

STRATEGY/AMBITION/INVEST
CONFIDENCE/RESILIENCE/AM
OWLEDGE/**FUELS**/EXPERIENCE
INVESTMENT/**FOOD**/CONFID
IENCE/**FEEDS**/QUALITY/INVE
BITION/EXPERIENCE/GROW
BILITY/KNOWLEDGE/EXPERIE

NWF Group is a specialist distributor of fuel, food and feed across the UK

Divisional highlights



Fuels

National depot network

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering over 695 million litres across the UK to 127,000 customers.

Headline operating profit

£3.6m

(H1 2020: £1.9 million)

Strong performance ahead of expectations and the prior year period, with a short-term benefit from increased demand during the Autumn fuel shortage, with NWF able to maintain full service from all 25 depots.



Food

Leading ambient consolidator

Boughey Distribution is a leading consolidator of ambient grocery products to UK supermarkets with over 1,000,000ft² of warehousing and significant distribution assets.

Headline operating profit

£1.5m

(H1 2020: £0.5 million)

A performance significantly ahead of prior year benefitting from enlarged capacity, improved efficiency in operations and stock in optimal locations.



Feeds

Focus on nutrition

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed to 4,550 customers in the UK, feeding one in six dairy cows in Britain.

Headline operating loss

£(0.4)m

(H1 2020: £0.6 million profit)

As expected, performance was behind the prior year as a result of lower volumes in the period and the impact of significant commodity and cost inflation. As a consequence of the lower level of performance in Feeds, a non-cash goodwill and fixed asset impairment of £8.4 million has been recognised in the half year results.

Financial highlights

Revenue

£402.6m

+30.1%

21	402.6
20	309.4
19	348.9

Headline operating profit¹

£4.7m

+56.7%

21	4.7
20	3.0
19	3.5

Headline profit before taxation¹

£4.3m

+72.0%

21	4.3
20	2.5
19	3.0

Diluted headline earnings per share¹

7.1p

+65.1%

21	7.1
20	4.3
19	5.1

Interim dividend per share

1.0p

21	1.0
20	1.0
19	1.0

Net debt (excluding IFRS 16 lease liabilities)

£7.4m

-55.2%

21	7.4
20	16.5
19	14.9

Net debt to headline EBITDA²

0.4x

21	0.4
20	0.9
19	1.0

Statutory results	H1 2021	H1 2020	%
Operating (loss)/profit	(£3.8m)	£2.7m	-240.7%
(Loss)/profit before taxation	(£4.4m)	£2.0m	-320.0%
Diluted earnings per share	(10.6p)	3.3p	-421.2%
Net debt (including IFRS 16 lease liabilities)	£36.4m	£42.2m	-13.7%

1 Headline operating profit excludes exceptional items (see note 4) and amortisation of acquired intangibles. Headline profit before taxation excludes exceptional items, amortisation of acquired intangibles and the net finance cost in respect of the Group's defined benefit pension scheme. Diluted headline earnings per share also takes into account the taxation effect thereon.

2 Net debt to headline EBITDA is calculated based on net debt excluding IFRS 16 lease liabilities. The headline EBITDA calculation excludes the impact of IFRS 16 depreciation.

Group highlights

- Underlying results significantly ahead of prior year, underpinning the Board's confidence in delivering full year expectations.
- Resilience of the Group demonstrated with year-on-year growth in Fuels and Food which has more than offset weaker Feeds performance in the first half.
- The Group's financial position remains strong, with net debt halved year-on-year and leverage at 0.4x which provides capacity for continued investment in support of strategic initiatives, the pursuit of further development opportunities and a maintained interim dividend.
- The Group has maintained a stable workforce, including a full complement of drivers, and managed the prevailing supply chain environment effectively, enabling it to continue to service customer needs uninterrupted.
- The Group has traded well since the period end and carries encouraging momentum into the seasonally busier second half, with the Board confident in delivering its full year expectations.

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Chair's statement

Strong performance ahead of the Board's expectations



NWF has delivered a strong performance in the first half with overall results ahead of the Board's expectations and net debt materially lower. Fuels delivered ahead of expectations supported by short-term gains from the Autumn as a consequence of concerns around fuel shortages when NWF was able to maintain supplies to our customers across the country. The Group has a strong and established acquisition and integration track record and is actively appraising several opportunities in the fragmented fuels market. In Food, with volatile demand patterns, the enlarged business performed significantly ahead of prior year, operating at capacity, efficiently and with stock in optimal locations. Feeds' performance was behind prior year as a result of lower volumes in the period and the challenges of passing on inflationary costs and higher commodity prices. As a consequence of performance in Feeds, an impairment review has been performed at the reporting date, 30 November 2021. With the current level of asset base carried, Feeds is unable to deliver a satisfactory return on capital employed. As such, a goodwill and fixed asset impairment of £8.4 million has been recognised in the half year results.

NWF continues to demonstrate that in spite of uncertainty around Covid-19 it is a robust business which

has shown ongoing resilience and capability in meeting or exceeding market expectations over the last two years without utilising any Government support or furloughing any employees. I would once again like to recognise and thank my colleagues for their efforts in delivering this result.

Results

Revenue for the half year ended 30 November 2021 was 30.1% higher at £402.6 million (H1 2020: £309.4 million) as a result of higher commodity prices in Fuels and Feeds and higher Fuels volumes. Headline operating profit was higher at £4.7 million (H1 2020: £3.0 million), with outperformance in Fuels and Food more than offsetting a decline in Feeds in the period. Headline profit before taxation¹ was up 72.0% to £4.3 million (H1 2020: £2.5 million).

Headline basic earnings per share¹ was 7.1p (H1 2020: 4.3p) and headline diluted earnings per share was 7.1p (H1 2020: 4.3p).

Net cash generated from operations for the period amounted to £5.1 million (H1 2020: £4.0 million). Cash generation was higher as a result of the underlying profit improvement offset by increased working capital required to support the business growth.

Net capital expenditure in the period was £1.4 million (H1 2020: £1.8 million) with development expenditure likely to be weighted to the second half of the current year.

Net debt at the period end, excluding the impact of IFRS 16, was materially lower at £7.4 million (H1 2020: £16.5 million) with net debt to headline EBITDA lower at 0.4x (H1 2020: 0.9x), reflecting the Group's strong cash generation. The Group's banking facilities of £65.0 million are committed to October 2023 and NWF continues to operate with substantial headroom. Net debt including the impact of IFRS 16 was £36.4 million (H1 2020: £42.2 million).

Net assets at 30 November 2021 increased to £53.8 million (30 November 2020: £52.1 million²). The IAS 19R defined benefits pension scheme valuation deficit has reduced from £14.9 million as at 31 May 2021 to £14.5 million at the half year, driven by higher asset values offset by increases in discount and inflation rate assumptions.

Dividend

The Board has approved an interim dividend per share of 1.0p (H1 2020: 1.0p). This will be paid on 3 May 2022 to shareholders on the register as at 18 March 2022. The shares will trade ex-dividend on 17 March 2022. The Group has increased the annual dividend by approximately 5% in each of the last five years reflecting the Group's strong underlying financial performance and position.

Operations

Fuels

Revenue increased by 39.3% to £286.5 million (H1 2020: £205.7 million) as a result of significantly higher oil prices, increased volumes and favourable product mix in the period. Headline operating profit was £3.6 million (H1 2020: £1.9 million) benefitting from higher volumes and the short-term retail supply challenges in the Autumn which increased demand and profitability.

1 Headline operating profit excludes exceptional items (see note 4) and amortisation of acquired intangibles. Headline profit before taxation excludes exceptional items, amortisation of acquired intangibles and the net finance cost in respect of the Group's defined benefit pension scheme. Diluted headline earnings per share also takes into account the taxation effect thereon.

2 Restated. On subsequent review of the supporting information provided for the purpose of the actuarial pension valuation as at 30 November 2020, an error was identified. The error was driven by an incorrect application of the postcode weighting methodology applied by the Scheme Actuary in the IAS 19 valuation, which impacted mortality rate assumptions. The impact of the error was an understatement of the present value of the scheme obligations, as at 30 November 2020, by £1.0 million. As a result, the post-employment benefit obligations as at 30 November 2020 have been restated to £19.7 million liability (compared to a reported liability of £18.7 million) and the associated deferred tax asset has been restated, an increase of £0.2 million, which has been offset against £4.9 million of deferred tax liabilities. Both retained earnings and net assets should have been £0.8 million lower. The error had no impact on the condensed consolidated income statement or the condensed consolidated cash flow statement.

Volumes increased by 5.5% to 347 million litres (H1 2020: 329 million litres) with growth in commercial fuels, gas oil and diesel. The price of Brent Crude increased significantly during the period, which contributed to the revenue growth. In the first half Brent Crude averaged \$76.22 per barrel (H1 2020: \$42.71 per barrel) and ended the reporting period at \$70.57 per barrel.

In the Autumn, the UK experienced widely publicised supply issues, principally at retail forecourts, as a result of shortages of fuel following panic buying. NWF only has a very small business supplying retail garages, but there were concerns, principally amongst commercial customers, around oil supplies, which increased demand significantly in September and October. All 25 depots were fully operational through this period, had no shortages of supply and were able to service customer demands across the country.

The UK fuels distribution market is highly fragmented, and the Board believes the opportunity for NWF to expand its depot network, broadening the customer base and leveraging scale efficiencies is significant. The Group has a strong and established acquisition and integration track record and is actively exploring several opportunities.

Food

Revenue increased by 13.8% to £31.3 million (H1 2020: £27.5 million). Headline operating profit was £1.5 million (H1 2020: £0.5 million).

Storage volumes were stable at an average 122,000 spaces (H1 2020: 121,000), with total capacity now standing at 135,000. This utilisation at an average of just over 90% is in line with our plans and highlights the business has the customer base to fully utilise our expanded facilities. In terms of throughput, pallets dispatched were in line with prior year.

The significant improvement in profitability was driven through planned efficiency improvements. Critically, stock was in the optimal locations with fast-moving, full pallet work in Crewe and more complex value-added activity at the Wardle site. Significant efficiency gains were made at both sites over the period. Demand patterns remained volatile and the business worked closely with customers and retailers to fulfil demand in the most effective manner. Driver availability has also been critical and

our own employed driver numbers were maintained throughout the period with fewer agency drivers utilised as planned.

Palletline and e-fulfilment have both performed ahead of plan and more than offset a lower performance from the packing room, which suffered from some labour shortages during the period.

Feeds

Revenue increased by 11.3% to £84.8 million (H1 2020: £76.2 million) as higher commodity and selling prices more than offset lower volumes in the period. Headline operating loss was £0.4 million (H1 2020: £0.6 million profit) as a result of lower volumes and time lags in realising price increases to cover commodity and other inflationary cost increases. As a consequence of the lower level of performance in Feeds, a non-cash goodwill and fixed asset impairment of £8.4 million has been recognised in the half year results.

Volumes were 7.6% lower at 242,000 tonnes (H1 2020: 262,000 tonnes) as a result of lower levels of retail business in the North and the loss of a merchant through acquisition in the South. DEFRA data suggests the ruminant feed market was 0.8% lower in comparison to the prior year.

The market experienced inflationary pressures during the first half, with a basket of tracked commodities 17% higher than the same period in the prior year; these commodity prices were largely passed through to farmers, albeit with a timing difference that impacted profitability in the first half. Average milk prices increased by over 2p per litre over the period which offset the impact of higher feed prices. Average milk prices at the end of November were 33.5p per litre (November 2020: 30.5p per litre). Milk production was 1.3% lower year-on-year.

Our operational platform, with key mills close to customers in the North, Central and Southern regions, delivered the expected efficiencies and provides an effective base for future development. Investment has continued into NWF's training academy to develop our future nutritionists.

ESG framework

Development of our ESG strategy, governance and reporting framework has continued during the period. Work is being undertaken at both the Group and divisional level to set targets and

initiatives to deliver our ESG goals.

This will be reported on in greater detail at the time of the NWF's Annual Report and Accounts later in 2022.

Board changes

In line with NWF's governance policy, and as previously reported, I will be stepping down from the Board at the time of the 2022 AGM in September, having completed nine years' service with NWF. David Downie, currently Senior Independent Non-Executive Director, will be appointed as Chair at that time and Richard Armitage, currently a Non-Executive Director, will be appointed as Senior Independent Non-Executive Director. A process to recruit an additional Non-Executive Director will commence shortly, with an appointment to be made ahead of the 2022 AGM.

Outlook and future prospects

Following a very strong first half, the Group has continued to trade well since the period end. In Fuels, demand for heating oil increased as we moved into the key winter months and acquisition development activity continues. In Food, demand was greater than anticipated leading into Christmas as retailers increased stock levels and this has led to lower levels of storage. In Feeds, volumes and margin have increased as we move into the key winter months and there have been further increases in commodity prices since the period end.

Demand in our markets has continued to be resilient in spite of the challenges of Covid-19 and we continue to fully service all of our customers' needs. Our financial position is strong and we continue to focus on development opportunities, both organic and through targeted acquisitions which underpin our continued confidence in NWF's growth potential and future prospects.

We carry encouraging momentum into the seasonally busier second half and consequently the Board remains very confident in its expectations for the year as a whole. I look forward to updating shareholders later this year.



Philip Acton
Chair

1 February 2022

Condensed consolidated income statement

for the half year ended 30 November 2021 (unaudited)

	Note	Half year ended 30 November 2021 £m	Half year ended 30 November 2020 £m	Year ended 31 May 2021 £m
Revenue	3	402.6	309.4	675.6
Cost of sales and administrative expenses		(406.4)	(306.7)	(663.5)
Headline operating profit ¹		4.7	3.0	12.9
Exceptional items	4	(8.4)	(0.2)	(0.5)
Amortisation of acquired intangibles		(0.1)	(0.1)	(0.3)
Operating (loss)/profit	3	(3.8)	2.7	12.1
Finance costs	5	(0.6)	(0.7)	(1.3)
Headline profit before taxation ¹		4.3	2.5	11.9
Exceptional items	4	(8.4)	(0.2)	(0.5)
Amortisation of acquired intangibles		(0.1)	(0.1)	(0.3)
Net finance cost in respect of the defined benefit pension scheme		(0.2)	(0.2)	(0.3)
(Loss)/profit before taxation		(4.4)	2.0	10.8
Income tax expense ²	6	(0.8)	(0.4)	(3.0)
(Loss)/profit for the period attributable to equity shareholders		(5.2)	1.6	7.8
Earnings per share (pence)				
Basic	7	(10.6)	3.3	15.9
Diluted	7	(10.6)	3.3	15.9
Headline earnings per share (pence)¹				
Basic	7	7.1	4.3	20.4
Diluted	7	7.1	4.3	20.4

The notes form an integral part of this condensed consolidated Half Year Report.

1 Headline operating profit is statutory operating loss of £3.8 million (H1 2020: £2.7 million profit) before exceptional items of £8.4 million (H1 2020: £0.2 million) and amortisation of acquired intangibles of £0.1 million (H1 2020: £0.1 million). Headline profit before taxation is statutory loss before taxation of £4.4 million (H1 2020: £2.0 million profit), after adding back the net finance cost in respect of the Group's defined benefit pension scheme of £0.2 million (H1 2020: £0.2 million), the exceptional items and the amortisation of acquired intangibles. Headline earnings per share also takes into account the taxation effect thereon.

2 Taxation on exceptional items in the current period has reduced the charge by £Nil (H1 2020: £Nil).

Condensed consolidated statement of comprehensive income

for the half year ended 30 November 2021 (unaudited)

	Half year ended 30 November 2021 £m	Half year ended 30 November 2020 (Restated ¹) £m	Year ended 31 May 2021 £m
(Loss)/profit for the period attributable to equity shareholders	(5.2)	1.6	7.8
Items that will never be reclassified to profit or loss:			
Re-measurement (loss)/gain on the defined benefit pension scheme	(0.3)	—	4.0
Tax on items that will never be reclassified to profit or loss	(0.1)	(0.1)	0.1
Total comprehensive (expense)/income for the period	(5.6)	1.5	11.9

The notes form an integral part of this condensed consolidated Half Year Report.

- 1 On subsequent review of the supporting information provided for the purpose of the actuarial pension valuation as at 30 November 2020, an error was identified. The error was driven by an incorrect application of the postcode weighting methodology applied by the Scheme Actuary in the IAS 19 valuation, which impacted mortality rate assumptions. As a result of an error identified in the pension valuation as at 30 November 2020, the previously reported actuarial gain of £1.0 million on the pension scheme has been restated to £Nil. Furthermore, the previously reported tax on items that will never be reclassified to profit or loss of £0.3 million has been restated to £0.1 million. There was no impact on the condensed consolidated income statement or the condensed consolidated cash flow statement.

Condensed consolidated balance sheet

as at 30 November 2021 (unaudited)

	Note	30 November 2021 £m	30 November 2020 (Restated ^{1,2}) £m	31 May 2021 £m
Non-current assets				
Property, plant and equipment	10	45.9	48.1	47.3
Right of use assets		28.7	26.2	25.4
Intangible assets	11	22.9	31.2	30.9
		97.5	105.5	103.6
Current assets				
Inventories		8.7	6.5	6.6
Trade and other receivables	8	90.3	73.7	72.1
Current income tax asset		0.2	0.1	0.4
Cash and cash equivalents	8	0.5	3.8	4.0
Derivative financial instruments	8	0.2	0.1	0.2
		99.9	84.2	83.3
Total assets		197.4	189.7	186.9
Current liabilities				
Trade and other payables	8	(90.1)	(71.3)	(75.2)
Borrowings	8	(4.7)	(10.0)	(6.5)
Lease liabilities	8	(8.4)	(7.0)	(7.4)
Derivative financial instruments	8	(0.1)	—	(0.1)
		(103.3)	(88.3)	(89.2)
Non-current liabilities				
Borrowings	8	(3.0)	(10.0)	(3.0)
Lease liabilities	8	(20.8)	(19.0)	(18.4)
Deferred income tax liabilities ^{1,2}		(2.0)	(0.6)	(1.9)
Retirement benefit obligations ²		(14.5)	(19.7)	(14.9)
		(40.3)	(49.3)	(38.2)
Total liabilities		(143.6)	(137.6)	(127.4)
Net assets		53.8	52.1	59.5
Equity				
Share capital	9	12.3	12.3	12.3
Share premium		0.9	0.9	0.9
Retained earnings		40.6	38.9	46.3
Total equity		53.8	52.1	59.5

The notes form an integral part of this condensed consolidated Half Year Report.

- £4.1 million of deferred tax assets, recognised within non-current assets, have been reclassified to non-current liabilities and offset against £4.9 million of deferred tax liabilities in the period ended 30 November 2020. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority. The impact on the balance sheet as at 30 November 2019 would be to reclassify £2.9 million of deferred tax assets, recognised within non-current assets, to non-current liabilities and offset against £3.6 million of deferred tax liabilities.
- On subsequent review of the supporting information provided for the purpose of the actuarial pension valuation as at 30 November 2020, an error was identified. The error was driven by an incorrect application of the postcode weighting methodology applied by the Scheme Actuary in the IAS 19 valuation, which impacted mortality rate assumptions. The impact of the error was an understatement of the present value of the scheme obligations, as at 30 November 2020, by £1.0 million. As a result, the post-employment benefit obligations as at 30 November 2020 have been restated to £19.7 million liability (compared to a reported liability of £18.7 million) and the associated deferred tax asset has been restated, an increase of £0.2 million, which has been offset against £4.9 million of deferred tax liabilities. Both retained earnings and net assets should have been £0.8 million lower. The error had no impact on the condensed consolidated income statement or the condensed consolidated cash flow statement.

Condensed consolidated statement of changes in equity

for the half year ended 30 November 2021 (unaudited)

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 June 2020	12.2	0.9	38.0	51.1
Profit for the period	—	—	1.6	1.6
Items that will never be reclassified to profit or loss:				
Tax on items that will never be reclassified to profit or loss ¹	—	—	(0.1)	(0.1)
Total comprehensive income for the period	—	—	1.5	1.5
Transactions with owners:				
Issue of shares	0.1	—	(0.1)	—
Value of employee services	—	—	(0.5)	(0.5)
	0.1	—	(0.6)	(0.5)
Balance at 30 November 2020 (restated¹)	12.3	0.9	38.9	52.1
Profit for the period	—	—	6.2	6.2
Items that will never be reclassified to profit or loss:				
Re-measurement gain on the defined benefit pension scheme	—	—	4.0	4.0
Tax on items that will never be reclassified to profit or loss	—	—	0.2	0.2
Total comprehensive income for the period	—	—	10.4	10.4
Transactions with owners:				
Dividend paid	—	—	(3.4)	(3.4)
Credit to equity for equity-settled share-based payments	—	—	0.4	0.4
	—	—	(3.0)	(3.0)
Balance at 31 May 2021	12.3	0.9	46.3	59.5
Loss for the period	—	—	(5.2)	(5.2)
Items that will never be reclassified to profit or loss:				
Re-measurement loss on the defined benefit pension scheme	—	—	(0.3)	(0.3)
Tax on items that will never be reclassified to profit or loss	—	—	(0.1)	(0.1)
Total comprehensive expense for the period	—	—	(5.6)	(5.6)
Transactions with owners:				
Value of employee services	—	—	(0.1)	(0.1)
	—	—	(0.1)	(0.1)
Balance at 30 November 2021	12.3	0.9	40.6	53.8

The notes form an integral part of this condensed consolidated Half Year Report.

¹ On subsequent review of the supporting information provided for the purpose of the actuarial pension valuation as at 30 November 2020, an error was identified. The error was driven by an incorrect application of the postcode weighting methodology applied by the Scheme Actuary in the IAS 19 valuation, which impacted mortality rate assumptions. As a result of an error identified in the pension valuation as at 30 November 2020, the previously reported actuarial gain of £1.0 million on the pension scheme has been restated to £Nil. Furthermore, the previously reported tax on items that will never be reclassified to profit or loss of £0.3 million has been restated to £0.1 million. There was no impact on the condensed consolidated income statement or the condensed consolidated cash flow statement.

Condensed consolidated cash flow statement

for the half year ended 30 November 2021 (unaudited)

	Half year ended 30 November 2021 £m	Half year ended 30 November 2020 £m	Year ended 31 May 2021 £m
Cash flows from operating activities			
Operating (loss)/profit	(3.8)	2.7	12.1
Adjustments for:			
Depreciation and amortisation	6.9	6.4	12.9
Impairment of intangible assets	7.9	—	—
Impairment of property, plant and equipment	0.5	—	—
Profit on disposal of fixed assets	(0.1)	—	—
Fair value profit on financial derivative	—	—	(0.1)
Share-based payment expense	—	—	0.4
Value of employee services	(0.1)	(0.5)	(0.5)
Contributions to pension scheme not recognised in income statement	(0.8)	(1.5)	(2.4)
Operating cash flows before movements in working capital	10.5	7.1	22.4
Movements in working capital:			
Increase in inventories	(2.1)	(1.8)	(1.9)
Increase in receivables	(18.2)	(17.0)	(15.3)
Increase in payables	14.9	15.7	19.6
Net cash generated from operations	5.1	4.0	24.8
Interest paid	(0.4)	(0.5)	(1.0)
Income tax paid	(0.7)	(1.4)	(2.8)
Net cash generated from operating activities	4.0	2.1	21.0
Cash flows from investing activities			
Purchase of intangible assets	(0.1)	(0.1)	(0.1)
Purchase of property, plant and equipment	(1.4)	(1.8)	(2.9)
Acquisition of subsidiaries – cash paid (net of cash acquired)	—	(1.1)	(1.1)
Proceeds on sale of property, plant and equipment	0.1	0.1	—
Net cash absorbed by investing activities	(1.4)	(2.9)	(4.1)
Cash flows from financing activities			
(Decrease)/increase in bank borrowings	(1.8)	2.7	(7.7)
Capital element of leases	(4.3)	(3.4)	(7.1)
Dividends paid	—	—	(3.4)
Net cash absorbed by financing activities	(6.1)	(0.7)	(18.2)
Net movement in cash and cash equivalents	(3.5)	(1.5)	(1.3)
Cash and cash equivalents at beginning of period	4.0	5.3	5.3
Cash and cash equivalents at end of period	0.5	3.8	4.0

The notes form an integral part of this condensed consolidated Half Year Report.

Notes to the condensed consolidated half year report

for the half year ended 30 November 2021 (unaudited)

1. General information

NWF Group plc (the Company) is a public limited company incorporated and domiciled in England, United Kingdom, under the Companies Act 2006. The address of its registered office is NWF Group plc, Wardle, Nantwich, Cheshire CW5 6BP.

The Company has its primary listing on AIM, part of the London Stock Exchange.

These condensed consolidated interim financial statements ('interim financial statements') were approved by the Board for issue on 1 February 2022.

These interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial statements for the half years ended 30 November 2021 and 30 November 2020 are neither audited nor reviewed by the Company's auditors. Statutory accounts for the year ended 31 May 2021 were approved by the Board of Directors on 3 August 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of preparation and accounting policies

Except as described below, these interim financial statements have been prepared in accordance with the principal accounting policies used in the Group's consolidated financial statements for the year ended 31 May 2021. These interim financial statements should be read in conjunction with those consolidated financial statements, which have been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006 and the international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

These interim financial statements do not fully comply with IAS 34 'Interim Financial Reporting', as is currently permissible under the rules of AIM.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The triennial actuarial valuation of the Group's defined benefit pension scheme was completed during the half year ended 30 November 2020, with a deficit of £16.2 million at the valuation date of 31 December 2019. In these interim financial statements, this liability has been updated in order to derive the IAS 19R valuation as of 30 November 2021. The triennial valuation resulted in Group contributions of £2.1 million per annum, including recovery plan payments of £1.8 million per annum for financial years ending 31 May 2021 and 31 May 2022. From 1 June 2022 to 31 December 2027 recovery plan payments of £2.1 million per annum will be paid. In addition, from 1 January 2022 a percentage increase based on total dividend growth over £3.1 million will be paid.

On subsequent review of the supporting information provided for the purpose of the actuarial pension valuation as at 30 November 2020, an error was identified. The error was driven by an incorrect application of the postcode weighting methodology applied by the Scheme Actuary in the IAS 19 valuation, which impacted mortality rate assumptions. The impact of the error was an understatement of the present value of the scheme obligations, as at 30 November 2020, by £1.0 million. As a result, the post-employment benefit obligations as at 30 November 2020 have been restated to £19.7 million liability (compared to a reported liability of £18.7 million) and the associated deferred tax asset has been restated, an increase of £0.2 million, which has been offset against £4.9 million of deferred tax liabilities. Both retained earnings and net assets should have been £0.8 million lower. The error had no impact on the condensed consolidated income statement or the condensed consolidated cash flow statement.

The Directors consider that headline operating profit, headline profit before taxation, headline earnings per share and headline EBITDA measures, referred to in these interim financial statements, provide useful information for shareholders on underlying trends and performance.

Headline operating profit is reported operating profit after adding back exceptional items and amortisation of acquired intangibles. Headline profit before taxation is reported profit before taxation, after adding back the net finance cost in respect of the Group's defined benefit pension scheme, amortisation of acquired intangibles, exceptional items and the taxation effect thereon where relevant. Headline EBITDA refers to reported operating profit after adding back exceptional items and amortisation of acquired intangibles. The headline EBITDA calculation excludes the impact of IFRS 16 depreciation.

The calculations of basic and diluted headline earnings per share are shown in note 7 of these interim financial statements.

The Group's income statement separately identifies exceptional items. Such items are those that, in the Directors' judgement, are one-off in nature or non-operating and need to be disclosed separately by virtue of their size or incidence and may include, but are not limited to, restructuring costs, acquisition-related costs, costs of implementing new systems, asset impairment and income from legal settlements. In determining whether an item should be disclosed as an exceptional item, the Directors consider qualitative as well as quantitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board. Disclosing exceptional items separately provides additional understanding of the performance of the Group.

The Group tests annually for impairment, or at the end of each reporting date if there is any indication that an asset may be impaired. This involves using key judgements including estimates of future business performance and cash generation, discount rates and long-term growth rates.

Notes to the condensed consolidated half year report continued

for the half year ended 30 November 2021 (unaudited)

2. Basis of preparation and accounting policies continued

The recoverable amounts of CGUs are determined using value in use calculations. The value in use calculations use post-tax cash flow projections based on the Board-approved budget for the year ending 31 May 2022 and four years of divisional strategic plans thereafter. Subsequent cash flows are extrapolated using an estimated growth rate of 2%. For the reporting period ended 30 November 2021, the key assumptions used in these base case projections have been updated.

Certain statements in these interim financial statements are forward-looking. The terms 'expect', 'anticipate', 'should be', 'will be' and similar expressions identify forward-looking statements. Although the Board of Directors believes that the expectations reflected in these forward-looking statements are reasonable, such statements are subject to a number of risks and uncertainties and actual results and events could differ materially from those expressed or implied by these forward-looking statements.

Based on financial performance to date and forecasts along with the available banking facilities, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The Board has prepared cash flow forecasts for the period to 31 May 2023. Under this base case scenario, the Group is expected to continue to have significant headroom relative to the funding available to it and to comply with its banking covenants.

The Board has also considered a severe downside scenario based on a significant and sustained reduction in Fuels' profitability alongside underperformance in Food and Feeds. This downside scenario excludes any mitigating actions that the Board would be able to take to reduce costs. Under this scenario, the Group would still expect to have sufficient headroom in its financing facilities.

Accordingly, the Directors, having made suitable enquiries, and based on financial performance to date and forecasts along with the available banking facilities, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

3. Segment information

The chief operating decision-maker has been identified as the Board of Directors (the Board'). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined that the operating segments, based on these reports, are Fuels, Food and Feeds.

The Board considers the business from a product/services perspective. In the Board's opinion, all of the Group's operations are carried out in the same geographical segment, namely the UK.

The nature of the products/services provided by the operating segments are summarised below:

- Fuels** – sale and distribution of domestic heating, industrial and road fuels
- Food** – warehousing and distribution of clients' ambient grocery and other products to supermarket and other retail distribution centres
- Feeds** – manufacture and sale of animal feeds and other agricultural products

Segment information about the above businesses is presented below.

The Board assesses the performance of the operating segments based on a measure of headline operating profit. Finance income and costs are not included in the segment results which are assessed by the Board. Other information provided to the Board is measured in a manner consistent with that in the financial statements.

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets exclude current income tax assets and cash and cash equivalents. Segment liabilities exclude deferred income tax liabilities, borrowings and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

3. Segment information continued

Half year ended 30 November 2021	Note	Fuels £m	Food £m	Feeds £m	Group £m
Revenue					
Total revenue		290.0	31.4	84.8	406.2
Inter-segment revenue		(3.5)	(0.1)	—	(3.6)
Revenue		286.5	31.3	84.8	402.6
Result					
Headline operating profit/(loss)		3.6	1.5	(0.4)	4.7
Segment exceptional item	4	—	—	(8.4)	(8.4)
Amortisation of acquired intangibles		(0.1)	—	—	(0.1)
Operating loss as reported					(3.8)
Finance costs	5				(0.6)
Loss before taxation					(4.4)
Income tax expense	6				(0.8)
Loss for the period					(5.2)
Other information					
Depreciation and amortisation		2.4	3.0	1.5	6.9
Fixed asset additions		0.4	0.4	0.6	1.4

Notes to the condensed consolidated half year report continued

for the half year ended 30 November 2021 (unaudited)

3. Segment information continued

As at 30 November 2021		Fuels £m	Food £m	Feeds £m	Group £m
Balance sheet					
Assets					
Segment assets		95.4	50.0	51.3	196.7
Current income tax assets					0.2
Cash and cash equivalents					0.5
Consolidated total assets					197.4
Liabilities					
Segment liabilities		(78.6)	(21.4)	(19.4)	(119.4)
Deferred income tax liabilities					(2.0)
Borrowings					(7.7)
Retirement benefit obligations					(14.5)
Consolidated total liabilities					(143.6)
Revenue					
Half year ended 30 November 2020	Note	Fuels £m	Food £m	Feeds £m	Group £m
Total revenue		208.3	27.6	76.2	312.1
Inter-segment revenue		(2.6)	(0.1)	—	(2.7)
Revenue		205.7	27.5	76.2	309.4
Result					
Headline operating profit		1.9	0.5	0.6	3.0
Segment exceptional item	4	(0.1)	—	—	(0.1)
Group exceptional item	4				(0.1)
Amortisation of acquired intangibles		(0.1)	—	—	(0.1)
Operating profit as reported					2.7
Finance costs	5				(0.7)
Profit before taxation					2.0
Income tax expense	6				(0.4)
Profit for the period					1.6
Other information					
Depreciation and amortisation		2.0	2.9	1.5	6.4
Fixed asset additions		0.7	0.8	0.3	1.8

3. Segment information continued

As at 30 November 2020 (restated ^{1,2})		Fuels £m	Food £m	Feeds £m	Group £m
Balance sheet					
Assets					
Segment assets		79.7	48.3	57.8	185.8
Current income tax assets					0.1
Cash and cash equivalents					3.8
Consolidated total assets					189.7
Liabilities					
Segment liabilities		(58.6)	(20.5)	(18.2)	(97.3)
Deferred income tax liabilities ^{1,2}					(0.6)
Borrowings					(20.0)
Retirement benefit obligations ²					(19.7)
Consolidated total liabilities					(137.6)
Year ended 31 May 2021	Note	Fuels £m	Food £m	Feeds £m	Group £m
Revenue					
Total revenue		453.9	54.9	173.0	681.8
Inter-segment revenue		(6.1)	(0.1)	—	(6.2)
Revenue		447.8	54.8	173.0	675.6
Result					
Headline operating profit		9.3	1.9	1.7	12.9
Segment exceptional item	4	(0.1)	—	(0.2)	(0.3)
Group exceptional item	4				(0.2)
Amortisation of acquired intangibles		(0.3)	—	—	(0.3)
Operating profit as reported					12.1
Finance costs	5				(1.3)
Profit before taxation					10.8
Income tax expense	6				(3.0)
Profit for the year					7.8
Other information					
Depreciation and amortisation		4.3	5.6	3.0	12.9
Fixed asset additions		1.0	1.1	0.8	2.9

1 £4.1 million of deferred tax assets, recognised within non-current assets, have been reclassified to non-current liabilities and offset against £4.9 million of deferred tax liabilities in the period ended 30 November 2020. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority.

2 On subsequent review of the supporting information provided for the purpose of the actuarial pension valuation as at 30 November 2020, an error was identified. The error was driven by an incorrect application of the postcode weighting methodology applied by the Scheme Actuary in the IAS 19 valuation, which impacted mortality rate assumptions. The impact of the error was an understatement of the present value of the scheme obligations, as at 30 November 2020, by £1.0 million. As a result, the post-employment benefit obligations as at 30 November 2020 have been restated to £19.7 million liability (compared to a reported liability of £18.7 million) and the associated deferred tax asset has been restated, an increase of £0.2 million, which has been offset against £4.9 million of deferred tax liabilities. Both retained earnings and net assets should have been £0.8 million lower. The error had no impact on the condensed consolidated income statement or the condensed consolidated cash flow statement.

Notes to the condensed consolidated half year report continued

for the half year ended 30 November 2021 (unaudited)

3. Segment information continued

As at 31 May 2021	Fuels £m	Food £m	Feeds £m	Group £m
Balance sheet				
Assets				
Segment assets	80.7	45.8	56.0	182.5
Current income tax assets				0.4
Cash at bank and in hand				4.0
Consolidated total assets				186.9
Liabilities				
Segment liabilities	(63.6)	(17.5)	(20.0)	(101.1)
Deferred income tax liabilities				(1.9)
Borrowings				(9.5)
Retirement benefit obligations				(14.9)
Consolidated total liabilities				(127.4)

4. Profit before taxation – exceptional items

	Half year ended 30 November 2021 £m	Half year ended 30 November 2020 £m	Year ended 31 May 2021 £m
Impairment of goodwill and other intangible assets	7.9	—	—
Impairment of property, plant and equipment	0.5	—	—
Acquisition-related costs	—	0.1	0.2
Cyber-related costs	—	0.1	0.7
Insurance reclaim credit	—	—	(0.4)
Exceptional costs	8.4	0.2	0.5

Impairment of goodwill and other intangible assets – Performance in Feeds is below historical levels, driven predominantly by lower volumes, and consequently a detailed impairment review has been performed at the reporting period end.

The value in use calculations performed for the year ended 31 May 2021 used post-tax cash flow projections based on the Board-approved budget for the year ending 31 May 2022 and four years of divisional strategic plans thereafter. Subsequent cash flows were extrapolated using an estimated growth rate of 2%. For the reporting period ended 30 November 2021, the key assumptions used in these base case projections have been updated to reflect a slower speed of recovery, and future growth, of volume.

As a result, a total impairment loss of £7.9 million has been recognised for the Feeds reporting segment, reducing the carrying amount of the goodwill and other intangible assets to £4.4 million; see note 11.

Impairment of property, plant and equipment – The impairment of various items of plant and machinery in the Feeds segment which are no longer in use and deemed obsolete; see note 10.

Acquisition-related costs – Prior period acquisition-related costs comprise professional fees and other costs in relation to the integration and hive-up of acquisitions made during the year ended 31 May 2021.

Cyber-related costs – Prior period cyber-related costs comprise certain insurance excesses on the Group's cyber insurance policy, and other rebuild, business interruption and professional service costs, which were incurred during the year ended 31 May 2021 as a result of the cyber incident announced on 2 November 2020.

Insurance reclaim credit – The prior period insurance reclaim comprises amounts reimbursed through the Group's insurer, in respect of costs incurred as a result of the cyber incident. Further reimbursements of £0.4 million have been received after the reporting date in respect of cyber costs incurred but were not virtually certain at the balance sheet date and therefore have not been recognised as at 30 November 2021.

5. Finance costs

	Half year ended 30 November 2021 £m	Half year ended 30 November 2020 £m	Year ended 31 May 2021 £m
Interest on bank loans and overdrafts	0.2	0.3	0.5
Finance costs on lease liabilities relating to IFRS 16	0.2	0.2	0.5
Net finance cost in respect of the defined benefit pension scheme	0.2	0.2	0.3
Total finance costs	0.6	0.7	1.3

6. Income tax expense

The income tax expense for the half year ended 30 November 2021 is based upon management's best estimate of the weighted average annual tax rate (before impairment-related exceptional costs) expected for the full financial year ending 31 May 2022 of 21.0% (H1 2020: 21.0%). £8.4 million of exceptional costs relating to the impairment of goodwill, other intangible assets and property, plant and equipment have been identified as expenses not deductible for tax purposes in the income tax provision estimate calculated at the reporting date.

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	Half year ended 30 November 2021 £m	Half year ended 30 November 2020 £m	Year ended 31 May 2021 £m
Earnings			
Earnings for the purposes of basic and diluted earnings per share, being profit for the period attributable to equity shareholders	(5.2)	1.6	7.8

	Half year ended 30 November 2021 '000	Half year ended 30 November 2020 '000	Year ended 31 May 2021 '000
Number of shares			
Weighted average number of shares for the purposes of basic earnings per share	49,084	48,914	48,940
Weighted average dilutive effect of conditional share awards (note 9)	51	90	194
Weighted average number of shares for the purposes of diluted earnings per share	49,135	49,004	49,134

The calculation of basic and diluted headline earnings per share is based on the following data:

	Half year ended 30 November 2021 £m	Half year ended 30 November 2020 £m	Year ended 31 May 2021 £m
(Loss)/profit for the period attributable to equity shareholders	(5.2)	1.6	7.8
Add back:			
Net finance cost in respect of the defined benefit pension scheme	0.2	0.2	0.3
Exceptional items	8.4	0.2	0.5
Exceptional impact of remeasuring deferred tax balances	—	—	1.3
Amortisation of acquired intangibles	0.1	0.1	0.3
Tax effect of the above	—	—	(0.2)
Headline earnings	3.5	2.1	10.0

Notes to the condensed consolidated half year report continued

for the half year ended 30 November 2021 (unaudited)

8. Financial instruments

The Group's financial instruments comprise cash, bank overdrafts, invoice discounting advances, lease liabilities, commodity derivatives and various items such as receivables and payables, which arise from its operations. All financial instruments in 2021 and 2020 were denominated in Sterling. There is no significant foreign exchange risk in respect of these instruments.

The carrying amounts of all of the Group's financial instruments are measured at amortised cost in the financial statements, with the exception of derivative financial instruments being forward supply contracts. Derivative financial instruments are measured at fair value subsequent to initial recognition.

IFRS 13 (amended) 'Financial Instruments: Disclosures' requires disclosure of financial instruments measured at fair value, grouped into Levels 1 to 3 below, based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1 above, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's derivative financial instruments were classified as Level 2 in the current and prior periods. There were no transfers between levels in both the current and prior periods.

The book and fair values of financial assets are as follows:

	30 November 2021 £m	30 November 2020 £m	31 May 2021 £m
Total book and fair value			
Trade and other receivables	90.3	73.7	72.1
Financial assets carried at amortised cost: cash and cash equivalents	0.5	3.8	4.0
Financial assets carried at fair value: derivatives	0.2	0.1	0.2
Financial assets	91.0	77.6	76.3

The book and fair values of financial liabilities are as follows:

	30 November 2021 £m	30 November 2020 £m	31 May 2021 £m
Total book and fair value			
Financial liabilities carried at amortised cost:			
Trade and other payables	90.1	71.3	75.2
Floating rate invoice discounting advances	4.7	10.0	6.5
Lease liabilities repayable within one year	8.4	7.0	7.4
Financial liabilities carried at fair value: derivatives	0.1	—	0.1
	103.3	88.3	89.2
Revolving credit facility	3.0	10.0	3.0
Lease liabilities repayable after one year	20.8	19.0	18.4
	23.8	29.0	21.4
Financial liabilities	127.1	117.3	110.6

9. Share capital

	Number of shares '000	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 31 May 2020	48,750	12.2
Issue of shares (see below)	254	0.1
Balance at 30 November 2020	49,004	12.3
Issue of shares	—	—
Balance at 31 May 2021	49,004	12.3
Issue of shares (see below)	130	—
Balance at 30 November 2021	49,134	12.3

During the half year ended 30 November 2021, 130,198 shares (H1 2020: 253,524) with an aggregate nominal value of £32,550 (H1 2020: £63,381) were issued under the Company's conditional Performance Share Plan.

The maximum total number of ordinary shares that may vest in the future in respect of conditional Performance Share Plan awards outstanding at 30 November 2021 amounted to 1,386,289 (H1 2020: 1,400,421) shares. These shares will only be issued subject to satisfying certain performance criteria.

Notes to the condensed consolidated half year report continued

for the half year ended 30 November 2021 (unaudited)

10. Property, plant and equipment

	Freehold land and buildings £m	Long leasehold land and buildings £m	Plant and machinery £m	Cars and commercial vehicles £m	Total £m
Cost					
At 1 June 2020	37.9	2.7	31.0	6.6	78.2
Additions	—	0.4	1.2	0.2	1.8
Disposals	—	—	—	(1.0)	(1.0)
At 1 December 2020	37.9	3.1	32.2	5.8	79.0
Additions	—	—	1.3	—	1.3
Transfers in from right of use asset	—	—	—	0.6	0.6
Disposals	—	—	(0.9)	(0.1)	(1.0)
At 1 June 2021	37.9	3.1	32.6	6.3	79.9
Additions	0.3	—	1.0	0.1	1.4
Transfers in from right of use asset	—	—	—	0.1	0.1
Impairment charge	—	—	(1.1)	—	(1.1)
Disposals	—	—	—	(0.9)	(0.9)
At 30 November 2021	38.2	3.1	32.5	5.6	79.4
Accumulated depreciation					
At 1 June 2020	11.8	0.3	14.8	2.8	29.7
Depreciation charge for the period	0.4	—	1.1	0.6	2.1
Disposals	—	—	—	(0.9)	(0.9)
At 1 December 2020	12.2	0.3	15.9	2.5	30.9
Depreciation charge for the period	0.4	0.1	1.3	0.6	2.4
Transfers in from right of use asset	—	—	—	0.2	0.2
Disposals	—	—	(0.9)	—	(0.9)
At 1 June 2021	12.6	0.4	16.3	3.3	32.6
Depreciation charge for the period	0.5	0.1	1.3	0.4	2.3
Transfers in from right of use asset	—	—	—	—	—
Impairment charge	—	—	(0.6)	—	(0.6)
Disposals	—	—	—	(0.8)	(0.8)
At 30 November 2021	13.1	0.5	17.0	2.9	33.5
Carrying amount					
At 30 November 2021	25.1	2.6	15.5	2.7	45.9
At 31 May 2021	25.3	2.7	16.3	3.0	47.3
At 30 November 2020	25.7	2.8	16.3	3.3	48.1

During the period ended 30 November 2021, the Group has recognised a £0.5 million impairment of plant and machinery now deemed obsolete within the Feeds segment following a decision to cease compound feed manufacture at its Aspatria site. The charge has been included within administrative expenses in the condensed consolidated income statement and recognised as an exceptional cost in the period (note 4).

11. Intangible assets

	Goodwill £m	Computer software £m	Customer relationships £m	Brands £m	Total £m
Cost					
At 1 June 2020	28.1	6.7	2.2	1.4	38.4
Additions	0.1	—	—	—	0.1
At 1 December 2020	28.2	6.7	2.2	1.4	38.5
Additions	—	0.1	—	—	0.1
At 1 June 2021	28.2	6.8	2.2	1.4	38.6
Additions	—	0.1	—	—	0.1
Impairment charge	(7.5)	(0.2)	—	(0.4)	(8.1)
At 30 November 2021	20.7	6.7	2.2	1.0	30.6
Accumulated amortisation					
At 1 June 2020	0.6	5.6	0.2	0.6	7.0
Amortisation charge for the period	—	0.2	0.1	—	0.3
At 1 December 2020	0.6	5.8	0.3	0.6	7.3
Amortisation charge for the period	—	0.2	0.1	0.1	0.4
At 1 June 2021	0.6	6.0	0.4	0.7	7.7
Amortisation charge for the period	—	0.1	0.1	—	0.2
Impairment charge	—	—	—	(0.2)	(0.2)
At 30 November 2021	0.6	6.1	0.5	0.5	7.7
Carrying amount					
At 30 November 2021	20.1	0.6	1.7	0.5	22.9
At 31 May 2021	27.6	0.8	1.8	0.7	30.9
At 30 November 2020	27.6	0.9	1.9	0.8	31.2

Amortisation and impairment charges have been charged to administrative expenses in the condensed consolidated income statement. Impairment charges have been recognised as an exceptional cost in the period (note 4).

Customer relationships

Customer relationships are allocated as follows:

	30 November 2021 £m	30 November 2020 £m	31 May 2021 £m
Fuels	1.7	1.9	1.8

Brands

Brands are allocated as follows:

	30 November 2021 £m	30 November 2020 £m	31 May 2021 £m
Feeds	—	0.2	0.2
Fuels	0.5	0.6	0.5
	0.5	0.8	0.7

Notes to the condensed consolidated half year report continued

for the half year ended 30 November 2021 (unaudited)

11. Intangible assets continued

Goodwill

Goodwill acquired is allocated, at acquisition, to cash-generating units ('CGUs') that are expected to benefit from that business combination. The carrying value of goodwill is allocated as follows:

	30 November 2021 £m	30 November 2020 £m	31 May 2021 £m
Feeds	4.4	11.9	11.9
Fuels	15.7	15.7	15.7
	20.1	27.6	27.6

The Group tests annually for impairment of goodwill, or more frequently if there are indications that goodwill may be impaired. The recoverable amounts of CGUs are determined using value in use calculations. These value in use calculations are based on Board-approved budgets and four years of divisional strategic plans thereafter. Cash flows beyond the five-year period are extrapolated using the estimated growth rate detailed below.

The Group identifies its CGUs as the smallest identifiable group of assets that generate cash inflows, and which are largely independent of the cash inflows of the other assets or groups of assets. CGU specific discount rates are applied in each of the impairment tests as the principal risks and uncertainties associated with each CGU may vary as they operate in different industries and as such Group risks may impact each CGU differently.

Feeds

The Feeds goodwill impairment test is performed based on the aggregate value in use calculations for the group of CGUs making up this reporting segment. In line with IAS 36, these units represent the lowest level within the Group at which goodwill is monitored for internal management purposes and this group of units is not larger than the operating segment before aggregation.

Current performance in the Feeds segment is below historical levels, driven predominantly by lower volumes, and consequently a detailed impairment review has been performed at the reporting period end.

The value in use calculations performed for the year ended 31 May 2021 used post-tax cash flow projections based on the Board-approved budget for the year ending 31 May 2022 and four years of divisional strategic plans thereafter. Subsequent cash flows were extrapolated using an estimated growth rate of 2%. For the reporting period ended 30 November 2021, the key assumptions used in these base case projections have been updated to reflect a slower speed of recovery, and future growth, of volume.

As a result, a goodwill and brand impairment loss of £7.7 million has been recognised for the Feeds aggregated CGUs, reducing the carrying amount of the goodwill and brands for this CGU to £4.4 million. A further £0.2 million of computer software has been separately identified as obsolete and written off during the period.

The rate used to discount the projected cash flows, equating to the pre-tax discount rates based on comparative businesses, was 10.46% (31 May 2020: 10.80%).

Fuels

No indicators for impairment of the Fuels CGU have been identified. As a result, management has not updated the impairment calculation in respect of this CGU.

12. Post balance sheet event

On 21 December 2021 the Group received a £0.4 million reimbursement in respect of the remaining unsettled claim from its insurer in relation to the cyber incident announced on 2 November 2020.

13. Half Year Report

Copies of this Half Year Report are due to be sent to shareholders on 15 February 2022. Further copies may be obtained from the Company Secretary at NWF Group plc, Wardle, Nantwich, Cheshire CW5 6BP, or from the Company's website at www.nwf.co.uk.

2022 financial calendar

Interim dividend paid	3 May 2022
Financial year end	31 May 2022
Full year results announcement	Early August 2022
Publication of Annual Report and Accounts	Late August 2022
Annual General Meeting	29 September 2022
Final dividend paid	Early December 2022

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