

CHAIRMAN'S STATEMENT

Roebuck Food Group plc (AIM: RFG), is pleased to announce its results for the year ended 31 December 2022.

Group Financial Highlights - Continuing Operations

- Group revenue increased by 29% to £31.4m (2021: £24.3m)
- Earnings per share of 0.5p on continuing operations (2021 : loss of 3.5p)
- Profit after tax from continuing operation of £0.2m (2021 : loss £1.1m)
- EBITDA of £0.5m from the Dairy division (2021 : £0.1m)
- EBITDA of £0.4m from the Sourcing division (2021: £0.3m)

Divisional Highlights- Continuing Operations

£'000	Sourcing		Dairy	
	2022	2021	2022	2021
Revenue	29.9	23.3	1.5	1.0
EBITDA	0.4	0.3	0.5	0.1
Operating Profit/(loss)	0.4	0.3	0.3	(0.8)
Operating Margin	1.3%	1.3%	20%	(80%)

Sourcing Division

Sales at our sourcing division increased by 28% in 2022, compared with the same period in 2021, from £23.3m to £29.9m. Operating profit improved from £0.3m to £0.4m.

Townview Foods Ltd, continues to execute its commercial strategy which centres on diversification of products and end-markets. Our core animal proteins business continues to deliver consistent revenue and profits with a low-risk trading model and diversification of product sourcing and end-markets. From a standing start in March 2022, we have grown our dairy ingredients trading business into a significant operation both in terms of revenues and profits and we are confident about its prospects in 2023. We are also developing capability in plant-based ingredients which will allow us to offer a full portfolio of ingredient solutions to our customers. Operating margins declined slightly in the period, mainly due to the investment in talent, ICT and marketing. Overall, we are confident that our commercial strategy will continue to deliver profitable growth in 2023.

As part of a strategic alignment with Townview Foods Ltd, Foro International Connections Ltd was rebranded to Townview Sourcing Ltd in May 2022.

Townview Sourcing sales increased by 57% from £2.1m in 2021 to £3.3m in 2022.

The strategic alignment between Townview Foods Ltd and Townview Sourcing Ltd companies will create cost saving efficiencies and allow Roebuck Food Group Plc to have continuing ease of access to the UK, Republic of Ireland and European markets.

CHAIRMAN'S STATEMENT (CONTINUED)

Dairy Division

Our primary dairy operation, Cantwellscourt Farm Ltd, exceeded expectations in 2022 in revenue and profit terms, driven by record dairy prices and good delivery across its management KPIs. Milk production was down 3% whilst revenue from milk sales was up 43% year on year. This was partially offset by input cost inflation, particularly in feed and fertiliser; our pasture-based system gives us some protection from rising input prices. We expect the average farmgate milk price in 2023 to weaken versus last year but to remain at a level which delivers above average returns.

Discontinued

Our subsidiary, Grass to Milk Company Ltd, exited the Chinese market in H1 2022 due to ongoing lockdowns, supply chain disruptions and cost inflation. China has proven a difficult market for a majority of overseas dairy companies over the past 24-months with an unprecedented shift toward domestic supply. Opportunities for A2 protein ingredients in other export markets have failed to materialise, due to high dairy commodity prices making it difficult to achieve firm commitments from customers and a lack of interest from processors to dedicate capacity towards A2 during the scale-up phase. At this juncture, we do not have any immediate commercial prospects, so we have reclassified the business as a discontinued activity. Accordingly, we have impaired the intangible asset of £0.7m. The total loss from discontinued operations recognised during the year is £1.1m.

During the year we also incurred an additional amount of £0.3m in respect of the sale of the cold store business that was sold in 2021.

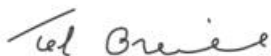
Strategic Review

Following the successful sale of the Cold Stores business, Roebuck Food Group PLC (RFG), formerly known as Norish PLC, returned £49.92m to shareholders at the end of 2021. Overall, we believe our core sourcing and dairy businesses are well placed to deliver profitable growth in 2023, notwithstanding an expected reversal of some pricing tailwinds from 2022. We continue to examine M&A opportunities, which can complement our existing businesses, which fulfil our criteria in terms of growth prospects, margins and returns. We remain focused on delivering shareholder value through efficient capital allocation.

Dividend

The board does not recommend the payment of a dividend.

On behalf of the board, I would like to thank the management team and staff for their commitment and contribution in 2022.



Ted O'Neill
31 March 2023

FINANCIAL REVIEW

Sales

Total Group revenue from continuing operations increased by 29% to £31.4m (2021: £24.3m). Revenues in the sourcing division increased by 28% to £29.9m (2021: £23.3m). Revenues in the dairy division increased by 50% to £1.5m (2021: £1m)

Gross profit

Gross profit from continuing activities increased to £571k (2021: £199k).

Operating profit/(loss)

Operating profit from continuing activities increased to £0.3m (2021: loss £1m), after an impairment charge of £Nil (2021: £0.9m relating to fixed assets).

Finance expense (net)

Net Finance expense increased to £0.12m (2021: £0.06m).

Loss from discontinued operations

Loss from discontinued operations £1.4m (2021: profit £39.1m). Current year loss is made up of £0.3m relating to residual cold store sale transaction costs and £1.1m from the discontinued operations of Grass to Milk.

Earnings per share

The basic adjusted earnings per share from continuing operations increased to 0.5p (2021: loss per share 3.5p).

Net Debt

The net debt position is £3.4m (2021: Net cash £1.4m). During the year we discharged £1.5m in respect of liabilities due in respect of the disposal of the cold store division in 2021.

Dividend

The board does not recommend a payment of a dividend.

Treasury policy and management

The treasury function, which is managed centrally, handles all Group funding, debt, cash, working capital and foreign exchange exposures. Group treasury policy concentrates on the minimisation of risk in all of the above areas and is overseen and approved by the Board. Speculative positions are not taken.

Financial risk management

The Group's financial instruments comprise borrowings, cash, and various items, such as trade receivables, trade payables etc., that arise directly from its operations. The main purposes of the financial instruments not arising directly from operations is to raise finance for the Group's operations.

The Group may enter into derivative transactions such as interest rate swaps, caps or forward foreign currency transactions in order to minimise its risks. The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Group's policies for managing each of these risks are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank and other borrowings at both fixed and floating rates of interest and working capital. The Group determines the level of borrowings at fixed rates of interest having regard to current market rates and future trends. At the year-end there are £0.1m at a floating rate of 5.44%.

Liquidity risk

The Group is in a net debt position of £3.4m. This is made up of cash of £1.5m, Invoice financing of £3.7m, term loans of £0.1m and leases of £1.1m.

Credit risk

The Group's policy is to minimise exposure to credit risk by performing the appropriate customer due diligence and monitoring the exposure to credit risk.

Foreign exchange risk

The Group's policy is to manage foreign exchange risk which arises principally in the product sourcing division. The Group does this by mainly purchasing Euros and US dollars at a fixed rate forward for cross currency transactions and using this rate in establishing a selling price for its goods in order to maintain an acceptable margin.

Gerard Murphy
Finance Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2022

	2022	<i>Restated</i> 2021
	£'000	£'000
Continuing operations		
Revenue	31,351	24,313
Cost of sales	(30,780)	(24,114)
Gross profit	571	199
Fair value gain on biological assets	182	161
Administrative expenses	(417)	(502)
Property, plant and equipment impairment	-	(862)
Operating profit/(loss) from continuing operations	336	(1,004)
Interest received	9	-
Finance expenses - lease interest	(28)	(26)
Finance expenses - interest on bank loans	(100)	(36)
Profit/(loss) on continuing activities before taxation	217	(1,066)
Income taxes - Corporation tax	(40)	(20)

Income taxes - Deferred tax	(21)	33
Profit/(loss) for the financial year from continuing operations	156	(1,053)
(Loss)/profit for the financial year from discontinued operations	(1,404)	39,120
(Loss)/profit for the financial year attributable to owners of the parent	(1,248)	38,067
Other comprehensive income/(expense)	169	(355)
Total comprehensive income for the financial year attributable to owners of the parent	(1,079)	37,712

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2022 (continued)

	2022	2021
Earnings/(loss) per share expressed in pence per share:		
From continuing operations		
- basic	0.5p	(3.5)p
- diluted	0.5p	(3.5)p
From discontinued operations		
- basic	(4.7)p	130.1p
- diluted	(4.7)p	130.1p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022

	2022	2021
	£'000	£'000
Non-current assets		
Goodwill	2,338	2,338
Intangible assets	-	665
Property, plant and equipment	2,162	2,014
Biological assets	884	762
	5,384	5,779
Current assets		
Trade and other receivables	7,223	3,988
Inventories	316	97
Cash and cash equivalents	1,491	4,543
	9,030	8,628
TOTAL ASSETS	14,414	14,407
Equity attributable to owners of the parent		
Share capital	564	564
Share premium account	-	-
Other reserves	(68)	(237)
Retained earnings	5,204	6,452
TOTAL EQUITY	5,700	6,779
Non-current liabilities		
Borrowings	1,016	794
Deferred tax	58	35
	1,074	829
Current liabilities		
Trade and other payables	3,427	2,579
Liabilities - discontinued operations	298	1,869
Borrowings	3,915	2,351
	7,640	6,799
TOTAL EQUITY AND LIABILITIES	14,414	14,407

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Share capital £'000	Share premium £'000	Other Reserves £'000	Other Distributable Reserve £'000	Retained Earnings £'000	Total £'000
At 1 January 2021	5,640	7,321	141	-	5,750	18,852
Profit for the financial year	-	-	-	-	38,067	38,067
Foreign exchange loss	-	-	(355)	-	-	(355)
Total comprehensive income for the financial year	-	-	(355)	-	38,067	37,712
Equity dividends paid	-	-	-	-	(510)	(510)
Capital redemption	-	-	-	(12,420)	(37,497)	(49,917)
Gain on capital redemption in JSOP	-	-	-	-	642	642
Reduction in capital	(5,076)	(7,321)	(23)	12,420	-	-
Transactions with owners	(5,076)	(7,321)	(23)	-	(37,365)	(49,785)
At 31 December 2021	564	-	(237)	-	6,452	6,779
Loss for the financial year	-	-	-	-	(1,248)	(1,248)
Foreign exchange gain	-	-	169	-	-	169
Total comprehensive income for the financial year	-	-	169	-	(1,248)	(1,079)
Equity dividends paid	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
At 31 December 2022	564	-	(68)	-	5,204	5,700

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2022

	2022 £'000	Restated 2021 £'000
Cash flow from operating activities		
Profit/(loss) on continuing activities before taxation	217	(1,066)
Gain on biological assets	(182)	(161)
Loss on sale of biological assets	117	-
Foreign exchange gain	(201)	(50)
Loss on discontinued activities	(1,404)	(270)
Finance expenses	128	62
Finance income	(9)	-
Bad debt expense	41	13
Taxation charge	(40)	(5)
Impairment - Intangible asset	665	860
Impairment - property, plant and equipment	-	1,519
Depreciation - property, plant and equipment	191	1,699
Operating cash flows before changes in working capital	(477)	2,601
Changes in working capital and provisions:		
(Increase) in inventories	(218)	(39)
(Increase)/ decrease in trade and other receivables	(3,223)	10
Decrease in current assets held for sale	-	381
(Decrease)/ increase in current liabilities held for sale	(1,571)	1,869
Increase/ (decrease) in payables	848	(554)
Taxation paid	(25)	(205)
Net cash (used)/ generated from operating activities	(4,189)	1,462
Cash flow from investing activities		
Investment in intangible assets	-	(986)
Purchase of property, plant and equipment	(62)	(1,840)
Proceeds on disposal of subsidiary	-	55,160
Costs incurred on disposal of subsidiary	-	(3,533)
Cash included in subsidiary disposed	-	(72)

Sale of biological assets	149	127
Purchase of biological assets	-	(9)
Net cash generated from investing activities	87	48,847
Cash flows from financing activities		
Dividends paid to shareholders	-	(510)
Invoice finance utilised	1,649	1,016
Finance lease capital repayments	(91)	(1,390)
JSOP capital redemption	-	642
Share Capital Redemption	-	(49,917)
Finance Lease advance	-	616
Term loan repayments	(31)	(374)
Net cash generated/ (used) from financing activities	1,527	(49,917)
Net (decrease)/ increase in cash and cash equivalents	(3,052)	2,993
Cash and cash equivalents beginning of the financial year	4,543	1,550
Cash and cash equivalents end of the financial year	1,491	4,543

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR XFLFXXXLBBBZ