**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 classifed as debt, net debt at end 2023 was zero.
* Strategic acquisition on 30 November 2023 of Moorhead and McGavin Limited, a specialty supplier of pules, 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 Diary 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** | 2022 |
|  |  |  | **£’000** | £’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 |
|  |  |  | **6,628** | 5,384 |
| **Current assets** |  |  |  |  |
| Trade and other receivables |  |  | **3,649** | 7,223 |
| Inventories |  |  | **1,044** | 316 |
| Cash and cash equivalents |  |  | **1,186** | 1,491 |
|  |  |  | **5,879** | 9,030 |
|  |  |  |  |  |
| **TOTAL ASSETS** |  |  | **12,507** | 14,414 |
|  |  |  |  |  |
| **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** |  |  | **6,343** | 5,700 |
|  |  |  |  |  |
| **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** | **Share** | **Other** | **Retained**  |  |
|  | **capital** | **Premium** | **Reserves** | **Earnings** | **Total** |
|  | **£'000** | **£’000** | **£'000** | **£'000**  | **£'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** | 2022 |
|  |  | **£’000** | £’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 |