing inflation and enhancing profit and cash conversion. Group pro forma revenue has increased 29% year on year with a 35% increase in food to go categories reflecting volume growth, the onboarding of new business and the impact of inflation recovery.

Adjusted Operating Profit will be at the lower end of the range of £72-£77m (given in the Q3 22 update on 26 July) after absorbing the impact on volume and operations in Q4 22 of rail strikes and the additional September bank holiday.

We have also retained our focus on tight cashflow management delivering an absolute reduction in Net Debt year on year at the same time as delivering our share buyback programme. Net debt was approximately £180m at the end of the financial year marginally down from £183m in 2021. Leverage is now approaching our target range of 1.0x to 1.5x.

The £10m share buyback programme that commenced on 26 July 2022, the first phase of our previously announced £50m value return to shareholders over the coming two years, has now been completed, as announced on 7 October 2022.

Outlook

We closely monitor the impact of the UK macroeconomic environment on consumer sentiment and demand in our categories. We don't currently see an impact as consumer demand has held up well, however we remain watchful and cautious about the potential impact of cost-of-living factors through the year ahead.

We remain focused on the recovery of inflation through all mechanisms available and are working with our customers and supply partners to mitigate the ongoing impact of the persistently high inflation across the industry on consumer prices. We have substantially recovered the inflation that we have experienced over the last 12 months, and we are making decisions whether to bid for or renew contracts based on their economics, including the ability to recover inflation.

We remain focused on execution of our Better Greencore efficiency programme and continue to plan for the second phase which focuses on output optimization and efficiency.

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¹ Unaudited

² Pro forma references throughout this statement are on a constant currency basis and exclude the impact of the 53rd week in 2022.

About Greencore

Greencore is a leading manufacturer of convenience food in the UK. It supplies grocery and other retailers including all of the major UK supermarkets. The Group has 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.

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

Financial information relating to Greencore Group plc in this announcement are not statutory financial statements within the meaning of Section 340 of the Companies Act 2014 of Ireland and have been published for the purposes of updating investors on financial performance for the periods referenced in this announcement. The statutory financial statements for the year ended 29 September 2022 have not been prepared or reported on by the statutory auditors, and are expected to be delivered to the Registrar of Companies of Ireland within 28 days of [February].

Certain statements made in this announcement 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.