RNS Number : 4853M
NWF Group PLC
12 June 2025

For release 7.00am Thursday 12 June 2025

NWF Group plc

NWF Group plc: Trading Update and Acquisition

NWF Group plc ('NWF' the 'Company' or the 'Group'), the specialist distributor operating in UK markets, today provides a trading update for the financial year ended 31 May 2025 ("FY25") and announces the bolt-on acquisition of Pinnock Brothers.

Trading update

Overall, the Group has traded slightly ahead of Board's expectations during the year, albeit with a different contribution mix from its three businesses than initially anticipated.

FY25 Headline Operating Profit is anticipated to be slightly ahead of market expectations[1]. Due to fleet renewals during FY25 being slightly delayed by vehicle suppliers, the Group benefitted from lower short-term IFRS16 interest costs, resulting in Headline Profit Before Tax being ahead of market expectations[1]. This trading performance was delivered in spite of the ongoing impact on the Group's cost base of the increase in national insurance and the national living wage.

Fuels:

Volumes in FY25 were in line with prior year, with an increase in demand for domestic heating oil offsetting lower commercial volumes.

During the second half of the year, the business maintained the improved margins achieved in the first half, which when combined with the benefits of the cost management action taken early in the year, resulted in an increased operating profit pence per litre and a stronger contribution than expected.

In the year, the Group launched an initiative in Fuels' North-West England trading region to improve both its commercial and domestic sales models, and to optimise fleet efficiency. The business has seen early benefits from adopting the operating model, which is now being rolled out across the rest of NWF's Fuels network and will be in place in the second quarter of FY26.

The planned investment in fleet renewals was slightly delayed due to supply side availability, resulting in lower-than-anticipated FY25 IFRS16 interest charges. This saving is not expected to be repeated in FY26 as the new vehicles have either been supplied or will arrive shortly.

Food:

The business had a disappointing year generating lower profitability than planned. Average storage volumes for the year were approximately 156,000 pallet spaces (FY24: 137,000 pallet spaces), which was lower than anticipated. Additionally, the lower rate of pallet throughput experienced in the first half of the year continued into the second half.

The fit out of the new 52,000 pallet space warehouse at Lymedale was completed in the first quarter, to budget and to schedule. The warehouse is operating well but continues to have excess capacity as conversion of the customer pipeline has been slower than anticipated, and continues to be a focus for the business.

In response to the performance of the business, decisive actions have been implemented to improve the operational performance going forwards. This has included management changes and a restructuring process to right-size the cost base to reflect the current storage volume and throughput. The benefits of these actions will be realised through

FY26, with run rate profitability expected to be in line with the Board's previous expectations by the end of the financial year. The changes made will ensure a scalable platform for future growth.

The internal investigation into the conflict of interest noted in the half year results has concluded. As previously announced, there is some complexity regarding the payroll tax treatment in relation to the services acquired under the conflict of interest arrangement (IR35), and work with regard to this aspect is continuing with the Company's advisers.

Feeds:

Volumes in FY25 were ahead of the prior year with the stronger milk price encouraging customers to maximise yields, resulting in an overall performance ahead of expectations.

The business continued to manage margins effectively and benefitted from lower production costs through participation in the Government scheme to support energy intensive industries.

The extension of the product range through the investment in moist feed production has gone well with customer demand exceeding plan.

Fuels acquisition

In line with its stated strategy to consolidate the UK fuel distribution market, the Group acquired Pinnock Brothers (Thatcham and Kintbury) Limited ('Pinnocks') in May 2025. Pinnocks is a 13 million litre distributor based near Newbury, servicing a domestic customer base in Berkshire. The acquisition strengthens the Group's existing presence in the South-East of England, complementing NWF's existing depots in Oxfordshire and Hampshire.

This follows the acquisition of Northern Energy Oil in March 2025, which increased the Group's presence in the North-East of England. Together, the two acquisitions have added 55 million litres per annum of predominantly domestic business to NWF's volumes, representing an increase of approximately 8 per cent.

The Board continues to consider further acquisition opportunities for Fuels supported by a robust financial position.

Financial position

Net cash at the year-end was approximately £6m (FY24: £10m) after paying the consideration for the acquisitions of Northern Energy Oil and Pinnocks, reflecting effective working capital management.

The robust financial position supports the Group's strategic focus on targeted acquisitions in our existing markets.

Exceptional costs

The Group expects to report exceptional costs in the year of between £2.5m and £3.0m (H1 £1.1 million), comprising the transaction costs associated with the two acquisitions, the restructuring costs in the Food and Fuels businesses, and advisory fees relating to the conflict of interest investigation in Food.

Notice of FY25 Results

NWF expects to announce its results for the year ended 31 May 2025 in late July.

Chris Belsham, Chief Executive of NWF Group said:

"NWF has delivered another solid financial performance whilst progressing its strategy through two acquisitions and successfully implementing significant business improvement initiatives.

"Fuels and Feeds both delivered strong results, offsetting the performance in Food. The Group has taken appropriate action to ensure improvements in the Food business going forward and expects to start seeing the benefits coming through in the second half of the new financial year.

"We continue to focus on our long-term growth strategy of development through targeted acquisitions, organic investment and improvement initiatives, supported by our strong financial position and confidence in NWF's potential and prospects."

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

[1]Company compiled analyst consensus is for FY25 headline operating profit of £16.0m (FY2024: £14.2m), headline

profit before tax of £11.7m (FY 2024: £12.5m) and net cash of £3.1m.

Chris Belsham, Chief Executive Katie Shortland, Chief Financial Officer	Reg Hoare / Veronica Farah	Mike Bell / Ed Allsopp
NWF Group plc	**MHP**	**Peel Hunt LLP** (Nominated Adviser and broker)
Tel: 01829 260 260	Tel: 07710 117 517	Tel: 020 7418 8900

END

TSTSFLFUFEISEFM