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NWF Group plc

NWF Group plc: Trading Update

NWF Group plc ('NWF' the 'Company' or the 'Group'), the specialist distributor today provides a trading update for the half-year ended 30 November 2024 (the "Period").

Trading update

Overall, the Group traded in line with Board expectations in the Period, delivering encouraging year-on-year growth in headline operating profit. As expected, headline profit before tax was lower than the prior year, reflecting the increased IFRS16 interest arising from the acquisition and fit out of the Lymedale warehouse. Cash generation focus remained strong in the Period and the Group retains a robust financial position with net cash as at 30 November 2024.

In **Fuels**, volumes were in line with the prior year, but with improved margins and the benefit of a lower cost base following continued strong cost management taken early in the Period. The initiatives to improve both commercial and domestic sales models and optimise fleet efficiency are progressing well.

There has continued to be stable supply and low volatility in the oil price in the Period. The price of Brent crude oil started at 81 per barrel, peaked at 87 per barrel, and finished the Period at 73 per barrel as the business enters its busier winter months.

The Board is actively pursuing several acquisition opportunities for Fuels in line with its stated strategy and supported by a strong financial position.

In **Food**, the business has increased stock levels as the Lymedale warehouse was filled, with total storage volumes reaching a peak of just under 167,000 pallets (141,000 pallets in the comparative period). Headline operating profit contribution in the Period was behind the prior year, reflecting a number of factors including lower throughput related to specific customers, a slightly slower build-up of additional customer stock and higher than anticipated costs of moving stock from offsite storage into Lymedale. The business continues to progress its customer pipeline which is delivering additional volume.

In **Feeds** volumes were ahead of the prior year, reflecting an increase in the overall market following the wet summer and autumn and an increasing milk price supporting feed demand. The milk price has steadily increased since September whilst feed commodity prices have been stable.

Outlook

The Group delivered a solid first half performance, in line with the Board's expectations. With the winter months to come, which are typically more material to the Group's performance, the Board's expectations¹ for the full year are unchanged.

NWF expects to announce its results for the half year ended 30 November 2024 in late January.

Chris Belsham, Chief Executive of NWF Group said:

"We had a good first half and are trading in line with our expectations, with improved performance in Fuels and Feeds offsetting the short-term weaker performance in Food. During the period, we continued to progress our key performance initiatives, aimed at enhancing our commercial approach and operational efficiency, and remain active in our pursuit of Fuels acquisitions in line with our strategy. Supported by a very strong financial position, we remain confident in our growth potential and prospects."

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

¹Company compiled analyst consensus is for Headline operating profit of £15.9m (FY2024: £14.2m) and Headline profit before tax of £11.7m (FY 2024: £12.5m).

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