

CHAIRMAN'S STATEMENT

Roebuck Food Group plc (AIM: RFG), is pleased to announce its results for the year ended 31 December 2023.

Group Financial Highlights - Continuing Operations

- Group revenue decreased by 15% to £26.7m (2022: £31.4m)
- Operating profit from continuing operations declined from £336,000 to a loss of £1,660,000 in the period under review.
- The loss for the financial year from continuing operations amounted to £1,851,000. This compared to a profit of £156,000 in the prior year.
- Earnings per share of (5.8)p on continuing operations (2022: 0.5p).
- Significantly, net debt has decreased 71% from £3.44m in 2022 to £1m in 2023. Excluding IFRS 16, which reflects the lease obligations on Cantwellscourt Farm and Moorhead McGavin Limited to be classified as debt, net debt at end 2023 was zero.
- Strategic acquisition on 30 November 2023 of Moorhead and McGavin Limited, a specialty supplier of pulses, cereals, pasta and rice to the food service industry.

Divisional Highlights - Continuing Operations

£'000	Sourcing		Dairy		Plant Protein	
	2023	2022	2023	2022	2023	2022
Revenue	24.8	29.9	1.4	1.5	0.5	-
EBITDA	(0.2)	0.4	(0.1)	0.5	0.2	-
Operating Profit/(loss)	(0.3)	0.4	(0.4)	0.3	0.1	-
Operating Margin	(1.21)%	1.3%	(29)%	20%	20%	-

Sourcing Division

Post Brexit, Townview Foods (which forms the main part of our sourcing division) had to reset. Management delivered a more diversified business, trading across 41 countries internationally. We are now evolving the business further. We are in the process of revising the business model, which will involve changing our sales model and broadening the product offering, which in turn will give us access to new customers and new markets. We believe this will provide the basis of a more durable business model. This transition has required a significant investment in people which has more than offset the net profit growth to date.

Sales at our sourcing division decreased by 17% in 2023, compared with the same period in 2022, from £29.9m to £24.8m. The board decided to reduce trade to South Africa due to receivable recovery risks. Sales to South Africa decreased £4.3m from £5.1m in 2022 to £0.8m in 2023. Operating profit decreased from £0.4m to a loss of £0.3m.

CHAIRMAN'S STATEMENT (CONTINUED)

Dairy Division

Notwithstanding a precipitous decline in dairy product prices, particularly in the second half of 2023,

Cantwellscourt Farm managed to generate a small positive EBITDA before accounting for losses on biological assets. Reflecting the changes in nitrates rules, stock had to be sold into a very weak market resulting in an overall loss of £0.4m in the Dairy Division.

Plant Protein And Ingredients Division

Moorhead & McGavin Limited (M&M) a business that was acquired 30 November 2023 specialises in supplying pulses, cereals, pasta and rice to the food service industry. The business delivered sales of £0.54m and an EBITDA of £0.1m in the first trading month since acquisition.

Outlook

We have largely now reset our key remaining business from Norish Plc; Townview Foods, Townview Sourcing and Cantwellscourt Farm. We expect to see improvement in all businesses as we move through 2024.

Moorhead & McGavin Limited (M&M), which was acquired 30 November 2023, continues to grow strongly. We look forward to continue working with the team at M&M to grow the business both organically and by acquisition. I would like to thank all at M&M for their commitment and loyalty to M&M and subsequently Roebuck Food Group, in the period during and post-acquisition.

Management at Roebuck Food Group have spent a lot of time looking at acquisition opportunities in the space defined by the need to feed a growing world population, with less land, water and with a lower carbon footprint. The inevitable disruption which will be caused by these seemingly differing needs will create opportunity. At this juncture we believe that we can build a business of significant size and scale over the next number of years in the best interest of all of the stakeholders of the company. Inevitably this will likely involve further issuance of equity. It goes without saying that 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 2023.

Ted O'Neill

28 March 2024

CHAIRMAN'S STATEMENT (CONTINUED)

FINANCIAL REVIEW

Sales

Total Group revenue from continuing operations decreased by 15% to £26.7m (2022: £31.4m). Revenues in the Product Sourcing division (Townview Foods Ltd and Townview Sourcing Ltd) decreased by 17% to £24.8m (2022: £29.9m). Revenues in the Agri division (Cantwellscourt Farm Ltd) decreased by 6.67% to £1.4m (2022: £1.5m). The newly acquired Plant Protein and Ingredients division contributed £0.54m to revenues following the acquisition of Moorhead & McGavin Limited on 30 November 2023.

Gross (loss)/profit

Gross (loss)/profit from continuing activities £32k (2022: profit £883k).

Operating loss/(profit)

Operating loss from continuing activities increased to £1.66m (2022: profit £0.3m).

Finance expense (net)

Net Finance expense increased to £0.14m (2022: £0.12m).

Loss from discontinued operations

Loss from discontinued operations £Nil (2022: £1.4m).

Earnings per share

The basic adjusted earnings per share from continuing operations decreased to (5.8)p (2022: 0.5p).

Net Debt

The net debt position is £0.98m (2022: £3.44m).

Share Capital

£2.5m (before expenses) was raised during the year by the issue of 18,518,514 new ordinary shares to fund the acquisition of Moorhead & McGavin Limited. A further £150,000 (before expenses) representing 1,071,428 new ordinary shares was issued as part of the purchase consideration for Moorhead & McGavin Limited.

FINANCIAL REVIEW (CONTINUED)

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. No such material transactions were entered into in either 2023 or 2022.

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 7.59% and £1.1m at a fixed rate of 7.3%.

Liquidity risk

The Group is in a net debt position of £1m. This is made up of cash of £1.2m, Invoice financing of £1.1m, term loans of £0.1m and leases of £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

28th March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2023

	2023 £'000	2022 £'000
Continuing operations		
Revenue	26,737	31,351
Cost of sales	(26,769)	(30,468)
Gross (loss)/profit	(32)	883
Fair value gain on biological assets	139	182
Administrative expenses	(1,189)	(729)
Acquisition and related costs	(578)	-
Operating (loss)/profit from continuing operations	(1,660)	336
Interest received	25	9
Finance expenses - lease interest	(28)	(28)
Finance expenses - interest on bank loans	(138)	(100)
(Loss)/profit on continuing activities before taxation	(1,801)	217
Income taxes - Corporation tax	(12)	(40)
Income taxes - Deferred tax	(38)	(21)
(Loss)/profit for the financial year from continuing operations	(1,851)	156
Loss for the financial year from discontinued operations	-	(1,404)
Loss for the financial year attributable to owners of the parent	(1,851)	(1,248)
Other comprehensive (expense)/ income	(26)	169
Total comprehensive loss for the financial year attributable to owners of the parent	(1,877)	(1,079)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2023 (continued)

	2023	2022
(Loss)/earnings per share expressed in pence per share:		
From continuing operations		
- basic	(5.8)p	0.5p
- diluted	(5.8)p	0.5p
From discontinued operations		
- basic	-p	(4.7)p
- diluted	-p	(4.7)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2023

	2023	2022
	£'000	£'000
Non-current assets		
Goodwill	2,338	2,338
Intangible assets	600	-
Property, plant and equipment	3,048	2,162
Biological assets	642	884
	<u>6,628</u>	<u>5,384</u>
Current assets		
Trade and other receivables	3,649	7,223
Inventories	1,044	316
Cash and cash equivalents	1,186	1,491
	<u>5,879</u>	<u>9,030</u>
TOTAL ASSETS	<u>12,507</u>	<u>14,414</u>
Equity attributable to owners of the parent		
Share capital	990	564
Share premium	2,094	-
Other reserves	(94)	(68)
Retained earnings	3,353	5,204
TOTAL EQUITY	<u>6,343</u>	<u>5,700</u>

Non-current liabilities		
Borrowings	932	1,016
Deferred tax	168	58
	1,100	1,074
Current liabilities		
Trade and other payables	3,826	3,427
Liabilities - discontinued operations	-	298
Borrowings	1,238	3,915
	5,064	7,640
TOTAL EQUITY AND LIABILITIES	12,507	14,414

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Share capital £'000	Share Premium £'000	Other Reserves £'000	Retained Earnings £'000	Total £'000
At 1 January 2022	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
Loss for the financial year	-	-	-	(1,851)	(1,851)
Foreign exchange loss	-	-	(26)	-	(26)
Total comprehensive income for the financial year	-	-	(26)	(1,851)	(1,877)
Issue of share capital	426	2,224	-	-	2,650
Share issue costs	-	(130)	-	-	(130)
Transactions with owners	426	2,094	(26)	(1,851)	643
At 31 December 2023	990	2,094	(94)	3,353	6,343

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2023

	2023 £'000	2022 £'000
Cash flow from operating activities		
(Loss)/profit on continuing activities before taxation	(1,801)	217
Gain on change in fair value of biological assets	(139)	(182)
Biological assets disposal	91	117
Foreign exchange gain	(382)	(201)
Loss on discontinued activities	-	(1,404)
Finance expenses	166	128
Finance income	-	(9)
Bad debt expense	15	41
Taxation charge	(12)	(40)
Impairment - Intangible asset	-	665
Depreciation - property, plant and equipment	187	191
Operating cash flows before changes in working capital	(1,875)	(477)
Changes in working capital and provisions:		
Increase/ (decrease) in inventories	66	(218)
Increase/ (decrease) in trade and other receivables	4,826	(3,223)
Decrease in current liabilities held for sale	-	(1,571)
(Decrease)/ increase in payables	(1,212)	848
Taxation paid	(3)	(25)
Net cash from/(used in) from operating activities	3,677	(4,189)
Cash flow from investing activities		
Payments to acquire subsidiary undertaking	(2,075)	-

Cash acquired as part of acquisition	299	-
Purchase of property, plant and equipment	(63)	(62)
Proceeds from sale of biological assets	272	149
Net cash used/generated from investing activities	(1,567)	87
Invoice finance utilised	(2,805)	1,649
Finance lease capital repayments	(69)	(91)
Term loan repayments	(36)	(31)
Net proceeds from issue of share capital	2,370	-
Net cash used/generated from financing activities	(540)	1,527
Net decrease in cash and cash equivalents	(305)	(3,052)
Cash and cash equivalents beginning of the financial year	1,491	4,543
Cash and cash equivalents end of the financial year	1,186	1,491

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 rns@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 FLFLIVFITFIS