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NWF Group PLC
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NWF Group plc

NWF Group plc: Final results for the year ended 31 May 2024

"A solid financial performance, in line with market expectations despite more challenging conditions for Fuels and Feeds relative to recent years. Focus on growth, with investment in the new Lymedale warehouse to meet growing customer demand in our Food business supporting our M&A strategy in Fuels."

NWF Group plc ('NWF', the 'Company' or the 'Group'), the specialist distributor operating in UK markets, today announces its audited final results for the year ended 31 May 2024.

	2024	2023	%
Financial highlights			
Revenue	**£950.6m**	£1,053.9m	-9.8%
Headline operating profit[1]	**£14.2m**	£21.0m	-32.4%
Headline profit before taxation[1]	**£12.5m**	£19.6m	-36.2%
Diluted headline earnings per share[1]	**19.2p**	31.3p	-38.7%
Total dividend per share	**8.1p**	7.8p	+3.8%
Headline EBITDA[1]	**£19.4m**	£25.8m	-24.8%
Net cash (excluding IFRS 16 lease liabilities)	**£10.0m**	£16.3m	-38.7%
Statutory results			
Operating profit	**£14.3m**	£20.6m	-30.6%
Profit before taxation	**£12.2m**	£18.9m	-35.4%
Diluted earnings per share	**18.4p**	30.1p	-38.9%
Net debt (including IFRS 16 lease liabilities)	**£36.3m**	£13.5m	+168.9%

1 Headline operating profit and EBITDA excludes exceptional items and amortisation of acquired intangibles. Headline profit before taxation excludes exceptional items, amortisation of acquired intangibles and the net finance cost in respect of the Group's defined benefit pension scheme. Diluted headline earnings per share also takes into account the taxation effect thereon.

Highlights

- Solid results for the Group in line with the expected normalisation of pricing in the Fuels and Feeds markets, reflecting strong operational and commercial execution.
- In Fuels, low demand for heating oil resulting from the mild winter mitigated through increased commercial volume and management of the cost base.
- Strong performance in Food, with increased storage levels and throughput supporting the investment in the new 52,000 pallet space warehouse at Lymedale, representing a 39% increase in operating capacity to support continued customer demand.
- Effective management of gross margins and operational costs in Feeds as the milk price reduced from the record high of the previous financial year.
- Strong balance sheet, with a healthy cash balance providing significant flexibility to support growth initiatives.
- Proposed increase in the total dividend of 3.8% to 8.1p per share, representing the 13th consecutive year of increases and reflecting the Board's confidence in the prospects of the Group.
- Performance to date in the current financial year has been consistent with the Board's expectations.

Chair succession

- Philip Action will be standing down as Chair at the Annual General Meeting on 26 September 2024 and, as announced on 18 July 2024, will be replaced by Amanda Burton who joined the Board in July 2024.

Business highlights

Fuels - headline operating profit of £7.9 million (2023: £12.9 million). Expected normalisation of market pricing and therefore margins from the abnormally elevated level experienced in the prior year. Stable supply conditions and oil price experienced throughout the year. The mild winter resulted in low demand for heating oil with the business focusing on commercial volume growth. Active management of the cost base through optimisation of the sales team and tanker fleet as the business looks towards its next renewal programme.

Food - headline operating profit of £3.7 million (2023: £4.2 million) including the absorption of the ramp-up costs of £1.7 million of the new warehouse at Lymedale. Strong performance with an increase in storage levels and pallet throughput as customer demand continued to grow. The fit-out of Lymedale has progressed in line with the business plan with the site now partially operational, and expected to be operating at optimal capacity by early autumn.

Feeds - headline operating profit of £2.6 million (2023: £3.9 million). Weaker milk prices and reduced volatility in raw material prices compared to the prior year resulted in the expected normalisation of margins. Against this backdrop, the business has delivered effective management of both gross margin and operational costs.

Chris Belsham, Chief Executive Officer, NWF Group plc, commented:
"We have delivered a solid set of results in line with market expectations, having managed through more challenging conditions than the prior year following the normalisation of the Fuels and Feeds markets, alongside a strong contribution from the Food business.

"We have also delivered on our growth strategy, with one Fuels acquisition, significant investment in organic and improvement initiatives, and a substantial expansion of the Food business. We see further development opportunities in the current year supported by our strong financial position.

"Performance to date in the current financial year has been consistent with the Board's expectations, and we remain confident about the Group's future prospects."

A virtual meeting will be held for analysts today at 09.30a.m. Please contact MHP Group for further details at nwf@mhpgroup.com.

Information for investors, including analyst consensus forecasts, can be found on the Group's website at www.nwf.co.uk.

Chris Belsham, Chief Executive Officer Katie Shortland, Chief Financial Officer	Reg Hoare/Catherine Chapman	Mike Bell/Ed Allsopp
NWF Group plc	**MHP Group**	**Peel Hunt LLP** (Nominated Advisor and Broker)
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Chair's statement

Overview
In what will be my final annual Chair's Statement, I am pleased to report a solid set of results for the Group in line with market expectations. As anticipated, after two years of outperformance, the Group experienced a normalisation of the Fuel and Feeds markets, alongside a strong contribution from the Food business.

As a consequence of the Group's strong cash generation and the confidence in the Group's future prospects, the Board is recommending a final dividend of 7.1p per share, to be paid to shareholders on 6 December 2024 (2023: 6.8p), giving a total dividend of 8.1p per share (2023: 7.8p), which represents a 3.8% increase on the prior year. This is the 13th year that the Group has increased the total dividend, reflecting the track record of profitability and cash generation.

Our business
NWF is a specialist distributor operating in UK markets. Each of our trading businesses is a leading player in its chosen market and benefits from scale and capability barriers to entry. All three businesses are profitable and cash generative. Each business trades under different brands:

Fuels	NWF Fuels Limited (including a number of local sub-brands)
Food	Boughey Distribution Limited

Feeds NWF Agriculture Limited, New Breed (UK) Limited and Jim Peet

Key areas of focus for the Board in 2024 were:

Responding proactively to normalising market conditions

The Group has responded well to challenging market conditions throughout the year. In Fuels, a long period of customer concern around security of supply, which commenced during the Covid-19 pandemic and continued due to the conflict in Ukraine, came to an end as both supply and the oil price were very stable across the year. This resulted in more competitive pricing, particularly of commercial diesel and gas oil, with a corresponding impact on gross margins. The Group responded by actively managing the cost base of the Fuels business through optimising the sales team and fleet size whilst targeting increased commercial volumes. In Feeds, the milk price returned to a more normal level following the record high prices experienced in the summer and autumn of 2022. This coincided with a significant increase in electricity costs. The business responded by effectively managing both its gross margin and operational cost base.

Delivering on strategy

The Group has a long-term growth strategy of development through targeted acquisitions, organic investment, including a significant investment in new fleet, and continuous improvement initiatives. During the year, the Group expanded the capacity of its Food business by 39% through the investment in the new warehouse at Lymedale to support growing customer demand. We will continue to pursue similar opportunities if supported by demand from our customers. The Group also remains committed to a strategy to expand its network of fuel delivery depots to increase market share and increase efficiency. Early in the financial year, the Group acquired the trade and assets of Geoff Boorman Fuels LLP, but subsequently the market experienced a lower level of interest in selling by target business owners as the fuel market normalised. However, since the start of the new financial year the Group has seen an increase in its active pipeline of opportunities. The Group is also looking at opportunities to expand the Food business through targeted acquisitions.

Cash generation

Cash generation remains a focus for the Group and it is good to report a strong year end net cash balance of £10.0 million (excluding lease liabilities) after the investment in the new warehouse at Lymedale, which highlights both the cash generative nature of our business and the capability and flexibility to finance growth investment opportunities.

Rewarding good service

The consistent focus on excellence in customer service remains critical across the Group to win new business and ensure we can continue to pass on cost increases as a specialist distributor.

ESG framework

The Board recognises the importance and value of ESG. We have established a target of net zero by 2040 and continued the focus on our four sustainability pillars across the Group. An executive steering committee meets regularly, reviewing detailed performance measures. We have continued to progress our CFD disclosures, providing further qualitative information on our climate risks and opportunities.

We continue to adopt the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'), which we believe has been constructed in a simple, practical and effective style and that meaningful compliance with its ten principles should provide shareholders with confidence in how the Group operates.

Employees

The Group continues to employ more than 1,400 people across our three businesses and Head Office. I would like to offer my personal thanks to all our employees for their outstanding efforts and commitment to the Group over the last year.

Board changes

After 11 years as a Board member of the Group, I will be standing down as Chair at the Annual General Meeting on 26 September 2024 and, as announced on 18 July 2024, will be replaced by Amanda Burton, who joined the Board in July 2024. As also announced on 18 July 2024, Tim Cooper has joined the Board as a Non-Executive Director and Chair of the Remuneration Committee.

I look forward to updating shareholders on the Group's continuing progress at the time of the Annual General Meeting on 26 September 2024.

Philip Acton
Chair
30 July 2024

Business and financial review

NWF has delivered a solid result in line with market expectations. Food has delivered a strong performance whilst Fuels and Feeds have responded effectively to the normalisation of their respective markets. Strategic growth has continued with the investment in the new warehouse at Lymedale.

The continued focus on cash has maintained a year end net cash position (excluding lease liabilities) following the investment in the new warehouse at Lymedale. This continues to demonstrate the ongoing cash-generative nature of our business and the ability to fund acquisitions and development. We are once again proposing an increased dividend as part of our continuing focus on delivering shareholder returns.

Fuels delivered higher volumes, in part benefitting from increased commercial customer orders as the mild weather across the winter resulted in low demand for domestic heating oil. Margins normalised throughout the year from the abnormally elevated levels experienced in the prior year, as the market experienced stable supply conditions and a stable oil price. The lower demand for heating oil led to more competitive pricing of diesel and gas oil. Against this backdrop, the business actively managed its cost base through optimising its sales team and tanker fleet.

The Food business delivered another year of strong performance improvement. As planned, the level of customer demand for our services resulted in the utilisation of overflow warehousing which was managed efficiently in advance of the new warehouse at Lymedale being operational. The fit out of the new 52,000 pallet space warehouse at Lymedale commenced in January and progressed in line with its business plan, with the site becoming partially operational for both storage and distribution. The new facility will support the growth of the business into FY25 and beyond.

Feeds delivered a solid performance from slightly lower volumes as ideal grass growing conditions across the summer and autumn provided farmers with extra forage for the winter. This was partially mitigated by the wet winter and spring which extended the usual winter season demand into April. Weaker milk prices and reduced volatility in raw material prices compared to the prior year resulted in the expected normalisation of margins. Against this backdrop, the business has delivered effective management of both gross margin and operational costs.

The Group reported headline operating profit of £14.2 million (2023: £21.0 million) and headline profit before tax of £12.5 million (2023: £19.6 million). Operating profit was £14.3 million (2023: £20.6 million). Diluted headline earnings per share was 19.2p (2023: 31.3p).

Cash management remains strong with net cash of £10.0 million (2023: net cash of £16.3 million) excluding lease liabilities, after £9.7 million of net capital expenditure (2023: £2.2 million).

Fuels

Fuels experienced more challenging market conditions than recent years, as customer concerns regarding the security of supply, which had commenced in the pandemic and continued through the start of the conflict in Ukraine, came to an end and the market experienced a year of stable supply and low volatility in the oil price. As expected, this led to a normalisation of market pricing and therefore margins. The second mild winter in a row reduced demand for heating oil which increased competition for commercial diesel and gas oil volumes with a corresponding further impact on market price and therefore margin. We responded to these market dynamics through targeting additional commercial volume whilst actively managing our cost base to optimise our sales team and size of our tanker fleet.

Volumes increased by 3.6% to 659 million litres (2023: 636 million litres). Revenue decreased by 10.5% to £677.8 million (2023: £757.2 million) as a consequence of lower oil prices. The average Brent Crude oil price in the year was $83 per barrel compared to $90 per barrel in the prior year. The volatility during the year was low with a high of $92 per barrel in September 2023 and a low of $75 per barrel in June 2023.

Headline operating profit was £7.9 million (2023: £12.9 million) as a consequence of a normalisation in the market and a stronger mix towards commercial volumes, which resulted in a reported net profit of 1.2 pence per litre (2023: 2.0 pence per litre).

One acquisition was completed in the last financial year; the trade and assets of Geoff Boorman Fuels LLP (Kent) were acquired for £2.6 million in July 2023. This accretive acquisition adds 19 million litres of fuel to our business in a full year. The acquisition pipeline of active opportunities has significantly improved in recent months and this remains a focus for our development activity. Whilst we have a proven post-acquisition integration plan, we are undertaking further improvement initiatives to drive more efficiency and value from acquisitions.

The Fuels business operates a network of 27 depots which service domestic and mainly SME commercial customers in the local area. We believe there is significant opportunity to grow this network and improve its efficiency by reducing the distance travelled for each delivery as we increase the depot density in a given region. The depot network also provides the opportunity to supply larger, more complex, commercial customers who require reliable service in multiple locations. As such, we continue to invest in enhancing the capabilities for the Fuels business, including investment in the tanker fleet, which we believe will improve efficiencies and provide a strong platform for continued growth through both acquisitions and organic volume growth.

With nearly 107,000 customers (2023: 100,000) being supplied across 27 fuel depots in the year (2023: 27), Fuels operates in large and robust markets and as a business, it has consistently proved it can effectively manage the impact of volatility in oil prices. The industry remains highly fragmented, with many small operators, which provides NWF with further opportunities to consolidate the market and increase its market share. We continue to closely monitor developments in biofuels such as HVO to ensure the business is well placed to participate in the energy transition of the UK economy.

Food

Food delivered a strong performance improvement as a result of increased storage levels which supported a higher level of pallet throughput. As planned, the new business gained from existing and new accounts required the utilisation of overflow warehousing throughout the year. This was managed efficiently with a high level of service maintained for customers and additional costs to the business effectively controlled.

The increased demand from customers supported the investment in the new warehouse at Lymedale, signed and announced in January 2024, with the fit-out commencing immediately and progressing in line with its business plan to be partially operational by 31 May 2024 (and fully operational by early autumn of this year) to support the future growth of the business.

Revenue increased by 9.6% to £77.7 million (2023: £70.9 million). Storage utilisation overall was at an average of 137,000 pallets (2023: 122,000 pallets), with warehouses effectively utilised across the year. Demand for our customers' products increased in spite of food inflation continuing through the year. Throughput was 6.0% higher than prior year, whilst storage levels were up 12%, highlighting a positive overall increase in the stock turn of our customers' products.

As a result of the Lymedale investment, the capacity of the Food business will increase by 52,000 pallets to a total of 187,000 owned pallet spaces, supporting strategic growth and ongoing demand from its customers for ambient grocery consolidation and distribution. The Group's capacity was 100,000 pallet spaces prior to the opening of the Crewe warehouse in 2020.

The pipeline of new business from existing and new accounts continues to be strong and provides confidence in the prospects for the business. We continue to look for opportunities to service this customer demand, whether through further additional warehouse facilities or through targeted acquisitions.

Headline operating profit was £3.7 million (2023: £4.2 million). This included the ramp-up costs of £1.7 million in respect of the opening and fit out of the new warehouse at Lymedale.

Demand for our customers' products continues to be stable and the outlook for most product categories handled by the business is resilient. The business operates in a competitive supply chain and needs to continually demonstrate the value and service that it provides to food manufacturers and importers. We are a leading specialist in consolidating ambient grocery products in the UK, with high service levels, industry leading systems and a consistent operating performance being the key components of the customer proposition.

Feeds

Total feed volume decreased by 2.9% to 499,000 tonnes (2023: 514,000 tonnes). This reflected the ideal grass growing conditions across the summer and autumn which provided farmers with significant forage stocks for the winter. This was partly mitigated by the wet winter and spring which extended the usual winter season demand into April. The overall ruminant market volume increased by 1.4%, according to DEFRA data.

Following extremely volatile prices in the prior year, FY24 saw very stable commodity prices with a basket of commodities[1] only moving within a range of 15% in the year (prior year 29%). This volatility in the prior year was driven by uncertainty around the war in Ukraine and its material impact on agricultural commodity markets.

Revenue was lower at £195.1 million (2023: £225.8 million) mainly reflecting lower commodity prices. Headline operating profit was £2.6 million (2023: £3.9 million) with the prior year having benefitted from record high milk prices and volatility in commodity prices. With the normalisation in the market, and the significant increase in electricity costs, the business focused on effective management of both margin and the operational cost base.

We have continued investment in the NWF Academy in which new trainees engage on an 18-month structured training programme to become future NWF nutritionists. The Academy has recruited a fifth group to the programme, which has been well received across the industry. Graduates of the programme are now developing as successful nutritionists in our national sales team.

The average milk price for the year of 38.0p per litre compared to an average in the prior year of 46.9p per litre. The peak milk price in the year was 39.2p per litre compared to a record high of 51.6p per litre in the prior year. At the end of the financial year the milk price was stable at 38.1p per litre. Milk production was 0.8% lower at 12.3 billion litres (2023: 12.4 billion litres).

Feeds has a very broad customer base, working with over 4,400 farmers across the UK. This base, and the underlying robust demand for milk and dairy products, results in a reasonably stable overall demand for ruminant feed deliveries in most market conditions.

1 A basket of commodities consists of the weighted average raw material spot price for 12 standard ingredients of a basic ruminant diet.

Outlook

In Fuels, we are the third largest distributor in the UK and have a clear growth strategy to consolidate a fragmented fuels distribution market and drive great efficiency whilst delivering organic volume growth. With a strong pipeline, acquisitions are being actively pursued and the opportunity for growth remains significant. We continue to invest in enhancing the capabilities for the Fuels business, including investment in the tanker fleet.

In Food, the delivery of the new warehouse at Lymedale is progressing in line with the business plan and we are targeting further additional businesses to support our ambition to continue to expand our warehouse and transport operations through further warehouse development or targeted acquisitions. Having absorbed ramp-up costs in FY24, Lymedale is expected to have a net neutral impact in FY25, whilst incurring IFRS 16 interest charges in respect of the warehouse lease and associated additional leased vehicles.

In Feeds, stable commodity and milk prices are expected to result in solid demand and we are continuing to seek volume growth on the back of our Academy, additions to the sales team and utilising an effective national operations platform.

The Group has demonstrated its capability to deliver a solid performance in more challenging conditions than the prior year. We continue to focus on our long-term growth strategy of development through targeted acquisitions, organic investment including significant investment in new fleet and improvement initiatives, supported by our strong financial position and confidence in NWF's potential and prospects.

Performance to date in the current financial year has been consistent with the Board's expectations. Overall, the Board continues to remain confident about the Group's future prospects.

Group results
For the year ended 31 May 2024

	2024 £m	2023 £m
Revenue	**950.6**	1,053.9
Cost of sales and administrative expenses	**(936.3)**	(1,032.9)
Headline operating profit[1]	**14.2**	21.0
Exceptional income	**1.3**	-
Exceptional expenses	**(0.5)**	-
Amortisation of acquired intangibles	**(0.7)**	(0.4)
Operating profit	**14.3**	20.6
Financing costs	**(2.1)**	(1.7)
Headline profit before tax[1]	**12.5**	19.6
Exceptional income	**1.3**	-
Exceptional expenses	**(0.5)**	-
Amortisation of acquired intangibles	**(0.7)**	(0.4)
Net finance cost in respect of defined benefit pension scheme	**(0.4)**	(0.3)
Profit before taxation	**12.2**	18.9
Income tax expense	**(3.1)**	(4.0)
Profit for the year	**9.1**	14.9
Headline EPS[1]	**19.2**	31.4
Diluted headline EPS[1]	**19.2**	31.3
Dividend per share	**8.1**	7.8
Headline dividend cover[1]	**2.4**	4.0
Headline interest cover	**35.5**	26.3

1 Headline operating profit is statutory operating profit of £14.3 million (2023: £20.6 million) before exceptional income of £1.3 million (2023: £Nil), exceptional expenses of £0.5 million (2023: £Nil) and amortisation of acquired intangibles of £0.7 million (2023: £0.4 million). Headline profit before taxation is statutory profit before taxation of £12.2 million (2023: £18.9 million) after adding back the net finance cost in respect of the Group's defined benefit pension scheme of £0.4 million (2023: £0.3 million), the exceptional items and amortisation of acquired intangibles. Headline EPS also takes into account the taxation effect thereon. Headline dividend cover is calculated using diluted headline EPS. ROCE is headline operating profit of £14.2 million over capital employed of £85.4 million.

Group revenue decreased by 9.8% to £950.6 million (2023: £1,053.9 million) with revenue reflecting a normalised commodity position across Fuels and Feeds and an increase in activity levels in Food. Headline operating profit was £14.2 million, a decrease of 32.4% (2023: £21.0 million). Operating profit decreased by 30.6% to £14.3 million (2023: £20.6 million).

Financing costs increased by £0.4 million to £2.1 million, reflecting increases in IFRS 16 interest costs of £0.7 million to £1.3 million, offset with a decrease in interest on bank debt of £0.4 million to £0.4 million (2023: £0.8 million). Headline interest cover was 35.5x (excluding IAS 19 net pension finance costs and IFRS 16 lease interest) (2023: 26.3x).

Headline profit before taxation decreased by 36.2% to £12.5 million (2023: £19.6 million). Profit before taxation decreased by £6.7 million to £12.2 million (2023: £18.9 million). There were £0.8 million of net exceptional income in the year (2023: £Nil).

The tax charge for the year was £3.1 million (2023: £4.0 million). The effective tax rate for the year was 25.4% (2023: 21.2%). The post-tax profit for the year was £9.1 million (2023: £14.9 million).

The headline earnings per share of 19.2p represented a decrease of 38.9% (2023: 31.4p); diluted headline earnings per share decreased by 38.7% to 19.2p (2023: 31.3p). The proposed full-year dividend per share increased by 3.8% to 8.1p which reflects the Board's confidence in the future prospects of the Group. The proposed dividend equates to a dividend cover ratio of 2.4x.

The finance costs in respect of the defined benefit pension scheme were £0.4 million (2023: £0.3 million).

Balance sheet summary
As at 31 May 2024

	2024 £m	2023 £m
Property, plant and equipment, and intangible assets	**82.3**	75.5
Right of use assets	**45.9**	29.1
Net working capital	**5.7**	2.3
Current income tax assets	**0.6**	-
Reimbursement assets	**1.8**	1.7

Derivative financial instruments	**0.3**	0.1
Net cash (excluding IFRS 16 lease liabilities)	**10.0**	16.3
Lease liabilities	**(46.3)**	(29.8)
Provision for liabilities	**(3.3)**	(2.7)
Current income tax liabilities	**-**	(0.8)
Deferred income tax liabilities	**(7.1)**	(4.2)
Retirement benefit obligations	**(4.5)**	(9.6)
Net assets	**85.4**	77.9

The Group increased net assets by £7.5 million to £85.4 million (2023: £77.9 million) reflecting a profit for the year of £9.1 million (2023: £14.9 million), and a reduction in the pension deficit driven by the Company strategy.

Tangible and intangible assets increased by £6.8 million to £82.3 million as at 31 May 2024 (2023: £75.5 million) as a result of the Food warehouse expansion at Lymedale (£6.2 million), and the trade and assets of Geoff Boorman Fuels LLP in Fuels (£2.6 million). Right of use assets increased by £16.8 million to £45.9 million as a result of the Lymedale warehouse expansion. The depreciation (excluding IFRS 16 depreciation on right of use assets) and amortisation charges for the year to 31 May 2024 were £5.0 million and £0.9 million respectively (2023: £4.8 million and £0.6 million respectively).

Group level ROCE[1] (based on headline operating profit) was 16.5% as at 31 May 2024 (2023: 27.6%) reflecting the profit achieved in year and the increased investment in the business.

Net working capital increased by £3.4 million in the year. The Group's inventories increased by £0.7 million to £8.1 million (2023: £7.4 million) with trade and other receivables increasing to £88.7 million (2023: £87.4 million), reflecting customer mix and a decrease in trade and other payables to £91.1 million (2023: £92.5 million) as oil and commodity prices reduced.

Net cash (excluding lease liabilities) decreased by £6.3 million to £10.0 million (2023: net cash £16.3 million), as a result of investment in the business and working capital movements driven by volume, timing and customer mix and a reduction in the pension scheme deficit.

The deficit of the Group's defined benefit pension scheme decreased by £5.1 million to £4.5 million (2023: £9.6 million). The value of pension scheme assets increased by £3.3 million to £32.9 million (2023: £29.6 million) as a result of investment returns and contribution. The value of the scheme liabilities decreased by £1.8 million to £37.4 million (2023: £39.2 million). There was a decrease in the discount rate used to calculate the present value of the future obligations (2024: 5.25%; 2023: 5.35%) The discount rate is based on the yield available on AA rated corporate bonds, which decreased during the year.

Cash flow and banking facilities

For the year ended 31 May 2024

	2024 £m	2023 £m
Operating cash flows before movements in working capital and provisions	**28.3**	32.9
Working capital movements	**(3.0)**	4.1
Net finance costs	**(1.7)**	(1.4)
Tax paid	**(2.7)**	(3.1)
Net cash generated from operating activities	**20.9**	32.5
Capital expenditure (net of receipts from disposals)	**(9.7)**	(2.2)
Capitalised costs associated with leases	**(1.1)**	-
Acquisition of subsidiaries - cash paid (net of cash acquired)	**(2.6)**	(9.5)
Net cash used in investing activities	**(13.4)**	(11.7)
Repayment of capital element of leases	**(9.9)**	(9.9)
Dividends paid	**(3.9)**	(3.7)
Net cash used in financing activities	**(13.8)**	(13.6)
Net (decrease)/increase in cash and cash equivalents	**(6.3)**	7.2
Cash and cash equivalents at beginning of year	**16.3**	9.1
Cash and cash equivalents at end of year	**10.0**	16.3

The closing net cash (excluding IFRS 16 lease liabilities) was £10.0 million (2023: net cash £16.3 million).

The cash impact of working capital movements was a cash outflow of £3.0 million. Net cash generated from operating activities and after IFRS 16 lease payments was £11.0 million (2023: £22.6 million) representing a cash conversion ratio of 77.5% of headline operating profit (2023: 107.6%).

Net capital expenditure in the year at £9.7 million (2023: £2.2 million) was higher than the annual depreciation charge, excluding IFRS 16 depreciation, of £5.0 million (2023: £4.8 million). largely due to the investment in the Lymedale warehouse.

The Group's banking facilities, totalling £61.0 million, were renewed in May 2023 and are committed through to 31 May 2026 as a minimum with the exception of the bank overdraft facility of £1.0 million which is renewed annually. There remains substantial facility headroom available to support the development of the Group. Within the total facility of £61.0 million, the Group has an invoice discounting facility, the availability of which depends on the level of trade receivables available for refinancing and which is subject to a maximum drawdown of £50.0 million. In addition, the Group has agreed an accordion of £10.0 million on each invoice discounting facility and the revolving credit facility. The banking facilities are provided subject to ongoing compliance with conventional banking covenants against which the Group has substantial levels of headroom.

Principal risks and uncertainties

As with all businesses, the Group is affected by a number of risks and uncertainties, some of which are beyond our control. The principal risks and uncertainties which could have a material adverse impact on the Group are:

- Commodity prices and volatility in raw material prices - The Group's Feeds and Fuels businesses operate in sectors which are vulnerable to volatile commodity prices both for fuel and for raw materials.
- Transitional risks of climate change - The long-term profitability of our current businesses is more likely to be impacted by Government strategy and policy in relation to the decarbonisation of the economy, rather than as a direct impact of climate change. The view of the Board is that the main risk to the Group is a transitional risk as the Government introduces policies which could negatively impact the Group. There are also potential additional costs to the Group, arising from the need to redesign and replace infrastructure as the UK economy seeks to decarbonise.
- Pension scheme volatility - Increases in the ongoing deficit associated with the Group's defined benefit pension scheme would adversely impact on the strength of the Group's balance sheet and could lead to an increase in cash contributions payable by the Group.
- Infrastructure and IT systems - IT system failures or business interruption events (such as cyber incidents) could have a material impact on the Group's ability to operate effectively.
- Non-compliance with legislation and regulations - The Group operates in diverse markets and each sector has its own regulatory and compliance frameworks which require ongoing monitoring to ensure that the Group maintains full compliance with all legislative and regulatory requirements. Any incident of major injury or fatality or which results in significant environmental damage could result in reputational or financial damage to the Group.
- Impact of weather on earnings volatility - The demand for both the Fuels and Feeds businesses is impacted by weather conditions and the severity of winter conditions, which directly affect the short-term demand for heating oil and animal feeds. The inherent uncertainty regarding weather conditions represents a risk of volatility in the profitability of the Fuels and Feeds businesses.
- Strategic development and change management - Significant development of the Group is only achievable via significant acquisitions, several smaller transactions or material investment. The current strategic plan is focused on Fuels and Food acquisitions and warehouse investment. The Group has a well-established acquisition and integration process and a successful track record in opening new warehouse facilities.

Further information on the Group's mitigating actions against risks and uncertainties will be detailed in the Annual Report.

Going concern

The Group's banking facilities, provided by NatWest Group, were renewed on 31 May 2023 and are committed until 31 May 2026, which provides a credit facility of £61.0 million and includes a £1.0 million overdraft that is renewed annually. The Group is profitable and cash generative and has a strong balance sheet position and a good relationship with its lender. As at 31 May 2024 the Group had available funds of £71.0 million (based on cash balances, invoice discounting availability, RCF and overdraft facilities), against which the Group was not utilised.

The Board has prepared cash flow forecasts for the period to 31 May 2026. Under this base case scenario, the Group is expected to continue to have significant headroom relative to the funding available to it and to comply with its banking covenants.

The Board has also considered a severe downside scenario based on a significant and sustained reduction in Fuels' profitability alongside underperformance in Food and Feeds. This downside scenario excludes any mitigating actions that the Board would be able to take to reduce costs. Under this scenario, the Group would still expect to have sufficient headroom in its financing facilities.

Accordingly, the Directors, having made suitable enquiries, and based on financial performance to date and forecasts along with the available banking facilities, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Share price

The market price per share of the Company's shares at 31 May 2024 was 190.5p (31 May 2023: 259.5p) and the range of market prices during the year was between 275.0p and 173.5p.

Chris Belsham	**Katie Shortland**
Chief Executive Officer	***Chief Financial Officer***

Consolidated income statement
for the year ended 31 May 2024

	Note	**2024 £m**	2023 £m
Revenue	4	**950.6**	1,053.9
Cost of sales		**(903.4)**	(999.8)
Gross profit		**47.2**	54.1
Administrative expenses		**(32.9)**	(33.5)
Headline operating profit[1]		**14.2**	21.0
Exceptional income	5	**1.3**	-
Exceptional expenses	5	**(0.5)**	-
Amortisation of acquired intangibles		**(0.7)**	(0.4)
Operating profit	4	**14.3**	20.6
Finance costs	6	**(2.1)**	(1.7)
Headline profit before taxation[1]		**12.5**	19.6
Net finance cost in respect of the defined benefit pension scheme		**(0.4)**	(0.3)
Exceptional income	5	**1.3**	-
Exceptional expenses	5	**(0.5)**	-
Amortisation of acquired intangibles		**(0.7)**	(0.4)
Profit before taxation		**12.2**	18.9
Income tax expense	7	**(3.1)**	(4.0)
Profit for the year attributable to equity shareholders		**9.1**	14.9
Earnings per share (pence)			
Basic	8	**18.4**	30.2
Diluted	8	**18.4**	30.1
Headline earnings per share (pence)[1]			
Basic	8	**19.2**	31.4
Diluted	8	**19.2**	31.3

1 Headline operating profit is statutory operating profit of £14.3 million (2023: £20.6 million) before exceptional income of £1.3 million (2023: £Nil), exceptional expenses of £0.5 million (2023: £Nil) and amortisation of acquired intangibles of £0.7 million (2023: £0.4 million). Headline profit before taxation is statutory profit before taxation of £12.2 million (2023: £18.9 million) after adding back the net finance cost in respect of the Group's defined benefit pension scheme of £0.4 million (2023: £0.3 million), the exceptional items and amortisation of acquired intangibles. Headline earnings per share also takes into account the taxation effect thereon.

The results relate to continuing operations (2023: continued operations).

Consolidated statement of comprehensive income
for the year ended 31 May 2024

	2024 £m	2023 £m
Profit for the year attributable to equity shareholders	**9.1**	14.9
Items that will not be reclassified to income statement:		
Remeasurement gain/(loss) on defined benefit pension scheme	**3.1**	(2.3)
Tax on items that will not be reclassified to income statement	**(0.7)**	1.0
Total other comprehensive income/(expense)	**2.4**	(1.3)
Total comprehensive income for the year	**11.5**	13.6

Consolidated balance sheet
as at 31 May 2024

	Note	**2024 £m**	2023 £m
Non-current assets			
Property, plant and equipment		**49.0**	43.7
Right of use assets		**45.9**	29.1
Intangible assets		**33.3**	31.8
		128.2	104.6
Current assets			
Inventories		**8.1**	7.4

Trade and other receivables		**88.7**	87.4
Current taxation assets		**0.6**	-
Reimbursement assets		**1.8**	1.7
Cash and cash equivalents	12	**10.0**	16.3
Derivative financial instruments		**0.3**	0.2
		109.5	113.0
Total assets		**237.7**	217.6
Current liabilities			
Trade and other payables		**(91.1)**	(92.5)
Current taxation liabilities		**-**	(0.8)
Lease liabilities		**(8.0)**	(9.8)
Provisions for liabilities		**(1.9)**	(1.9)
Derivative financial instruments		**-**	(0.1)
		(101.0)	(105.1)
Non-current liabilities			
Lease liabilities		**(38.3)**	(20.0)
Provisions for liabilities		**(1.4)**	(0.8)
Deferred taxation liabilities		**(7.1)**	(4.2)
Retirement benefit obligations	13	**(4.5)**	(9.6)
		(51.3)	(34.6)
Total liabilities		**(152.3)**	(139.7)
Net assets		**85.4**	77.9
Equity			
Share capital	10	**12.4**	12.4
Share premium		**0.9**	0.9
Retained earnings		**72.1**	64.6
Total shareholders' funds		**85.4**	77.9

Consolidated statement of changes in equity
for the year ended 31 May 2024

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 June 2022	12.3	0.9	54.9	68.1
Profit for the year attributable to equity shareholders	-	-	14.9	14.9
Items that will not be reclassified to income statement:				
Remeasurement gain on defined benefit pension scheme (note 13)	-	-	(2.3)	(2.3)
Tax on items that will not be reclassified to income statement	-	-	1.0	1.0
Total other comprehensive expense	-	-	(1.3)	(1.3)
Total comprehensive income for the year	-	-	13.6	13.6
Transactions with owners:				
Issue of shares	0.1	-	(0.1)	-
Dividends paid (note 9)	-	-	(3.7)	(3.7)
Value of employee services	-	-	(0.6)	(0.6)
Credit to equity for equity-settled share-based payments	-	-	0.5	0.5
Total transactions with owners	0.1	-	(3.9)	(3.8)
Balance at 31 May 2023	12.4	0.9	64.6	77.9
Profit for the year attributable to equity shareholders	**-**	**-**	**9.1**	**9.1**
Items that will not be reclassified to income statement:				
Remeasurement gain on defined benefit pension scheme(note 13)	**-**	**-**	**3.1**	**3.1**
Tax on items that will not be reclassified to income statement	**-**	**-**	**(0.7)**	**(0.7)**
Total other comprehensive income	**-**	**-**	**2.4**	**2.4**
Total comprehensive income for the year	**-**	**-**	**11.5**	**11.5**
Transactions with owners:				
Dividends paid (note 9)	**-**	**-**	**(3.9)**	**(3.9)**
Debit to equity for equity-settled share-based payments	**-**	**-**	**(0.1)**	**(0.1)**
Total transactions with owners	**-**	**-**	**(4.0)**	**(4.0)**
Balance at 31 May 2024	**12.4**	**0.9**	**72.1**	**85.4**

Consolidated cash flow statement
for the year ended 31 May 2024

	2024 £m	2023 £m
Cash flows from operating activities		
Profit before tax	**12.2**	18.9
Adjustments for:		

Depreciation and amortisation	**17.1**	15.3
(Profit) on disposal of property, plant and equipment	**(0.3)**	(0.5)
Net finance costs	**2.1**	1.7
Share-based payment expense	**(0.1)**	0.5
Value of employee services	**-**	(0.7)
Fair value (profit) on financial derivatives	**(0.2)**	(0.1)
Contribution to pension scheme not recognised in income statement	**(2.5)**	(2.2)
Operating cash flows before movements in working capital and provisions	**28.3**	32.9
Movements in working capital:		
(Increase)/decrease in inventories	**(0.7)**	2.4
(Increase)/decrease in trade and other receivables	**(0.9)**	8.7
(Decrease) in trade and other payables	**(1.4)**	(7.0)
Net cash generated from operations	**25.3**	37.0
Net finance costs	**(1.7)**	(1.4)
Income tax paid	**(2.7)**	(3.1)
Net cash generated from operating activities	**20.9**	32.5
Cash flows used in investing activities		
Purchase of intangible assets	**-**	(0.1)
Purchase of property, plant and equipment	**(10.3)**	(3.1)
Capitalised legal costs associated with leases	**(1.1)**	-
Acquisition of trade and assets - cash paid (net of cash acquired)	**(2.6)**	(9.5)
Proceeds on sale of property, plant and equipment	**0.6**	1.0
Net cash used in investing activities	**(13.4)**	(11.7)
Cash flows used in financing activities		
Principal elements of leases payments	**(9.9)**	(9.9)
Dividends paid	**(3.9)**	(3.7)
Net cash used in financing activities	**(13.8)**	(13.6)
Net increase in cash and cash equivalents	**(6.3)**	7.2
Cash and cash equivalents at beginning of year	**16.3**	9.1
Cash and cash equivalents at end of year	**10.0**	16.3

Notes to the Group financial statements

for the year ended 31 May 2024

1. General information

NWF Group plc ('the Company') is a public limited company incorporated and domiciled in England, United Kingdom, under the Companies Act 2006. The principal activities of NWF Group plc and its subsidiaries (together 'the Group') are the sale and distribution of fuel oils, the warehousing and distribution of ambient groceries and the manufacture and sale of animal feeds. Further information on the nature of the Group's operations and principal activities is set out in the Group financial statements.

The address of the Company's registered office is Wardle, Nantwich, Cheshire CW5 6BP. The Company has its primary listing on AIM, part of the London Stock Exchange.

2. Material accounting policies

The Group's material accounting policies are set out below.

Basis of preparation

The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS") and with the requirements of the Companies Act 2006 applicable to companies reporting under those standards. The Group financial statements have been prepared under the going concern basis and on the historical cost convention modified for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which are outlined in note 14 below. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The accounting policies have been applied consistently throughout the period, other than where new policies have been adopted.

Going concern

Based on financial performance to date and forecasts along with the available banking facilities, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group's banking facilities, provided by NatWest Group, were renewed on 31 May 2023 and are committed until 31 May 2026, which provides a credit facility of £61.0 million and includes a £1.0 million overdraft that is renewed annually. The Group is profitable and cash generative and has a strong balance sheet position and a good relationship with its lender. As at 31 May 2024 the Group had available funds of £71.0 million (based on cash balances, invoice discounting availability, RCF and overdraft facilities), against which the Group was not utilised.

The Board has prepared cash flow forecasts for the period to 31 May 2026. Under this base case scenario, the Group is expected to continue to have significant headroom relative to the funding available to it and to comply with its banking covenants.

The Board has also considered a severe downside scenario based on a significant and sustained reduction in Fuels' profitability alongside underperformance in Food and Feeds. This downside scenario excludes any mitigating actions that the Board would be able to take to reduce costs. Under this scenario, the Group would still expect to have sufficient headroom in its financing facilities.

The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Alternative performance measures ('APMs')

The Directors consider that the: headline operating profit, headline profit before taxation, headline EBITDA, headline ROCE and headline earnings per share measures, referred to in these Group financial statements, provide useful information for shareholders on underlying trends and performance.

Headline operating profit is reported operating profit after adding back exceptional items and amortisation of acquired intangibles.

Headline profit before taxation is reported profit before taxation after adding back the net finance cost in respect of the Group's defined benefit pension scheme, exceptional items and amortisation of acquired intangibles, to show the underlying performance of the Group.

As the headline operating profit and headline profit before taxation exclude the income or costs detailed above the Directors acknowledge this may result in the headline metrics being materially higher or lower than the statutory operating profit and profit before tax.

Headline EBITDA refers to reported operating profit after adding back exceptional items, depreciation on property, plant and equipment and amortisation of acquired intangibles. The headline EBITDA calculation excludes the impact of IFRS 16 depreciation.

Headline ROCE refers to the return on capital employed calculated as headline operating profit as a proportion of year end net assets.

The calculation of headline earnings includes any exceptional impact of remeasuring deferred tax balances. The calculations of basic and diluted headline earnings per share are shown in note 8.

Exceptional items

The Group's income statement separately identifies exceptional items. Such items are those that, in the Directors' judgement, are one off in nature or non-operating and need to be disclosed separately by virtue of their size or incidence and may include, but are not limited to, restructuring costs, acquisition-related costs, costs of implementing new systems, cyber-related costs, impairment of assets and income from legal or insurance settlements. In determining whether an item should be disclosed as an exceptional item, the Directors consider quantitative as well as qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board. Disclosing exceptional items separately provides additional understanding of the performance of the Group.

Forward-looking statements

Certain statements in this results announcement are forward looking. The terms 'expect', 'anticipate', 'should be', 'will be' and similar expressions identify forward-looking statements. Although the Board of Directors believes that the expectations reflected in these forward-looking statements are reasonable, such statements are subject to a number of risks and uncertainties and events could differ materially from those expressed or implied by these forward-looking statements.

Adoption of new and revised standards

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 June 2023.

The Company has adopted the following new standards, amendments and interpretations now applicable. None of these standards and interpretations have had any material effect on the Company's results or net assets.

Standard or interpretation	Content	Applicable for financial year beginning on
Amendments to FRS 101 and FRS 102	International Tax Reform	1 January 2023
Amendments to IAS 1	Presentation of Financial Statements	1 June 2023
Amendments to IAS 8	Accounting Policies	1 June 2023
Amendments to IAS 12	Income Taxes	1 June 2023
Amendments to IFRS 17	Insurance Contracts	1 June 2023
IFRS Practice Statement 2	Making Materiality Judgements	1 June 2023

The following standards, amendments and interpretations are not yet effective and have not been adopted early by the Company:

Standard or interpretation	Content	Applicable for financial year beginning on
Amendment to IAS 7 and IFRS 7	Supplier Finance	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 June 2024
Amendments to IFRS 16	Leases on Sale and Leaseback	1 June 2024

These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3. Group Annual Report and statutory accounts

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 May 2024 or 31 May 2023, but is derived from those accounts.

Statutory accounts for 2023 have been delivered to the Registrar of Companies. The auditors, PricewaterhouseCoopers LLP, have reported on the 2023 accounts; the report (i) was unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for 2024 will be delivered to the Registrar of Companies following the Annual General Meeting. The auditors, PricewaterhouseCoopers LLP, have reported on these accounts and their report is unqualified, does not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and does not include a statement under either Section 498(2) or (3) of the Companies Act 2006.

The Annual Report and full financial statements will be posted to shareholders during the week commencing 12 August 2024. Further copies will be available to the public, free of charge, from the Company's Registered Office at NWF Group plc, Wardle, Cheshire CW5 6BP, or can be viewed on the Company's website: www.nwf.co.uk.

4. Segment information

The chief operating decision-maker has been identified as the Board of Directors ('the Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined that the operating segments, based on these reports, are Fuels, Food and Feeds.

The Board considers the business from a products/services perspective. In the Board's opinion, all of the Group's operations are carried out in the same geographical segment, namely the UK.

The nature of the products/services provided by the operating segments is summarised below:

Fuels - sale and distribution of domestic heating, industrial and road fuels

Food - warehousing and distribution of clients' ambient groceries and other products to supermarket and other retail distribution centres

Feeds - manufacture and sale of animal feeds and other agricultural products

Segment information about the above businesses is presented below.

The Board assesses the performance of the operating segments based on a measure of operating profit ('headline operating profit'). Finance income and costs are not included in the segment result that is assessed by the Board. Other information provided to the Board is measured in a manner consistent with that in the financial statements.

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets exclude deferred taxation assets and cash and cash equivalents. Segment liabilities exclude taxation, borrowings and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

2024	**Fuels £m**	**Food £m**	**Feeds £m**	**Group £m**
Revenue				
Total revenue	**684.9**	**77.8**	**195.1**	**957.8**
Inter-segment revenue	**(7.1)**	**(0.1)**	**-**	**(7.2)**
Revenue	**677.8**	**77.7**	**195.1**	**950.6**
Result				
Headline operating profit	**7.9**	**3.7**	**2.6**	**14.2**
Amortisation of acquired intangibles	**(0.7)**			**(0.7)**
Exceptional income				**1.3**
Exceptional expenses				**(0.5)**
Operating profit as reported				**14.3**
Finance costs (note 6)				**(2.1)**
Profit before taxation				**12.2**
Income tax expense (note 7)				**(3.1)**
Profit for the year				**9.1**

Other information

2024	Fuels £m	Food £m	Feeds £m	Group £m
Depreciation and amortisation	**6.4**	**7.5**	**3.2**	**17.1**
Property, plant and equipment additions	**1.7**	**6.9**	**1.7**	**10.3**

2024	Fuels £m	Food £m	Feeds £m	Group £m
Balance sheet				
Assets				
Segment assets	**99.6**	**76.8**	**51.3**	**227.7**
Cash and cash equivalents (note 12)				**10.0**
Consolidated total assets				**237.7**
Liabilities				
Segment liabilities	**(71.6)**	**(44.4)**	**(24.7)**	**(140.7)**
Deferred taxation liabilities				**(7.1)**
Retirement benefit obligations (note 13)				**(4.5)**
Consolidated total liabilities				**(152.3)**

2023	Fuels £m	Food £m	Feeds £m	Group £m
Revenue				
Total revenue	765.0	70.9	225.8	1,061.7
Inter-segment revenue	(7.8)	-	-	(7.8)
Revenue	757.2	70.9	225.8	1,053.9
Result				
Headline operating profit	12.9	4.2	3.9	21.0
Amortisation of acquired intangibles	(0.4)	-	-	(0.4)
Operating profit as reported				20.6
Finance costs (note 6)				(1.7)
Profit before taxation				18.9
Income tax expense (note 7)				(4.0)
Profit for the year				14.9
Other information				
Depreciation and amortisation	6.0	6.3	3.0	15.3
Property, plant and equipment additions	0.7	1.1	1.3	3.1

2023	Fuels £m	Food £m	Feeds £m	Group £m
Balance sheet				
Assets				
Segment assets	101.9	50.0	49.4	201.3
Cash and cash equivalents				16.3
Consolidated total assets				217.6
Liabilities				
Segment liabilities	(78.0)	(23.2)	(23.9)	(125.1)
Deferred taxation liabilities				(4.2)
Current taxation liabilities				(0.8)
Retirement benefit obligations (note 13)				(9.6)
Consolidated total liabilities				(139.7)

5. Profit before taxation - exceptional items

Exceptional items by type are as follows:

	2024 £m	2023 £m
Legal claim settlement[1]	**1.3**	-
ERP implementation costs[2]	**(0.5)**	-
Net exceptional income	**0.8**	-

[1] following a decision by the European Commission sanctioning a cartel during the period from 1997 to 2011, NWF participated in a group action to recover damages arising from certain supplier expenses relating to that period. The parties are no longer in dispute regarding this matter. Settlement monies of £1.3 million were received.

[2] ERP implementation costs comprise initial preliminary appraisals relating to a future ERP implementation within the Group.

6. Finance costs

	2024 £m	2023 £m
Interest on bank loans and overdrafts	**0.4**	0.8

Finance costs on lease liabilities relating to IFRS 16	**1.3**	0.6
Total interest expense	**1.7**	1.4
Interest on the net defined benefit liability (note 13)	**0.4**	0.3
Total finance costs	**2.1**	1.7

7. Income tax expense

	2024 £m	As restated 2023 £m
Current tax		
UK corporation tax on profits for the year	**1.5**	3.8
Adjustments in respect of prior years	**(0.2)**	-
Current tax expense	**1.3**	3.8
Deferred tax		
Origination and reversal of temporary differences	**0.5**	-
Accelerated capital allowances	**1.4**	0.4
Adjustments in respect of prior years	**(0.1)**	(0.3)
Effect of increased tax rate on opening balances	**-**	0.1
Deferred tax expense	**1.8**	0.2
Total income tax expense	**3.1**	4.0

Deferred tax has been further split to separate deferred tax on accelerated capital allowances, prior year figures have been restated to show the comparative. The restatement has had no impact on the total income tax expense.

Pillar Two legislation has been enacted in the UK, the jurisdiction that the Group operates. The legislation will be effective for the Group's financial year beginning 1 June 2024. The Group is in scope of the enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax provisioning and financial statements for the constituent entities in the Group. The Group operates and pays income tax solely within the United Kingdom, the profit before tax for the year ended 31 May 2024 was £12.2 million, and tax expense recognised in the income statement was £3.1 million, giving an effective tax rate of 25.4%. Based on this assessment, the Group does not expect a material exposure to Pillar Two income taxes for any of the entities within the Group. The Group has applied the mandatory temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules. During the year ended 31 May 2024, corporation tax has been calculated at 25% of estimated assessable profits for the year (2023: blended tax of 20% (being 19% until 31 March 2023 and 25% thereon)).

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2024 £m	2023 £m
Profit before taxation	**12.2**	18.9
Profit before taxation multiplied by the standard rate of UK corporation tax of 25% (2023: 20%)	**3.1**	3.8
Effects of:		
- income not taxable	**(0.1)**	**-**
- expenses not deductible for tax purposes	**-**	0.4
- super-deduction allowance	**-**	(0.1)
- non qualifying depreciation	**0.2**	**-**
- impact of share-based payments	**0.2**	0.1
- impact of increased tax rate on opening balances	**-**	0.1
- adjustments in respect of prior years	**(0.3)**	(0.3)
Total income taxation expense	**3.1**	4.0

A debit of £0.7 million (2023: £0.6 million credit) has been recognised in comprehensive income relating to the deferred tax movement on the actuarial gain on the defined benefit pension scheme of £3.1 million. The tax charge in the current year is the same (2023: higher) than the standard tax charge.

8. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2024	2023
Earnings (£m)		
Earnings for the purposes of basic and diluted earnings per share being profit for the year attributable to equity shareholders	**9.1**	14.9
Number of shares ('000)		
Weighted average number of shares for the purposes of basic earnings per share	**49,426**	49,355
Weighted average dilutive effect of conditional share awards	**13**	196

Weighted average number of shares for the purposes of diluted earnings per share	**49,439**	49,551
Earnings per ordinary share (pence)		
Basic earnings per ordinary share	**18.4**	30.2
Diluted earnings per ordinary share	**18.4**	30.1
Headline earnings per ordinary share (pence)		
Basic headline earnings per ordinary share	**19.2**	31.4
Diluted headline earnings per ordinary share	**19.2**	31.3

The calculation of basic and diluted headline earnings per share is based on the following data:

	2024 £m	2023 £m
Profit for the year attributable to equity shareholders	**9.1**	14.9
Add back/(deduct):		
Interest on the net defined benefit liability	**0.4**	0.3
Net exceptional items	**(0.8)**	-
Amortisation of acquired intangibles	**0.7**	0.4
Tax effect of the above	**0.1**	(0.1)
Headline earnings	**9.5**	15.5

9. Dividends paid

	2024 £m	2023 £m
Final dividend for the year ended 31 May 2023 of 6.8p (2022: 6.5p) per share	**3.4**	3.2
Interim dividend for the year ended 31 May 2024 of 1.0p (2023: 1.0p) per share	**0.5**	0.5
Amounts recognised as distributions to equity shareholders in the year	**3.9**	3.7
Proposed final dividend for the year ended 31 May 2024 of 7.1p (2023: 6.8p) per share	**3.5**	3.4

The proposed final dividend is subject to approval at the AGM on 26 September 2024 and has not been included as a liability in these Group financial statements.

10. Share capital

	Number of shares '000	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2022	49,134	12.3
Issue of shares (see below)	274	0.1
Balance at 31 May 2023	49,408	12.4
Issue of shares (see below)	31	-
Balance at 31 May 2024	**49,439**	**12.4**

During the year ended 31 May 2024, 31,418 shares (2023: 273,800 shares) with an aggregate nominal value of £7,855 (2023: £68,450) were issued under the Group's conditional Performance Share Plan.

The maximum total number of ordinary shares, which may vest in the future in respect of conditional Performance Share Plan awards outstanding at 31 May 2024, amounted to 1,259,464 (31 May 2023: 1,202,049). These shares will only be issued subject to satisfying certain performance criteria.

There is a single class of ordinary shares in issue. There are no restrictions on dividends or the repayment of capital.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings includes all current and prior period retained profits and losses.

11. Business combinations

On 7 July 2023, the Group acquired the trade and specified assets of Geoff Boorman Fuels LLP, a 17 million litre fuel distributor servicing rural Kent and East Sussex. The purchase price for the acquisition was £2.6 million, the net cash outflow was £2.7 million after acquisition costs.

Details of the total consideration and the provisional fair values of the assets and liabilities acquired are shown below:

	Fair value of assets acquired £m
Intangible assets - goodwill	1.3
Intangible assets - brand	0.8

Property, plant and equipment	0.3
Trade and other receivables	0.5
Trade and other payables	(0.1)
Deferred taxation	(0.4)
	2.6

Provisional goodwill of £1.3 million arises from the acquisition and is attributable to the acquired business and the expected economies of scale from combining the operations of the Group and the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

As the acquisition was made in the year, the above amounts are provisional and subject to adjustment.

Net cash outflow arising on the acquisition:

	£m
Total consideration - cash paid on completion	(2.6)
Acquisition-related costs	(0.1)
Net consideration paid	**(2.7)**

Acquisition-related costs of £0.1 million have been charged to the income statement in the year ended 31 May 2024.

The following amounts have been recognised within the consolidated income statement in respect of the acquisition made in the year: revenue - £9.2 million and operating profit before tax - £0.3 million.

Had the acquisition taken place at the start of the financial year, the consolidated income statement would have recognised: revenue - £10.0 million and operating profit before tax - £0.3 million.

12. Analysis of cash and cash equivalents and reconciliation to net debt

	1 June 2023 £m	Cash flow £m	Other non-cash movements £m	**31 May 2024 £m**
Cash and cash equivalents	16.3	(6.3)	-	**10.0**
Total Group (excluding lease liabilities)	16.3	(6.3)	-	**10.0**
Lease liabilities	(29.8)	9.9	(26.4)	**(46.3)**
Total Group (including lease liabilities)	(13.5)	3.6	(26.4)	**(36.3)**

13. Retirement benefit obligations

The Group operates a defined benefit pension scheme providing benefits based on final pensionable earnings, which is closed to future accrual.

NWF Group Benefits Scheme

The scheme is administered by a fund that is legally separated from the Group. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees are responsible for the investment policy with regard to the assets of the fund.

The scheme was closed to new members during the year ended 31 May 2002 and closed to future accrual with effect from April 2016.

The triennial actuarial valuation of this scheme was completed in the year ended 31 May 2024, with a deficit of £7.6 million at the valuation date of 31 December 2022. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method. In these financial statements this liability has been updated in order to derive the IAS 19R valuation as of 31 May 2024. The next full triennial valuation will be completed in the year ending 31 May 2026.

The triennial valuation resulted in Group contributions of £2.1 million per annum plus a continued percentage increase based on total dividend growth over £3.1 million will be paid.

The amounts recognised in the balance sheet in respect of the defined benefit scheme are as follows:

	2024 £m	2023 £m
Present value of defined benefit obligations	**(37.4)**	(39.2)

Fair value of scheme assets	**32.9**	29.6
Deficit in the scheme recognised as a liability in the balance sheet	**(4.5)**	(9.6)
Related deferred taxation asset	**1.2**	2.4
Net pension liability	**(3.3)**	(7.2)

Changes in the present value of the defined benefit obligation are as follows:

	2024 **£m**	2023 £m
At 1 June	**39.2**	49.0
Interest cost	**2.0**	1.7
Remeasurement losses/(gains)		
- actuarial losses/gains arising from changes in financial assumptions	**1.4**	(11.5)
- actuarial (gains)/losses arising from changes in demographic assumptions	**(0.5)**	0.3
- actuarial (gains)/losses on experience assumptions	**(2.9)**	1.6
Benefits paid	**(1.8)**	(1.9)
At 31 May	**37.4**	39.2

Changes in the fair value of scheme assets are as follows:

	2024 **£m**	2023 £m
At 1 June	**29.6**	39.7
Interest income	**1.6**	1.5
Remeasurement gains/(losses):		
- actuarial gains/(losses) on plan assets	**1.1**	(11.9)
Contributions by employer	**2.7**	2.6
Expenses	**(0.3)**	(0.4)
Benefits paid	**(1.8)**	(1.9)
At 31 May	**32.9**	29.6

14. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension scheme - valuation assumptions

The balance sheet carrying value of the defined benefit pension scheme surpluses or deficits are calculated using independently commissioned actuarial valuations. These valuations are based on a number of assumptions, including the most appropriate mortality rates to apply to the profile of scheme members and the financial assumptions regarding discount rates and inflation. All of these are estimates of future events and are therefore uncertain.

Significant actuarial assumptions for the determination of the defined benefit liability are discount rate, price inflation and mortality. The sensitivity analyses shown below have been determined based on reasonably possible changes of the respective assumptions occurring at the balance sheet dates, while holding all other assumptions constant.

Impact on defined benefit obligation	Increase £m	Decrease £m
0.25% change in discount rate	(1.0)	1.0
0.25% change in RPI inflation	0.6	(0.6)
One-year change in the life expectancy at age 65	1.5	(1.5)

Assessment of impairment

The Group tests annually for impairment of goodwill and fixed asset balances, which involves using key judgements including estimates of future business performance and cash generation and discount rates.

The recoverable amounts of CGUs are determined using value in use calculations. The value in use calculations use post-tax cash flow projections based on the Board-approved budget for the year ending 31 May 2025 and four years of the businesses strategic plans thereafter. Subsequent cashflows are extrapolated using an estimated growth rate of 2%.

These value in use calculations are subject to a series of sensitivity analyses using reasonable assumptions concerning the future performance of the CGUs and assessing the impact of a 1% increase in the discount rate.

Carrying value of trade receivables

The Group holds material trade receivable balances, and the calculations of provisions for impairment are estimates of future events and therefore uncertain. IFRS 9 requires the Group to consider forward-looking information and the probability of default when calculating expected credit losses. The Group considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses.

Valuation of acquired intangibles

IFRS 3 requires separately identifiable intangible asset to be recognise on acquisitions. The principal estimates used in valuing these intangibles are generally based on the future cash flow forecasts to be generated by these assets and the selection of appropriate discount rates to apply to the cash flows.

A 1% increase in the discount rate applied to the future cash flows would reduce the value attributable to acquired intangibles by £0.1 million.

Assessment of insurance claim provision and corresponding reimbursement assets

Under IAS 37, a provision for third party insurance claims is recognised for the full amount of the liability at the point in time that the obligation can be reliably estimated. The Group considers this to be when the insurance company assesses the claim and when it registers it as accepted.

Correspondingly, a reimbursement asset for an equal amount is recognised at the same time, when it becomes virtually certain that the reimbursement will be received if the entity settles the liability.

From a completeness perspective, the Directors are not aware of any other critical judgements within the Group that give rise to a significant risk of material adjustment within the next financial year.

15. Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards ("IFRS") and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Company's Annual Report for the year ended 31 May 2024, which will be posted to shareholders during the week commencing 12 August 2024, contains the following statement regarding responsibility for the Strategic Report, the Directors' Report (including the Corporate Governance Report), the Board Report on Remuneration and the financial statements included within the Annual Report:

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

16. Post balance sheet events

There are no post balance sheet events to disclose.

17. Financial calendar

Annual General Meeting	26 September 2024
Dividend:	
- ex-dividend date	31 October 2024
- record date	1 November 2024

- payment date	6 December 2024
Announcement of half-year results	Early February 2025
Publication of Interim Report	Early February 2025
Interim dividend paid	May 2025
Financial year end	31 May 2025
Announcement of full-year results	Early August 2025
Publication of Annual Report and Accounts	Late August 2025

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