NWF GROUP PLC

Skilled for growth

NWF Group plc
Annual Report and Accounts 2023

NWF Group is a specialist distributor of fuels, food and feeds across the UK.

Our people are highly skilled and focused on delivering for our customers across all divisions.

Skilled for growth

Fuels
Read more on **page 10**

Food
Read more on ***page 14***

Feeds
Read more on ***page 18***

Divisional highlights

"Fuels' resilient performance was delivered by meeting customers' needs through a period of continued significant price volatility and some localised shortages of fuels."

Dave Walmsley
Managing Director, Fuels

"Food delivered a strong performance improvement as a result of increased outloads and associated backhaul work, fully utilised warehouses throughout the year and improved efficiency levels."

Angela Carus
Managing Director, Food

"The outstanding performance improvement has been driven by farmers utilising nutritional advice to optimise diets and added value products to benefit from a record high milk price."

Andrew Downie
Managing Director, Feeds

Financial highlights for the year ended 31 May 2023

Revenue
£1,053.9m

+20.0%

23	1,053.9
22	878.6
21	675.6

Total dividend per share
7.8p

+4.0%

23	7.8
22	7.5
21	7.2

Diluted headline EPS[1]
31.4p

-9.8%

23	31.4
22	34.8
21	20.4

Headline profit before tax[1]
£19.6m

-6.2%

23	19.6
22	20.9
21	11.9

Headline operating profit[1]
£21.0m

-3.7%

23	21.0
22	21.8
21	12.9

Net cash/(debt)[2]
£16.3m

23	16.3
22	9.0
21	(5.7)

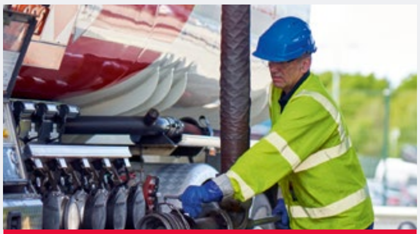
1 Headline operating profit excludes exceptional items and amortisation of acquired intangibles. Headline profit before taxation excludes exceptional items, amortisation of acquired intangibles and the net finance cost in respect of the Group's defined benefit pension scheme. Diluted headline earnings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

2 Net cash/(debt) excluding IFRS 16 lease liabilities.

Contents

Specialist distribution across the UK

What we do



Fuels

National depot network

NWF Fuels is a leading distributor of fuel oil and fuel cards delivering over 636 million litres across the UK to 100,000 customers.

Headline operating profit

£12.9m

-25.0%

Read more on **pages 10 to 13**

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

£4.2m

+50.0%

Read more on **pages 14 to 17**

Feeds

Focus on nutrition

NWF Agriculture has grown to be a leading national supplier of ruminant animal feed to 4,132 customers in the UK, feeding one in six dairy cows in Britain.

Headline operating profit

£3.9m

+116.7%

Read more on **pages 18 to 21**

Our strategic objectives

Read more on **pages 31 to 42**

Ambitions and commitments by 2025

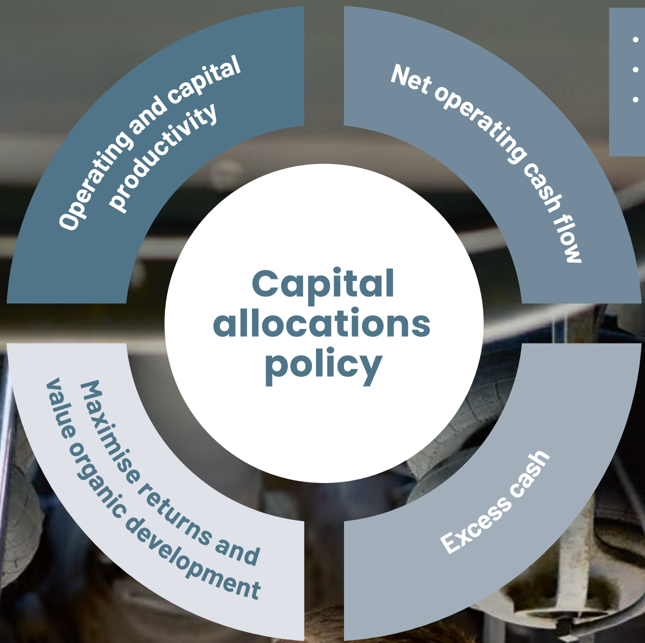
Embed a behavioural safety approach to encourage positive open dialogue about safety in all our operations.

Improve standards and policies, risk assessments and collaboration with our supply chain to maximise positive impacts for our stakeholders.

Broaden our training and professional development programmes and wider employee wellness initiatives.

Continue to invest in latest truck technology and fuel sources, and plan for renewable energy transition.

How we do it



- Maintenance capital
- Strong balance sheet
- Minimum 50% payout ratio dividend

- Acquisitions and new developments
- Additional dividend amounts
- Share buy-backs
- Appropriate bank debt

Investment case

Strong management team
Solid track record with ambition
7
Fuels acquisitions since 2019

Growth opportunities
Consolidate and optimise
1
clear strategy

Asset backing
Strong balance sheet
£217.6m
total assets (2022: 213.9m)

Focus on returns
Return on capital employed is a key metric
27.6%
headline ROCE (2022: 30.3%)

Good cash generation
£32 million of cash generated from operating activities
107.6%
cash conversion (2022: 97.7%)

Growing dividend
Increased dividend for 11 consecutive years
7.8p
total dividend per share (2022: 7.5p)

A skilled team delivering continued growth

"I would like to offer my personal thanks to all our employees for their outstanding efforts and commitment to the Group over the last year."

Philip Acton
Non-Executive Chair

Summary

- Very strong results for the Group in spite of inflationary and cost-of-living challenges.
- Continued increase in shareholder returns; proposed increase in the total dividend of 4.0% to 7.8p per share, reflecting the strong performance and the Board's confidence in the prospects of the business.

Total dividend per share

7.8p

(2022: 7.5p)

Overview

I am pleased to report another year of significant progress for the Group, exceeding the market expectations that were established at the start of the financial year. In a year with significant challenges from inflationary pressures and the cost-of-living crisis, it has been particularly positive to deliver strong performances from all three divisions.

As a consequence of the continued progress achieved, the Group's strong cash generation and the growing confidence in the Group's future prospects, the Board is recommending a final dividend of 6.8p per share, to be paid to shareholders on 8 December 2023 (2022: 6.5p), giving a total dividend of 7.8p per share (2022: 7.5p), which represents a 4.0% increase on the prior year. This is the twelfth year that the Group has increased the dividend, highlighting continual sustained improvements in performance.

Our business

NWF is a specialist distributor delivering fuel, food and feed across the UK. Each of our trading divisions has scale and good market position and is profitable and cash-generative. Each division trades under different brands with their own brand architecture as follows:

- **Fuels** NWF Fuels (including a number of local sub-brands)
- **Food** Boughey
- **Feeds** NWF Agriculture, SC Feeds, New Breed and Jim Peet

Key areas of focus for the Board in 2023

Responding proactively to market conditions

The Group has responded well to challenging market conditions throughout the year. Inflation has been one of the most significant challenges and as a specialist distributor it is critical that we operate efficiently, provide a high level of service and effectively pass through inflationary costs, which all divisions have achieved. The UK experienced localised shortages for fuel supplies, particularly in the autumn and winter months. We have been able to mitigate this through our national supply agreements and the ability to move fuel around the country demonstrating the value of our depot network, to ensure we maintained service to our customers. The cost-of-living crisis impacted consumers and we expect some of the volume decline in heating oil was a result of consumers trying to use less energy, albeit the majority of the volume reduction was a consequence of the mild winter. Volume in Food and Feeds was not impacted by the market conditions as the demand for ambient groceries was robust as was the case for milk and dairy products, which are basic necessities.

Read more about our ESG ambitions on ***pages 31 to 42***

Read more on Section 172(1) Statement on ***page 48***

Delivering on strategy

The Group has a clearly articulated strategy which has a focus on expanding the Fuel depot network through acquisitions, consolidating a fragmented market. Two acquisitions have been completed in the last twelve months and there is a strong and active pipeline of opportunities. In Food, following the successful expansion with the Crewe warehouse, we continue to evaluate the opportunities to further expand our business with additional warehousing space backed by customer contracts. In Feeds, we are focused on developing nutritionists through the NWF Academy who can increase volumes and utilise our national operations platform.

Cash generation

Cash generation remains a focus for the Group and it is good to report a strong year end net cash balance of £16.3 million (excluding lease liabilities), which highlights both the cash-generative nature of our business and the capability and flexibility to finance growth investment opportunities.

Rewarding good service

The consistent focus on excellence in customer service has been critical across the Group to win new business and ensure we can pass on inflationary cost increases as a specialist distributor.

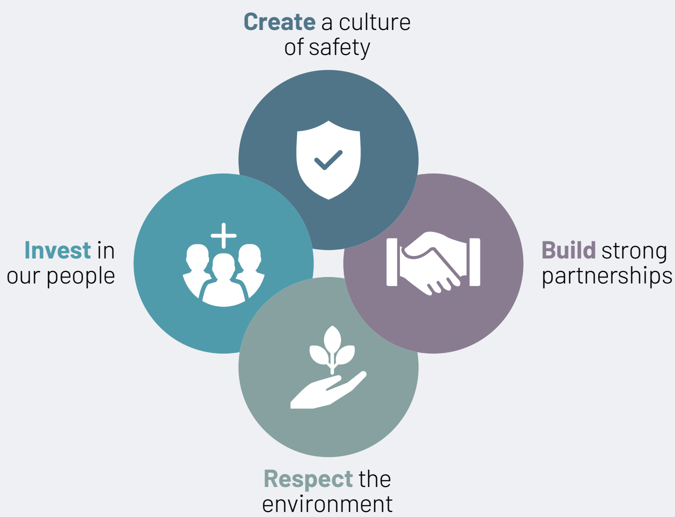
Philip Acton

Philip Acton
Non-Executive Chair
1 August 2023

Board oversight

The Board recognises the importance and value of ESG. We have established a target of net zero by 2040 and continued the focus on our four sustainability pillars across the Group. An Executive Steering Committee meets regularly, reviewing detailed performance measures. A key development in the year has been the completion of our first TCFD disclosures, in compliance with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, Sections 414C, 414CA and 414CB of the Companies Act 2006 to place requirements on certain publicly quoted companies and large private companies to incorporate TCFD-aligned climate disclosures in their annual reports.

We continue to adopt the Quoted Companies Alliance Corporate Governance Code ('the QCA Code') which we believe has been constructed in a simple, practical and effective style and that meaningful compliance with its ten main principles should provide shareholders with confidence in how the Group operates.



Read more about our ESG ambitions on ***pages 31 to 42***

Board Changes

Richard Whiting, CEO, has informed the Board of his plan to retire from NWF in March 2024 after leading the Group successfully for the last 15 years. We are pleased to announce Chris Belsham, will succeed Richard as CEO from March 2024 as part of a managed succession plan and will, from today, become Chief Executive Designate. Katie Shortland, currently finance & transformation director at Midland Expressway Ltd, will join the Board as Chief Financial Officer in October 2023. I will continue to lead the Group as Chair through this important transitionary period until the AGM of 2024.I will continue to lead the Group as Chair through this important transition period for the Group as part of the Group's succession planning process.

NWF has delivered a very strong set of results

> "NWF has delivered another great result, significantly ahead of the market expectations at the start of our financial year. It is great that all three divisions have outperformed in the year."

Richard Whiting
Chief Executive

Summary

- Resilient performance from Fuels as a result of providing excellent service to customers amidst supply constraints and volatile oil prices. Two fuel acquisitions completed in line with our strategy to consolidate the market, adding 39 million litres per annum.
- Strong performance improvement in Food with increased outbound activity and backloads along with warehouses at an effective operating capacity throughout the year, whilst continuing to win new business.
- Outstanding performance in Feeds, supporting ruminant farming customers who benefitted from record-high milk prices.
- Performance to date in the current financial year has been in line with the Board's expectations.

Net cash

£16.3m

(2022: net cash £9.0m)

Overview

NWF has delivered another great result, significantly ahead of the market expectations at the start of our financial year. The three divisions have performed ahead of expectations in the year in spite of inflationary and cost-of-living challenges. Strategic growth has been delivered with the completion of two fuel acquisitions.

The continued focus on cash and very strong profit performance has increased the year end net cash position (excluding lease liabilities), which both demonstrates the ongoing cash-generative nature of our business and the ability to fund acquisitions and development. In line with our established progressive dividend policy, we are proposing an increased dividend as part of our continuing focus on driving shareholder returns.

Fuels delivered a significant performance in the year in spite of lower demand for heating oil as a consequence of a mild winter and consumers looking to minimise expenditure on energy, given higher prices. During the autumn and winter there were localised supply issues which were to our benefit as we have national supply agreements and are able to move fuel effectively across the country, demonstrating the value of our depot network to meet our customers' needs. This delivered higher than normal returns in the financial year and reflects the flexibility and strong operating model of the business.

The Food division delivered another year of strong performance improvement, ahead of our expectations. The result was delivered through an increased number of outloads of our customers' products and ancillary backloads, along with fully utilising the warehouse infrastructure with improved operating efficiencies. New business has been won and we are currently utilising overflow warehousing to manage this higher level of storage demand.

Feeds has delivered an outstanding year as a result of a number of positive factors. The record high milk price for our dairy farmers has driven an increased focus on nutritional advice to deliver additional volumes for our customers. This has required the use of higher value and added value products which supported performance. In addition, in the summer months of 2022, gains were made on higher feed prices, having purchased commodities earlier in the year at lower prices before the Ukraine conflict started.

The Group delivered headline operating profit of £21.0 million (2022: £21.8 million) and headline profit before tax of £19.6 million (2022: £20.9 million). Operating profit was £20.6 million (2022: £13.2 million). Diluted headline earnings per share was 31.4p (2022: 34.8p).

Cash management remains strong with net cash of £16.3 million (2022: net cash of £9.0 million) excluding lease liabilities, after £2.1 million of net capital expenditure (2022: £3.2 million).

Outlook

In Fuels, we have a proven depot-based operating model and a clear growth strategy to consolidate a fragmented fuels distribution market. With a strong pipeline, acquisitions are being actively pursued and the opportunity for growth remains significant.

On 7 July 2023, the Group acquired 100% of the trade and assets of Geoff Boorman Fuels LLP, a 19 million litre fuel distributor based in Edenbridge in Kent, supplying mainly domestic customers across the South-West to the borders of Kent, Sussex and Surrey. The net cash consideration of £2.6 million on a debt and cash free basis was settled at completion.

In Food, we are targeting additional business to support our ambition to expand our warehouse and transport operations and leverage our team's capability.

In Feeds, with commodity prices remaining volatile but farmers supported by a good milk price, demand is anticipated to remain solid and we are seeking volume growth on the back of our Academy, additions to the sales team and utilising an effective national operations platform.

The Group has again demonstrated its capability to deliver a very strong performance and has great resilience. With a positive cash position, long-term funding in place and the cash-generative capability of the Group, we will continue to consider acquisition opportunities, building on our successful track record of acquiring and integrating businesses, as well as investment in organic development.

Performance to date in the current financial year has been in line with the Board's expectations. Overall, the Board continues to remain confident about the Group's prospects.

Richard Whiting
Chief Executive
1 August 2023

Q&A

Richard Whiting
Chief Executive

NWF Chief Executive, Richard Whiting, looks back over the challenges and successes of the last 12 months in our latest Q&A.

Q. What were the key highlights from the last 12 months?

A. It has been great that all three divisions have performed ahead of our expectations in the last 12 months; we've completed a Fuels acquisition in line with our strategic plan and have renewed our banking facilities at competitive rates for the next three years. We have been successful meeting customers' needs in supplying the key products of Fuels, Food and Feeds with demand remaining robust in spite of cost-of-living concerns and inflationary pressures.

Q. How has the Group coped with inflationary cost increases during the year?

A. As a specialist distributor it is always critical that we are efficient in our operations and distribution activities and provide a high level of service. In demonstrating this to our customers we have been effective in passing on inflationary cost increases and have some contracts with customers that automatically pass through increased commodity prices such as fuel.

Q. How has the Group approached and progressed its first year of TCFD?

A. From the good work undertaken on our ESG reporting framework we have been able to progress smoothly into our first year of TCFD reporting and have utilised external support to ensure we are adopting best practice in this regard. You can see the results throughout this Annual Report.

Q. How has the Group been able to attract, retain and motivate its employees?

A. A key focus of the Group is attracting, retaining and motivating our people. We have increased our focus on non-financial initiatives including wellness and healthcare support for all employees and a Christmas hamper for all staff. The challenges of the cost-of-living crisis have been considered across the Group and tailored support has been provided to those most affected. Our employee turnover has fallen in the year and we now have, as an example, a waiting list for HGV drivers wanting to join our Food division.

Q. How has the Group coped with the availability and volatility of commodities?

A. Commodity prices have remained extremely volatile over the last year, with the impact of the Ukraine conflict resulting in significantly higher prices in the early months, then prices began to fall, but volatility remained significant as economic and political news broke. Whilst there has been no shortage of feed commodities, oil supplies have been interrupted as the UK moved way from importing from Russia. This has caused temporary shortages at numerous locations during the year; however, we have been able to meet our customer needs as a result of national supply agreements and the ability to trunk fuel around the country.

Q. How does energy transition play into your fuel strategy?

A. In NWF Fuels we have 100,000 customers across the UK. Over the coming years we will be managing the needs of these customers as they transition their energy supply. In the case of domestic customers using oil for home heating, this could be to HVO100 (hydrotreated vegetable oil) and biofuels or hydrogen in the case of commercial customers. NWF has the capability and expertise in logistics and distribution to support our customers through the transition over the longer term.

Q. How will the Group grow in the coming years?

A. NWF has a clear growth strategy which can build on the proven resilience and performance of our existing businesses. In Fuels we have the opportunity to consolidate a fragmented distribution market through acquisitions. In Food we are looking to continue to grow our business by adding additional warehousing and transport capacity to meet our growing customers' needs. In Feeds we are investing in the NWF Academy to train nutritionists who can support the needs of farmers across the country and increase the utilisation of our national operating platform.

A business skilled at delivering growth and returns

The Group has a clearly articulated strategy which has a focus on expanding the Fuel depot network through acquisitions, consolidating a fragmented market.

Fuels

*Read more on **pages 10 to 13***

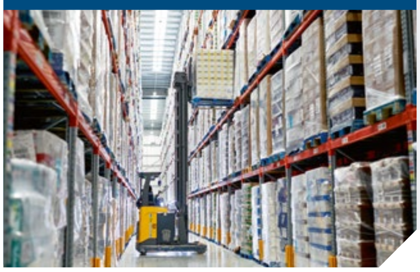
Resilient performance

With 100,000 customers being supplied across 27 fuel depots, Fuels operates in markets that are large and robust and, as a business, it has consistently proved it can effectively manage the volatility in oil prices. The industry remains highly fragmented, with many small operators, which we continue to believe provides an opportunity for NWF to further increase its market share.

*Watch our latest video at **nwf.co.uk***

Food

*Read more on **pages 14 to 17***



Continued successful development

The business operates in a competitive supply chain and needs to continually demonstrate the value and service that it provides to food manufacturers and importers. The business has a leading position in consolidating ambient grocery products in the North West, with high service levels, industry leading systems and a strong operating performance being the key components of its customer proposition.

*Watch our latest video at **nwf.co.uk***

Feeds

*Read more on **pages 18 to 21***

Outstanding performance

NWF provides nutritional advice to farmers across the country with over 55 trained nutritional advisors analysing forage and farmers' objectives to deliver feed to optimise performance. Feed is then produced from mills across the UK and delivered directly to farmers, with the majority of the business being dairy, but also supporting beef and sheep farmers.

*Watch our latest video at **nwf.co.uk***

Fuels

"Our resilient performance was delivered by meeting customers' needs through a period of continued significant price volatility and some localised shortages of fuels."

Dave Walmsley
Managing Director, Fuels

Customers
100,000
(2022: 109,000)

People
329
(2022: 338)

Litres of fuel delivered
636m
(2022: 663m)

Acquisitions
7
since 2019

Fuel depots owned
27
(2022: 25)

Our strategy

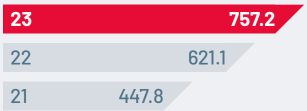
1. Consolidate a highly fragmented market
2. Expand existing geographical area
3. Increase business density in existing territories
4. Invest in a clean fleet
5. Active acquisition pipeline

Division KPIs

Revenue

£757.2m

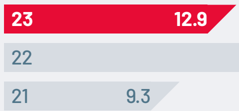
+21.9%



Headline operating profit

£12.9m

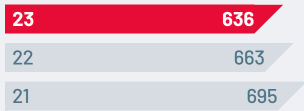
-25.0%



Volume (litres)

636m

-4.1%



Review of the year

Fuels' resilient performance was delivered by meeting customers' needs through a period of continued significant price volatility and some localised shortages of fuels, particularly during the autumn and winter period as the UK moved away from using oil from Russia. We were able to maintain a good service level across all 27 fuel depots as a result of national agreements across a number of refineries and fuel terminals and the ability to move fuel across the country to areas of shortages which drove higher returns. The relatively mild winter reduced demand for heating oil along with the cost-of-living crisis leading consumers to try and use less to offset higher prices. Heating oil remained a lower cost source of home heating in comparison to natural gas, the price of which was capped during the period.

Volumes declined by 4.1% to 636 million litres (2022: 663 million litres). Revenue increased by 21.9% to £757.2 million (2022: £621.1 million) as a consequence of higher oil prices, an increased diesel mix of fuel as a result of the mild winter and duty changes to gas oil implemented in April 2022. The average Brent Crude oil price in the year was $90 per barrel compared to $87 per barrel in the prior year. The volatility during the year was significant with a high of $124 per barrel in June 2022 and a low of $74 per barrel in May 2023.

Headline operating profit was £12.9 million (2022: £17.2 million) as a consequence of higher returns arising from supply concerns and pricing volatility which results in a net profit of 2.0 pence per litre, higher than expected. The prior year had one-off gains as a result of shortages and volatility from the start of the Ukraine conflict which was reported last year.

Two acquisitions have been completed in the last 12 months. Sweetfuels Limited (Oxfordshire) was acquired in December 2022 for £10.0 million (on a cash free/debt free basis with a normal level of working capital) and Geoff Boorman Fuels (Kent) for £2.6 million in July 2023. These accretive acquisitions add 39 million litres of fuel to our business in a full year. The acquisition pipeline of opportunities is healthy and this remains a focus for our development activity. We have a proven post-acquisition integration plan, retaining the local brand and customer facing parts of the business and centralising finance, IT, procurement and credit control.

The Fuels division operates on a decentralised model with depot management teams focused on optimising performance for the specific conditions of their local markets. This model supported our ability to respond swiftly and effectively to the increased consumer demand and significant commodity price volatility. We continue to believe that our model is the most effective way to maximise performance, given the industry structure, but we also believe there are opportunities to leverage benefits from the breadth of our growing network. As such, we continue to invest in enhancing systems and capabilities for the Fuels division which we believe will improve efficiencies and provide a strong platform for continued growth.

With over 100,000 customers (2022: 109,000) being supplied across 27 fuel depots in the year (2022: 25), Fuels operates in large and robust markets and, as a business, it has consistently proved it can effectively manage the impact of volatility in oil prices. The industry remains highly fragmented, with many small operators, which provides NWF with further opportunities to consolidate the market and increase its market share.

Fuels: Market trends and responses

Supply shortages and significant price volatility

Supply shortages have been experienced at numerous locations across the UK, particularly in the autumn/winter period as suppliers sourced oil from other parts of the world following the ban on the imports from Russia. We were able to maintain supplies to our customers as a result of national supply agreements and the ability to trunk oil around the country if an area was suffering a shortage. Price volatility was greater than normal as a result of news flow with regard to the conflict and global economic conditions and the need for suppliers to pay higher prices for spot fuel to gain sufficient supplies. This volatility and overall pricing reduced as we moved in the final quarter of the year.

Households coping with higher energy bills and availability of fuel

Households using oil for home heating were impacted by higher prices as the cost of heating oil increased in the last year. Positively, oil as an energy source remained the lowest cost source of home heating and was c.11% below the energy cap for natural gas. In addition, the Government provided a £200 payment to help with the cost-of-living crisis for households not connected to natural gas. As the price of oil has fallen, all our customers have benefitted from lower prices which are now well below those seen before the Ukraine conflict. We offer the ability for customers to spread their payments over a 12-month period so they are not impacted by significant bills.

Overview of the energy transition

Energy transition is a complex area where there is uncertainty on solutions and, more significantly, timing. In the drive for net zero, our customers will in time transition away from the use of fossil fuels. The most significant customer group for NWF is domestic customers who use oil for heating. With this key group, the current favoured alternative solution is to move from kerosene (heating oil) to a HVO100 (hydrotreated vegetable oil) which is not a fossil fuel, has 90% less carbon emissions and will work with existing boilers and heating solutions. This has been successfully trialled and NWF is capable of delivering this to all customers. For commercial customers, HVO100 is a potential solution and we have successfully trialled it on our main site and now use it to operate all the tankers at one of our depots. Alternatives such as hydrogen for HGVs look likely to be a longer-term solution and we could, with our specialist distribution skills, be the provider of these alternative energy sources.

Read more about our ESG strategy on ***page 31***

Meet the MD

Dave Walmsley
Managing Director, Fuels

Q. What is your background?

A. My career began in retail before moving into B2B sales-driven distribution businesses. These encompassed centralised distribution of office products and palletised freight and localised distribution of construction products, before entering the world of fuel sale and distribution. For over 20 years I have led large distribution organisations in the UK and in various European countries with ten years' experience of living and working overseas. All the sectors I have worked in have been highly competitive and commoditised, rely on high levels of service to attract and retain customers and require highly energised teams to own the customer relationship.

Q. What do you do at NWF?

A. As the MD of the Fuels division, my role is to determine and then hit the strategic objectives to grow volume and profitability and return shareholder value. To achieve this, I need to be developing a strong team in both breadth and depth which can own and deliver the result, as well as ensuring the business units are equipped with the tools and support they need. I am also involved in streamlining areas of focus and identifying acquisitions to complement our existing footprint.

On a day-to-day basis my role is to ensure that we never run out of fuel and that we are an effective partner to our suppliers and customers, and that our people trust us with their careers.

Q. What does the future look like for your division?

A. Fuels has a bright future and is always a fun place to be, with a stated intention and track record of investing in a growth strategy. The business is very focused on developing internal talent to support this growth and we have a clear and evidenced record of preparing and then promoting relatively young talent to take on senior roles. Whilst we offer a commoditised 'need to have product' to our customers, the team firmly believes there is more we can do to enhance our service and offer even greater value add to both our domestic and commercial customers.

Due to our ambitious plans, we have taken the opportunity to bring in expert talent with fresh ideas to complement the depth of experience on the team.

Skilled for growth
Depth of experience

Gemma Wakefield – Marketing Director

Gemma joined the business in a newly created Marketing Director role in February 2023, and is responsible for building a marketing strategy to meet the overall growth ambitions of the Fuels division. Gemma brings a wealth of experience with her and her career to date includes a variety of marketing roles in a diverse range of companies from SMEs to Fortune Global 500s. Gemma has brought new technologies into the businesses she's worked in including digitalisation of marketing tactics.

Q. What attracted you to NWF Fuels?

A. During the interview process, what really stood out for me were the people and the commitment of the senior management team to delivering growth. In particular, Dave Walmsley's determination and focus shone through and I felt he was someone who I could get behind and would champion me in my role. I also enjoy a challenge, and the landscape within the fuels market is evolving with new fuels and technologies being developed, meaning there will be plenty of opportunities for my personal and professional growth as we adapt our marketing strategy to evolving market conditions.

Having worked in both B2B and B2C businesses previously, I was attracted to this role as it encompasses both, and I bring a depth of experience that will enhance the current Fuels offering.

Q. What have you been involved in so far in your first few months, and what lies ahead?

A. It's been really exciting; there is so much opportunity for us to grow our marketing strategy, and my focus has been on putting the building blocks in place to enable that. The aim of this is to enhance the customer experience and trial new marketing tactics to maximise growth opportunities.

I recently held a marketing strategy workshop with key members of the Fuels management team, to really delve under the skin of what makes us unique and how we can use marketing tools to create value for the business. From that, we have the strawman of our new marketing strategy, which I will be developing and fleshing out over the next 12 months, as we start to implement it.

"I am delighted to welcome Gemma, who brings with her a wealth of marketing experience and some great new ideas. Gemma will be leading the charge through enhancing our marketing and supporting our ambitious growth plan and will bring her own special brand of enthusiasm to the role."

Dave Walmsley
Managing Director, Fuels

Food

"Food delivered a strong performance improvement as a result of increased outloads and associated backhaul work, fully utilised warehouses throughout the year and improved efficiency levels."

Angela Carus
Managing Director, Food

Pallets stored
122,000
(2022: 118,000)

Trucks
144
(2022: 127)

People
785
(2022: 724)

Trailers
320
(2022: 264)

Our strategy

1. Optimise the customer mix
2. Optimise storage and distribution solutions on the Wardle and Crewe sites
3. Crewe – a centre of excellence
4. Total capacity 135,000 pallet spaces
5. Value added niche businesses
6. E-fulfilment
7. Palletline
8. Targeting step-change expansion backed by customer and retailer contracts

Division KPIs

Revenue

£70.9m

+13.3%

23	70.9
22	62.6
21	54.8

Headline operating profit

£4.2m

+50.0%

23	4.2
22	2.8
21	1.9

Pallets stored

122,000

+3.4%

23	122,000
22	118,000
21	120,000

Review of the year

Food delivered a strong performance improvement as a result of increased outloads and associated backhaul work, fully utilised warehouses throughout the year and improved efficiency levels. Delivering a high level of service and operating efficiently has supported the division in both passing through inflationary cost increases and winning additional business from existing and new customers in the year. Labour turnover has reduced and we are fully resourced for both drivers and warehouse staff. A focus of the team has been on non-financial initiatives including healthcare and wellbeing to improve retention levels.

Revenue increased by 13.3% to £70.9 million (2022: £62.6 million). Storage overall was at an average of 122,000 pallets (2022: 118,000 pallets), with warehouses effectively utilised across the year. Demand for our customers' products increased in spite of the cost-of-living crisis. Retailers have reported stable demand for ambient grocery and demand has particularly increased from the discounters winning business from the higher priced retailers. Outloads were 7% higher than prior year whilst storage levels were up 3%, highlighting a positive overall increase in the stock turn of our customers' products.

New business has been gained from existing and new accounts to the extent that overflow warehousing is being utilised over the summer peak period. We continue to evaluate opportunities to further expand the warehouse base backed by customer contracts.

Headline operating profit was £4.2 million (2022: £2.8 million). Whilst the packing room increased activity strongly in the year and e-fulfilment was stable, it was not sufficient to offset a reduction in Palletline contribution which suffered as hauliers used their own vehicles more as a result of lower overall economic activity and reduced network throughput.

Demand for our customers' products continues to be stable and the outlook for most product categories handled by the business is resilient. The business operates in a competitive supply chain and needs to continually demonstrate the value and service that it provides to food manufacturers and importers. We have a leading position in consolidating ambient grocery products in the North West, with high service levels, industry leading systems and a consistent operating performance being the key components of its customer proposition.

Food: Market trends and responses

Significant inflation in the food supply chain

Inflation in the food supply chain has been well publicised and it has been critical that we operate efficiently and continue to provide a great level of service, which we have demonstrated in the last year. We have been subject to numerous sources of input inflation with wages, insurance rates, energy and fleet all increasing in costs. We have been successful in passing these inflationary costs through to our Food customers as we have been able to demonstrate a high level of service throughout the year and remain very competitive in a market where managing inflation is a key challenge. We have an escalator in our contracts for fuel costs which passes through increases or falls to our customers.

Availability of labour

We have been successful in recruiting and retaining our staff, with labour turnover reducing in the year. There has been an intentional focus on non-financial elements including healthcare provision and a wellness programme along with Christmas hampers and Easter eggs for all staff supported by a chocolate customer. In addition, we paid a one-off bonus in January to lower paid colleagues to support them through the challenges of the increasing cost of living. Positively, we have a full complement of warehouse staff and have a small waiting list for people wanting to join us as HGV drivers.

Meet the MD

Angela Carus
Managing Director, Food

Q. What is your background?

A. My journey to the boardroom started on the shop floor, picking for a logistics company. Since then, I've worked in several logistics businesses, working my way up through the ranks, from smaller local operations through to global distribution businesses. I didn't start out with the ambition to aim for the top job, but I was lucky enough to have people around me who championed me and believed in my potential, even at points when I did not. As a female in a male-dominated industry, I did always question 'why not?' if I was told that I couldn't do something, which I hope has changed the perceptions of some of the people around me and inspired others to achieve their potential. I love to work in businesses where the team is at the forefront, and I have found this at Boughey, where there is a real entrepreneurial spirit and I have great colleagues who complement my skill set.

Q. What do you do at NWF?

A. We have a team of nearly 800 colleagues and I am responsible for leading them to safely deliver an on time, in full ('OTIF') service and have a little bit of fun whilst doing it! Our people and culture feature at the very heart of what we do and I've been keen to empower my team with the freedom and creativity for us to drive innovation and growth. My day-to-day responsibilities can be varied, from media work to promote the business and visiting customers, to presenting our exciting new strategy to the NWF Group plc Board. More recently, a lot of my time has been spent working on our impact assessment for our B Corp certification application. For further details on this, please see page 51.

Q. What does the future look like for your division?

A. I'm proud of what we've achieved at both revenue and headline PBT levels and I'm excited about what the future holds for us. Since I've been with the business, we've increased our revenue year-on-year and set an ambitious but achievable growth strategy. Alongside my senior management team, we have recently had our ambitious five-year strategy approved which will enable the business to grow over the coming years. We acknowledge that we operate in a challenging industry with an uncertain economic backdrop, but we are confident that our plans are achievable and we can navigate the path forward.

We are also looking forward to the outcome of our B Corp application. If we are successful in achieving certification, we will be one of the first logistics companies to attain the status, which would be a great achievement. However, the principles of the movement fit so well with our own ESG strategy and overall values that, irrespective of the outcome, we will look to continuously improve from the strong baseline we have set ourselves.

Skilled for growth
Depth of experience

Danny Earp – Warehouse Operations Director

"Danny is a great example of our home-grown talent who has enjoyed ongoing success with the business. He started with the Company 19 years ago in our warehouse operation and made rapid progression to Director level at the age of just 34. He is a dedicated and loyal member of the team who has supported our growth strategies and will be instrumental in helping us deliver them."

Angela Carus
Managing Director, Food

Shortly after leaving school, Danny took a temporary role as an office clerk at Boughey in 2004, which, based on his great attitude and commitment to the job, soon became a permanent position. Danny has just completed his 19th year with the business and is looking forward to the future with NWF.

Q. Tell us about your career with NWF

A. After a few months as an office clerk where I learned about the business' systems and processes, I was promoted to Night Shift Supervisor. This was a steep learning curve for me, being in my early 20s with only a small amount of experience and suddenly managing a team of ten people. I quickly learnt how to run the shift and the depot for those night periods, earning the trust of my team. After three exciting years I was moved to a larger warehouse, and my team was increased to 25. At this stage the business had decided to implement a new ERP system, and, having an aptitude for systems, I was seconded to work on this project full time in 2012. This was one of the most challenging but fulfilling times of my career, as I was involved in the full lifecycle of the project from design to training to go live. The project was a success with a smooth transition to the new system. Following this, I identified the requirement for an IT Manager within the business, and moved into that role, leading a team of technical IT experts.

I did the IT role for three years, and was offered the opportunity to begin my development to Warehouse Operations Director, which I achieved in 2017. My role covers a variety of areas from warehouse to IT, and my team now comprises almost 450 colleagues.

Q. You've been with NWF for a number of years; what is it that keeps you here?

A. As I've gained experience within the business, I've always felt that I've been enhancing my professional and personal development, and when the opportunity has arisen, I've been successful in being promoted. I've had a number of mentors who have championed me as I've progressed my career, and I'm keen to nurture talent within the Food business. The business has gone through a lot of positive change in the last few years, but the people and their enthusiasm have remained the same.

We have a strong people focus, and that extends to our community, where we are involved in a number of initiatives, from sponsoring the local food festivals, to supporting local schools with visits and information.

Q. What are your key achievements?

A. In 2017 I received the award from the UK Warehousing Association for Warehouse Manager of the Year, which followed on from my team receiving the Team of the Year award in 2014. I was really proud of both of these achievements, which were testament to the hard work and dedication shown by my team and me. I also successfully completed my MBA in 2020, which was supported by the business and funded by the apprentice levy, giving me new skills which I've utilised as we've been building our new five-year strategy, which we are about to embark upon and should be an exciting period of growth for the business.

Another achievement was opening our Crewe warehouse in the middle of the pandemic, and I'm really proud that across our sites I've been able to optimise the operational efficiency in a complex warehouse environment. We have a diverse portfolio of customers, and being able to understand their requirements and translate those into an effective logistic solution is at the heart of what I do on a day-to-day basis.

Feeds

> "The outstanding performance improvement has been driven by farmers utilising nutritional advice to optimise diets and added value products to benefit from a record high milk price."

Andrew Downie
Managing Director, Feeds

Tonnes	Trucks
514,000	**39**
(2022: 528,000)	(2022: 45)

People	Trailers
226	**17**
(2022: 224)	(2022: 17)

Our strategy

1. Utilise national operations platform
2. Continue to develop feed volumes across the country
3. Promote personal development with the NWF Academy
4. Increase nutritional range offering to over 4,132 farmers across the UK

Division KPIs

Revenue

£225.8m

+15.9%

23	225.8
22	194.9
21	173.0

Headline operating profit

£3.9m

+116.7%

23	3.9
22	1.8
21	1.7

Volume (tonnes)

514,000

-2.7%

	Volume (tonnes)
23	514,000
22	528,000
21	575,000

Feeds: Market trends and responses

Highest milk price at over 50p per litre

The high milk prices have rewarded our farming customers in the year and reached record levels. This has supported farmers who have higher labour, feed, fuel and fertiliser costs and has more than covered the impact of the cost increase in commodities resulting from the Ukraine conflict. The higher returns for farmers have benefitted NWF as we provide nutritional advice which increases yields and lends itself to higher protein feeds to optimise returns. Whilst farmers are generating a good return with higher milk prices, they have not been increasing herd sizes or expanding their farms as there are shortages of labour and challenges in importing heifers from the continent post-Brexit. This would suggest that even as the milk price reduces, it should maintain at a sustainable level for farmers.

Impact of commodity shortages and price volatility as a result of the Ukraine conflict

Spot commodity prices increased by an average of £50 per tonne (17%) after the start of the conflict in Ukraine. These higher costs were passed on to farmers as the herds moved from a winter to a summer diet, which mitigated some of the impact. Subsequently there has been significant volatility and uncertainty which is linked to both the news flow from Ukraine and the uncertain economic development of economies across the globe. There have been no absolute shortages in the year but some substitution and reformulation of diets was required. Moving into the winter period, grains moved down in price whilst proteins remained high, again resulting in some diet changes on farm to optimise performance and returns for farmers.

Environmental impact of dairy farming

Dairy farming is a sustainable source of protein as much of the nutrition is produced on the land and the proteins in feed are often byproducts of human food production. The most significant change a dairy farmer can make is to increase the yield of the herd by using NWF nutritional advisors to increase output per cow. CO_2 emission from methane is a negative output of dairy farming and NWF has developed specific diets which are proven to reduce methane production in lactating dairy cows.

Read more about our ESG strategy on ***pages 31 to 42***

Review of the year

Feeds is focused on providing nutritional advice and on-time deliveries of animal feed to farmers across the country. Total feed volume decreased by 2.7% to 514,000 tonnes (2022: 528,000 tonnes). This reduction was marginally lower than the overall market and resulted from a mild autumn and a later transition to indoor housing for dairy herds.

Commodity prices were extremely volatile during the year. In comparison to prior year, a basket of commodities was 5% higher overall, but from the start of the year to the end in May 2023 they fell 27%. This volatility has in part been driven by uncertainty around the Ukraine conflict and its material impact on agricultural commodity markets.

Revenue was higher at £225.8 million (2022: £194.9 million) reflecting the higher feed prices more than offsetting lower volumes in the year. Headline operating profit was £3.9 million (2022: £1.8 million). The outstanding performance improvement has been driven by farmers utilising nutritional advice to optimise diets and added value products to benefit from a record high milk price. In addition, the division benefitted from commodities purchased prior to the Ukraine conflict being utilised over the summer period when feed prices had increased.

We have continued investment in the NWF Academy in which new trainees engage on an 18-month structured training programme to become future NWF nutritionists. The Academy has recruited a fourth group to the programme, which has been well received across the industry. Graduates of the programme are now developing as successful nutritionists in our national sales team.

Milk prices in the UK increased to a record of 51.6 pence per litre in December 2022, supporting farming customers higher feed, energy and labour costs. The average price for the year of 46.5p per litre compared to an average in the prior year of 34.4p per litre. At the end of the financial year the milk price had fallen to below 40 p per litre. Milk production was 0.8% higher at 12.4 billion litres (2022: 12.3 billion litres).

Feeds has a very broad customer base, working with over 4,000 farmers across the UK. This base, and the underlying robust demand for milk and dairy products, results in a reasonably stable overall demand for our feed in most market conditions.

Meet the MD

Andrew Downie
Managing Director, Feeds

Q. What is your background?

A. I've got a degree in business management and I spent the first six years of my working life in a finance team as a management accountant. My role, which was aligned closely with operations, allowed me to challenge the team on factory performance from a financial perspective, and it was soon identified that my skill set was a strong operational one. I was given the opportunity to explore my potential through moving into factory management and worked my way up to Supply Chain Director, overseeing acquisitions and, ultimately, the sale of that business to a larger organisation. I worked across the acquiring group in a general management role, achieving operational excellence in a continuously changing business. The opportunity then arose to join the Feeds business at NWF Group plc, which was an exciting opportunity for me.

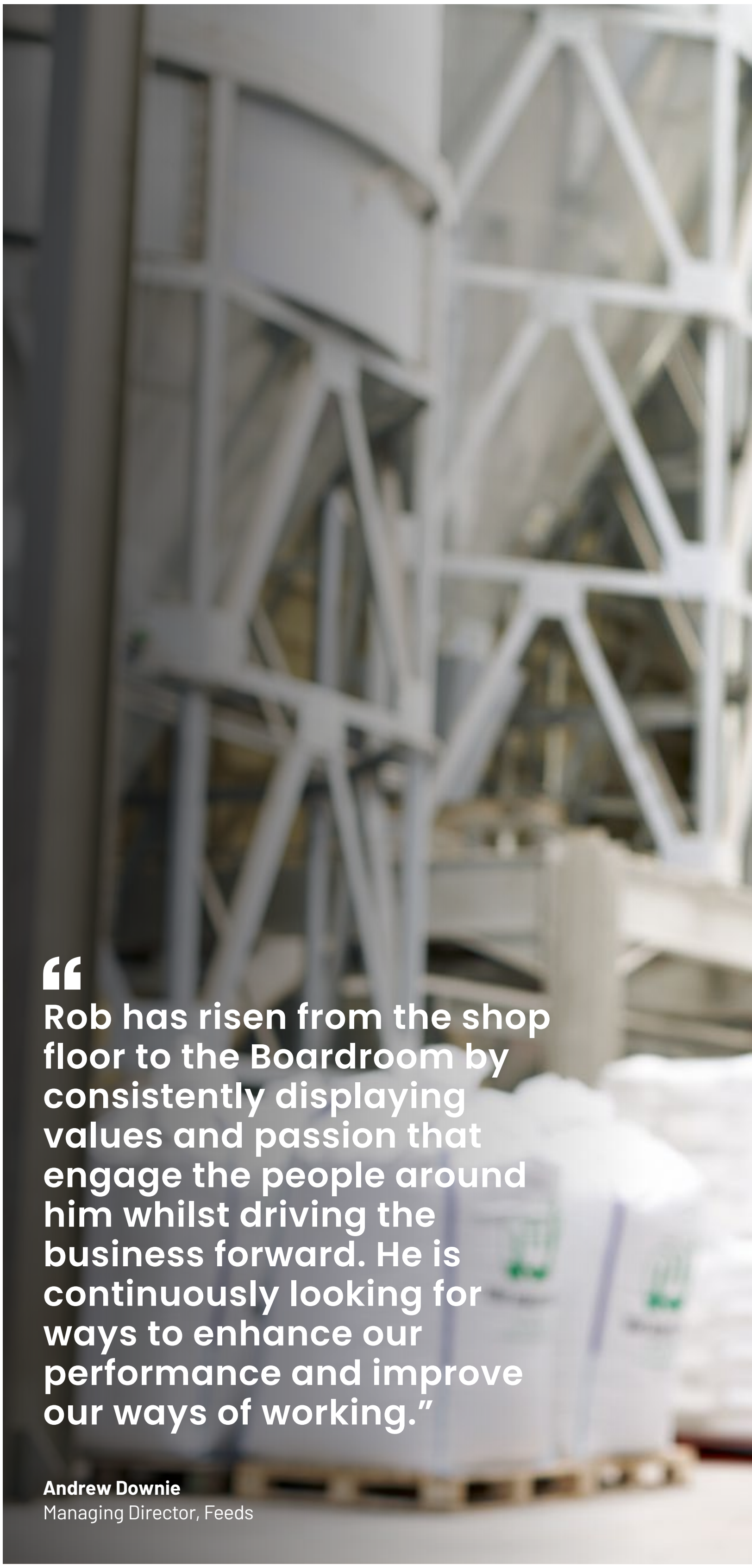
Q. What do you do at NWF?

A. I joined NWF Agriculture eight years ago and I love the challenge and strategic vision required to meet the ever changing demands of our fast moving customers. I introduced Productive Industries' Brilliant Basics and Vital Few, which we use to continuously improve processes to drive efficiencies to grow the business, as well as the Feeds Sales Academy in 2018 to train the in-field technical experts of the future that our business requires to grow.

On a day-to-day basis, my focus is on ensuring that quality and performance are measured, and that our teams are working in safe spaces. Health and safety has been a key focus of mine over the last year, with the introduction and embedding of a zero-harm approach, and evolving how we report our metrics through near miss reporting.

Q. What does the future look like for your division?

A. I'm proud of what we have achieved over the past year, which wouldn't have happened without our people, who we continue to make sure are safe and engaged and feel valued. We operate in a large, stable market, but recognise that the expectations around food standards continue to increase, with sustainability playing a significant part. We will continuously look to innovate to ensure that our offering exceeds the evolving needs of our customers, whilst ensuring the basics around quality and H&S are maintained.



"Rob has risen from the shop floor to the Boardroom by consistently displaying values and passion that engage the people around him whilst driving the business forward. He is continuously looking for ways to enhance our performance and improve our ways of working."

Andrew Downie
Managing Director, Feeds

Skilled for growth
Depth of experience

Rob Warrington – Business Unit Director for the North

After completing an agricultural course at Rodbaston College in 1999 and a brief period of managing his own business, Rob joined NWF Agriculture in 2005 for what he thought would be a short stint working in the blend plant. This year, he will celebrate his 18th year with the business and is now Business Unit Director for the North.

Q. Tell us about your career with NWF

A. I joined the business in 2005, working in the blend plant manufacturing bespoke blends for the ruminant animal feed market. After four months, a position came up within operations at Wardle Mill and I was successful in becoming the Mill Scheduler. Over the course of three years I was introduced to all areas of operations, and as the business evolved, I gained invaluable experience across all sites. Following a transition period at one of our mills, I was tasked with improving the performance of the mill and recruiting a new team to run it. Following this successful period, I was then promoted to Operations Manager, a role I continued to grow in until later in 2015, when I became General Manager of SC Feeds. I subsequently returned to Wardle to run the SC Feeds sales function and my role was expanded to include NWF transport. I restructured the transport function to meet the more complex requirements of the market at the time, and am really proud of what was achieved during this period.

After this, I was promoted to Supply Chain Director, taking responsibility of all areas of the supply chain and operations. Following a strategic review of how the business was run, I moved to become Business Unit Director for the North, a role that allows Feeds to better respond to the requirements of our customers in the North of England and Scotland.

Q. You've been with NWF for a number of years; what is it that keeps you here?

A. I'm an ambitious person and I feel the business has always been able to match my ambition through varying the work I do, increasing my responsibilities and exposing me to different and new things. I've also always felt supported in my career and have had mentors from within the business who have guided me on my journey. I'm proud to be able now to share my knowledge and experience to develop new talent in the business.

Also, working in a business like NWF Agriculture, which has the support of the Group but is run independently, has allowed for efficient and fast decision making to take place. I've always felt that my ideas have been listened to at both a Feeds and Group level.

Finally, one of the biggest things is the people in the business; there's a really strong team spirit and culture in Feeds, with everyone working towards shared objectives, so it's a great team to be part of.

Focused on value creation

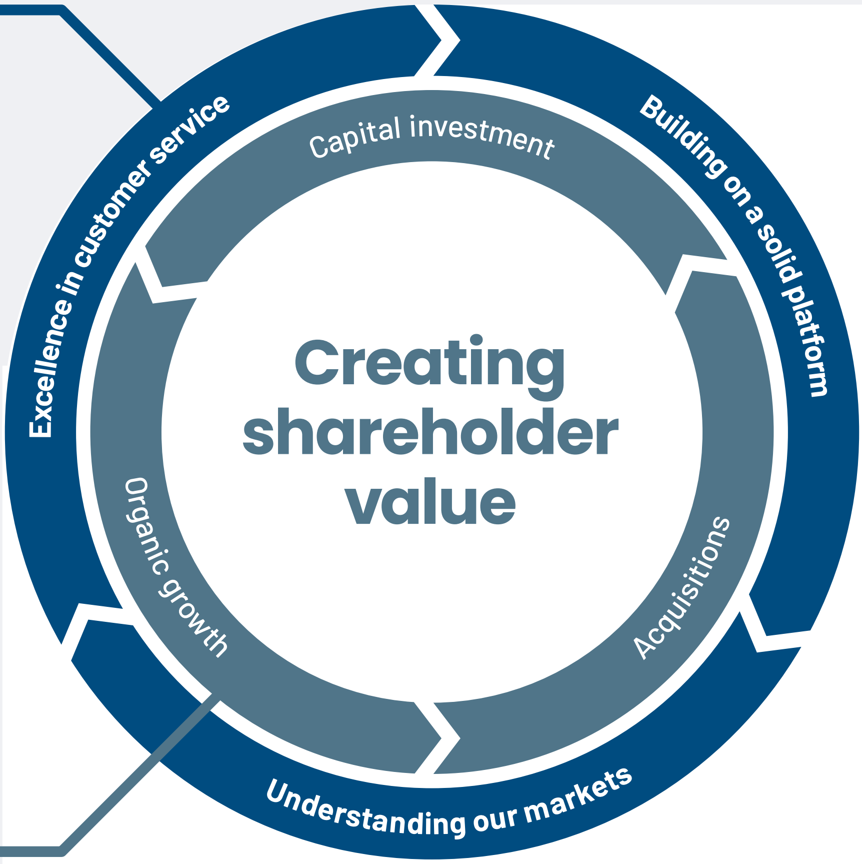
What we do

Industry insight

Excellence in customer service
Customer service is the number one priority, whether it is reaching nine out of ten callers who have run out of fuel on the same day, delivering excellent service levels in food or delivering to farm within 24 hours when needed by farmers.

Building on a solid platform
The Group has established a solid platform with strong profit development and cash conversion. Competitive banking facilities support the Group's development.

Understanding our markets
Established in 1871, the Group adds value to our customers through an in-depth knowledge of the oil, food distribution and agricultural markets.



Strategic direction

Capital investment
Our strategy is to maintain a position of financial strength whilst growing the business through considered investment in people, plant and equipment.

Acquisitions
The Group's strategy is to make key acquisitions to increase penetration, scale or geographic reach within its divisions.

Organic growth
Organic growth continues to be driven through our diversified and service led divisions.

Supported by our ESG strategy

Create a culture of safety

Invest in our people

Build strong partnerships

Respect the environment

*Read more about our ESG strategy on **page 31***

Where we do it

Fuels

- Industry leading customer service from 27 depots across the UK
- Scale delivers efficiency and value for commercial and domestic customers
- Delivery flexibility focusing on delivering to oil users who have experienced a run-out
- Supply agreements with major oil companies for security of supply and competitive pricing

Food

- Market leading national ambient grocery consolidation service
- High service levels
- Award winning IT team and industry leading systems with customers utilising live stock and delivery data
- Efficient warehousing and transport delivering a value proposition for food manufacturers and importers
- High warehouse and vehicle asset utilisation

Feeds

- Key nutritional advisor to over 4,000 ruminant farmers across the UK
- Technical support for farmers to improve yields and farm profitability
- Class leading customer service
- Manufacture of high quality products
- High asset utilisation of mills and blend sheds delivering value to customers
- Efficient transport fleet delivering direct to farm

The value we create

Customers

Excellent service provided to over 104,250 customers across the Group, our number one priority.

Total customers

104,250

(2022: 113,500)

Suppliers

Our partnerships with suppliers are vital to ensure we meet all stakeholder needs and play an essential role in our business.

Read more about our engagement with suppliers on ***page 44***

Environment

We recognise that we operate in industries that can have a significant impact on the environment and that we have a responsibility to minimise its impact.

Read more about our ESG policies on ***pages 31 to 42***

Shareholders

Total shareholder return by the continued profitable development of our businesses through a combination of organic growth, capital investment and selective acquisitions.

Total dividend per share

7.8p

(2022: 7.5p)

Read more about our engagement with shareholders on ***page 45***

Results significantly ahead of expectations at the start of the financial year

> Headline profit before tax of £19.6 million and a net cash position of £16.3 million."

Chris Belsham
Chief Executive Designate

Summary

- Headline profit before tax of £19.6 million (2022: £20.9 million).
- Profit before tax of £18.9 million (2022: £12.0 million).
- Diluted headline EPS of 31.4p (2022: 34.8p).
- Net cash (excluding lease liabilities) of £16.3 million (2022: £9.0 million).
- The balance sheet remains in a robust position with the Group cash positive at the year end for the first time, highlighting the resilience of the Group and providing significant capacity to support investment-driven growth.

Group results

Group revenue increased by 20.0% to £1,053.9 million (2022: £878.6 million) with revenue growth from higher commodity prices in Fuels and Feeds and an increase in activity levels in Food. Headline operating profit was £21.0 million, a decrease of 3.7% (2022: £21.8 million). Operating profit increased 56.1% to £20.6 million (2022: £13.2 million).

Financing costs increased by £0.5 million to £1.7 million, reflecting the increase in interest rates. This included the interest on bank debt of £0.8 million (2022: £0.4 million) and headline interest cover was 26.3x (excluding IAS 19 net pension finance costs and IFRS 16 lease interest) (2022: 54.5x).

Headline profit before taxation decreased by 6.2% to £19.6 million (2022: £20.9 million). Profit before taxation increased by £6.9 million to £18.9 million (2022: £12.0 million). There were no exceptional items in the year (2022: £8.3 million).

The tax charge for the year was £4.0 million (2022: £3.6 million). The effective tax rate for the year was 21.2% (2022: 30.0%). The post-tax profit for the year was £14.9 million (2022: £8.4 million).

The headline earnings per share of 31.4p represented a decrease of 10.3% (2022: 35.0p); diluted headline earnings per share decreased by 9.8% to 31.4p (2022: 34.8p). The proposed full year dividend per share increased by 4.0% to 7.8p which reflects the strong performance and the Board's confidence in the prospects of the business. The proposed dividend equates to a dividend cover ratio of 4.0x.

The finance costs in respect of the defined benefit pension scheme were £0.3 million (2022: £0.3 million).

Balance sheet summary

The Group increased net assets by £9.8 million to £77.9 million (2022: £68.1 million) reflecting a profit for the year of £14.9 million (2022: £8.4 million), strong cash conversion and a positive movement in working capital.

Tangible and intangible fixed assets increased by £7.4 million to £75.5 million as at 31 May 2023 (2022: £68.1 million) as a result of the acquisition of Sweetfuels Limited in Fuels. The depreciation (excluding IFRS 16 depreciation on right of use assets) and amortisation charges for the year to 31 May 2023 were £4.8 million and £0.6 million respectively (2022: £4.6 million and £0.5 million respectively).

Group level ROCE (based on headline operating profit) was 27.6% as at 31 May 2023 (2022: 30.3%).

Net working capital decreased by £3.1 million in the year with all three divisions experiencing a reduction. The Group's inventories decreased by £2.4 million to £7.4 million (2022: £9.8 million) with trade and other receivables decreasing to £87.4 million (2022: £96.2 million) and a decrease in trade and other payables to £92.5 million (2022: £100.6 million) as oil and commodity prices reduced.

Net cash (excluding lease liabilities) increased by £7.3 million to £16.3 million (2022: net cash £9.0 million), as a result of ongoing disciplined cash management, a strong trading performance and some short-term working capital benefits due to the timing of the year end.

The deficit of the Group's defined benefit pension scheme increased by £0.3 million to £9.6 million (2022: £9.3 million). The value of pension scheme assets decreased by £10.1 million to £29.6 million (2022: £39.7 million) as a result of lower asset values. The value of the scheme liabilities decreased by £9.8 million to £39.2 million (2022: £49.0 million) driven by a significant increase in the discount rate used to calculate the present value of the future obligations (2023: 5.35%; 2022: 3.45%). The discount rate is based on the yield available on AA rated corporate bonds, which have increased during the year.

Group results for the year ended 31 May 2023

	2023 £m	2022 £m
Revenue	**1,053.9**	878.6
Cost of sales and administrative expenses	**(1,032.9)**	(865.4)
Headline operating profit[1]	**21.0**	21.8
Exceptional items	**–**	(8.3)
Amortisation of acquired intangibles	**(0.4)**	(0.3)
Operating profit	**20.6**	13.2
Financing costs	**(1.7)**	(1.2)
Headline profit before tax[1]	**19.6**	20.9
Exceptional items	**–**	(8.3)
Amortisation of acquired intangibles	**(0.4)**	(0.3)
Net finance cost in respect of defined benefit pension scheme	**(0.3)**	(0.3)
Profit before taxation	**18.9**	12.0
Income tax expense	**(4.0)**	(3.6)
Profit for the year	**14.9**	8.4
Headline EPS[1]	**31.4p**	35.0p
Diluted headline EPS[1]	**31.3p**	34.8p
Dividend per share	**7.8p**	7.5p
Headline dividend cover[1]	**4.0**	4.6
Headline interest cover	**26.3**	54.5

1 Headline operating profit is statutory operating profit of £20.6 million (2022: £13.2 million) before exceptional items of £Nil (2022: £8.3 million) and amortisation of acquired intangibles of £0.4 million (2022: £0.3 million). Headline profit before taxation is statutory profit before taxation of £18.9 million (2022: £12.0 million) after adding back the net finance cost in respect of the Group's defined benefit pension scheme of £0.3 million (2022: £0.3 million), the exceptional items and amortisation of acquired intangibles. Headline EPS also takes into account the taxation effect thereon. Headline dividend cover is calculated using diluted headline EPS.

Balance sheet as at 31 May 2023

	2023 £m	2022 £m
Tangible and intangible fixed assets	**75.5**	68.1
Right of use assets	**29.1**	27.5
Net working capital	**2.3**	5.4
Reimbursement assets	**1.7**	2.8
Derivative financial instruments	**0.1**	0.2
Net cash (excluding IFRS 16 lease liabilities)	**16.3**	9.0
Lease liabilities	**(29.8)**	(28.2)
Provision for liabilities	**(2.7)**	(3.8)
Current income tax liabilities	**(0.8)**	(0.4)
Deferred income tax liabilities	**(4.2)**	(3.2)
Retirement benefit obligations	**(9.6)**	(9.3)
Net assets	**77.9**	68.1

Cash flow and banking facilities

The closing net cash (excluding IFRS 16 lease liabilities) was £16.3 million (2022: net cash £9.0 million).

The cash impact of working capital movements was a cash inflow of £4.1 million. Net cash generated from operating activities and after IFRS 16 lease payments was £22.6 million (2022: £21.3 million) representing a cash conversion ratio of 107.6% of headline operating profit (2022: 97.7%).

Net capital expenditure in the year at £2.1 million (2022: £3.2 million) was lower than the annual depreciation charge, excluding IFRS 16 depreciation, of £4.8 million (2022: £4.6 million).

The Group's banking facilities, totalling £61.0 million, were renewed in May 2023 and are committed through to 31 May 2026 with the exception of the bank overdraft facility of £1.0 million which is renewed annually. There remains substantial facility headroom available to support the development of the Group. Within the total facility of £61.0 million, the Group has an invoice discounting facility, the availability of which depends on the level of trade receivables available for refinancing and which is subject to a maximum drawdown of £50.0 million. In addition, the Group has agreed an accordion of £10.0 million on each of the invoice discounting facility and the revolving credit facility. The banking facilities are provided subject to ongoing compliance with conventional banking covenants against which the Group has substantial levels of headroom.

Cash flow and banking facilities continued

Cash flow and banking facilities for the year ended 31 May 2023

	2023 £m	2022 £m
Operating cash flows before movements in working capital and provisions	**32.9**	34.4
Working capital movements	**4.1**	(0.7)
Interest paid	**(1.4)**	(0.9)
Tax paid	**(3.1)**	(2.7)
Net cash generated from operating activities	**32.5**	30.1
Capital expenditure (net of receipts from disposals)	**(2.2)**	(3.2)
Acquisition of subsidiaries – cash paid (net of cash acquired)	**(9.5)**	–
Net cash used in investing activities	**(11.7)**	(3.2)
Net decrease in bank borrowings	**–**	(9.5)
Repayment of capital element of leases	**(9.9)**	(8.8)
Dividends paid	**(3.7)**	(3.5)
Net cash used in financing activities	**(13.6)**	(21.8)
Net increase in cash and cash equivalents	**7.2**	5.1
Cash and cash equivalents at beginning of year	**9.1**	4.0
Cash and cash equivalents at end of year	**16.3**	9.1

Going concern

The Group has an agreement with NatWest Group for credit facilities totalling £61.0 million. With the exception of the bank overdraft facility of £1.0 million, which is renewed annually, these facilities are committed through to 31 May 2026. The Group's banking facilities, provided by NatWest Group, were renewed on 31 May 2023 and are committed until 31 May 2026. The Group is profitable, cash-generative, has a strong balance sheet position and a good relationship with its lender. As at 31 May 2023, the Group had available funds of £77.3 million (based on cash balances, invoice discounting availability, RCF and overdraft facilities), against which the Group was utilising £Nil.

The Board has prepared cash flow forecasts for the period to 31 May 2025. 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.

Share price

The market price per share of the Company's shares at 31 May 2023 was 259.5p (2022: 220.0p) and the range of market prices during the year was between 220.0p and 286.0p.

Chris Belsham
Chief Executive Designate
1 August 2023

A robust risk management process

Effective risk management aids decision making, underpins the delivery of the Group's strategy and objectives and helps to ensure that the risks the Group takes are adequately assessed and actively managed.

Risk management framework

The Board is ultimately responsible for the Group's risk management framework. The risk management process involves the identification and prioritisation of key risks, and the development of appropriate controls and plans for mitigation, together with a comprehensive system of review. There are a number of ways in which risks are identified and assessed across the Group.

At a divisional level, the management teams are responsible for identifying and assessing new risks, as well as monitoring existing risks. Risks are assessed using consistent measurements of impact and likelihood. Changes to existing risks, the emergence of new risks and plans for mitigation are discussed at monthly management meetings held with the Executive Directors, and recorded in the respective divisional risk register, as appropriate. The divisional management teams are responsible for the maintenance of their risk register. Each divisional risk register is reviewed twice a year by the Executive Directors.

At a Group level, there is a continuous process of considering risk. New and emerging risks are identified through the reviews conducted at a divisional level and the experience brought by the Executive and Non-Executive Directors and as a result of the engagement of certain external specialists in areas including IT security, health and safety, pensions, taxation and climate. As at divisional level, each risk is assessed based upon its impact and likelihood. The Group maintains a consolidated risk register whereby each recorded risk has a designated owner who is responsible for ensuring that effective controls are in place to mitigate the risk. The consolidated Group risk register is reviewed at least twice a year by the Audit Committee.

The Board obtains assurance that the risk management and related control systems in place are effective through a rolling programme of risk and controls testing across the Group and internal control updates to the Audit Committee at each meeting. Further details can be found on page 61.

Whilst we consider the transitional risks of climate change a principal risk, this year we report for the first time our TCFD disclosures, in which we expand upon this to include the physical and transitional risks and opportunities associated with climate change in further detail. For further information please see pages 48 to 51.

As with all businesses, the Group is affected by a number of risks and uncertainties, some of which are beyond our control. The table overleaf shows the principal risks and uncertainties which could have a material adverse impact on the Group. This is not an exhaustive list and there may be risks and uncertainties of which the Board is not aware, or which are believed to be immaterial, which could have an adverse effect on the Group.

Risk management framework

Identify risk
- Divisional reviews
- Executive and Non-Executive Directors
- External specialists

Assess risk
- Impact
- Likelihood

Respond
- Avoid
- Mitigate
- Transfer

Implement mitigation
- Controls
- Designated owner

Review performance
- Risk and controls testing
- Updates to Audit Committee

Risk impact key

↗ *Increased* — *No change* ↘ *Decreased*

	1. Commodity prices and volatility in raw material prices	2. Transitional risks of climate change	3. Pension scheme volatility
Risk description and impact	The Group's Feeds and Fuels divisions operate in sectors which are vulnerable to volatile commodity prices both for fuel and for raw materials.	The long-term profitability of our current businesses is more likely to be impacted by Government strategy and policy in relation to the decarbonisation of the economy, rather than as a direct impact of climate change. The view of the Board is that the main risk to the Group is a transitional risk as the Government introduces policies which could negatively impact the Group. There are also potential additional costs to the Group, arising from the need to redesign and replace infrastructure as a result of ambitions towards decarbonisation.	Increases in the ongoing deficit associated with the Group's defined benefit pension scheme would adversely impact the strength of the Group's balance sheet and could lead to an increase in cash contributions payable by the Group.
Mitigating actions	The Group maintains close relationships with key suppliers, enabling optimal negotiated prices, and where appropriate implements purchasing framework agreements. The Feeds business utilises forward contracts for key raw materials to ensure that the impact of volatility can be partially mitigated through committed prices and volumes. Multiple sources of supply are maintained for all key raw materials.	The Directors monitor the regulatory environment on an ongoing basis to identify and anticipate changes in requirements which may impact the Group and also consider the impact on the financial statements. For consideration of the longer-term impacts of climate-related risks on the demand for oil, see the CEO's Q&A on page 8.	The defined benefit pension scheme has been closed to new entrants since 2002 and closed to future accrual from April 2016. Regular meetings are held with both the scheme's trustees and professional advisors to monitor and review the investment policy, the Group's funding requirements and any other available opportunities to mitigate this risk.
Change	No change Increases in commodity prices have been successfully managed through the year in Fuels. Increases in commodities impacted the performance of Feeds during the first half of the year but were successfully managed in the second half.	No change Changes in the regulatory environment and a focus on decarbonisation of the economy may result in a long-term risk to Group profitability.	No change Remains a principal risk.
Key risk indicator	• Brent Crude oil prices • Raw material commodity prices	• Government consultations and ambitions towards decarbonisation	• RPI/CPI inflation rates • Mortality rate assumptions • Scheme asset performance
Governance oversight	The Executive team meets with the senior management teams in each division each month to review and discuss performance, including consideration of the impact of input price volatility.	The Board is responsible for managing the long-term transitional risks to the Group.	The Executive team provides the Board with regular updates from meetings with the scheme trustees and advice taken from professional advisors.

	4. Recruitment, retention and development of our key people	5. Infrastructure and IT systems	6. Non-compliance with legislation and regulations
Risk description and impact	Recruiting and retaining the right people is crucial for the success of the Group and its development. Furthermore, the Group is entering a stage of transition at the Board and senior executive level as a consequence of planned retirements. There is a risk around a limited number of key executives across the Group.	IT system failures or business interruption events (such as cyber incidents) could have a material impact on the Group's ability to operate effectively.	The Group operates in diverse markets and each sector has its own regulatory and compliance frameworks which require ongoing monitoring to ensure that the Group maintains full compliance with all legislative and regulatory requirements. Any incident of major injury or fatality or which results in significant environmental damage could result in reputational or financial damage to the Group.
Mitigating actions	Remuneration policies are regularly reviewed to ensure employees are appropriately incentivised. A succession planning exercise has been undertaken, with a Group succession plan developed which identifies and seeks to address any gaps. Key appointments are approved by the Nomination Committee. The Remuneration Committee also ensures that it receives appropriate benchmark data which is used in the monitoring and formulation of remuneration policy for key employees and executives.	The Group has internal IT support teams together with close relationships with key software vendors and consultants. Significant investment has been made by the Group in upgrading and maintaining its core IT systems in each of the three operating divisions following the cyber incident in the prior year. During the year, the Group appointed a Chief Information and Digital Officer ('CIDO') to further strengthen IT leadership at a senior level and has continued its relationship with its external Chief Information and Security Officer ('CISO').	Expertise within the operating divisions is supplemented by ongoing advice from professional advisors and the involvement of the Head Office function which closely monitors existing business practices and any anticipated changes in regulatory practices or requirements. The Group employs appropriately qualified and experienced health and safety personnel and retains health and safety specialists to ensure compliance.
Change	Remains a principal risk.	Remains a principal risk.	Remains a principal risk.
Key risk indicator	• Key executive remuneration • Executive retention rate • Executive objective achievement	• IT investment as a proportion of Group operating profit	• Number of LTIs/RIDDORs • Employee training hours • Number of HMRC inspections
Governance oversight	The Remuneration Committee meets three times a year and is responsible for reviewing and approving executive level recruitment and remuneration policies.	The Group Chief Information and Digital Officer ('CIDO') and Chief Information and Security Officer ('CISO') provide regular updates to the Executive team and the Board.	Divisional Managing Directors are responsible for compliance with laws and regulations and provide regular updates to the Board via the Company Secretary.

Risk impact key

Increased *No change* *Decreased*

	7. Impact of weather on earnings volatility	8. Strategy development and change management
Risk description and impact	The demand for both the Feeds and Fuels divisions is impacted by weather conditions and the severity of winter conditions, which directly affect the short-term demand for heating oil and animal feeds. The inherent uncertainty regarding weather conditions represents a risk of volatility in the profitability of the Fuels and Feeds divisions.	Significant development of the Group is only achievable via a significant acquisition or several smaller transactions. The current strategic plan is focused on Fuels acquisitions, which tend to be smaller and therefore do not represent a significant risk on an individual basis.
Mitigating actions	Whilst the Fuels division seeks to mitigate this risk through the provision of a range of fuels including commercial fuels, there will always be volatility in the profitability of the Fuels division related to weather. The Feeds division seeks to mitigate the extent of weather conditions on the profitability of the business through its concentration on the key dairy sector where there is a strong underlying demand.	The Board maintains oversight of Group strategy development. The Group management team is engaged in ongoing review of competitor activity, development, acquisition and market opportunities. All potential acquisitions are subject to a review of their ability to generate a return on capital employed and their strategic fit with the Group. The Group conducts appropriate internal and external due diligence prior to completing any acquisition.
Change	Remains a principal risk in Fuels and Feeds.	Remains a principal risk.
Key risk indicator	• Volatility of earnings • Number and severity of weather events	• Performance of acquisitions against business case
Governance oversight	The Executive team meets with the senior management teams each month to review and discuss performance, including consideration of the impact of weather events on earnings volatility.	The Executive team performs periodic strategic reviews of the Group and presents these to the Board for discussion and debate.

Strengthening our approach to ESG

Our ESG strategy was launched in 2020 after conducting a materiality assessment that looked at defining what mattered most to our stakeholders, both internally and externally. As outlined below, there are a number of material issues that have been defined against each pillar, these are our top priorities across the business and where we feel we can have the greatest impact.

We've had fantastic engagement with the strategy since it launched and we have been strengthening our approach to effectively deliver results against our targets. Key to this has been building a strong governance mechanism.

Strategic objectives

People material issues:
- Employee engagement
- Training and development
- Diversity and inclusion

Create a culture of safety

Safety material issues:
- Safety first
- Road risk management
- Fleet management

Invest in our people

Build strong partnerships

Environment material issues:
- Operating responsibly
- Climate change and carbon

Respect the environment

Partnerships material issues:
- Customer relations
- Supply chain management
- Community relations

Sustainability governance

Strengthening our approach to how we govern sustainability has been a primary focus for the Group this year. We believe that by building the right structures across the business it will help improve progress against our long-term ambitions, ensure the quality of our sustainability reporting and also encourage our employees to do more for good.

The Board has overall responsibility and provides oversight for the Group's sustainability performance. This includes the approval of targets and KPIs to measure progress and to ensure the correct level of funding and resourcing is provided to ensure the Group achieves consistent results across all four sustainability pillars.

The ESG Steering Committee consists of representatives from across all three divisions and it is responsible for implementing the Group's sustainability strategy. Key responsibilities include identifying and implementing new initiatives, providing training and support to areas of the business that need upskilling and monitoring data to ensure progress is being achieved.

The ESG Steering Committee is also responsible for creating separate working groups which use their expertise to drive improvements and progress sustainability initiatives within the Group. During the year, a specific focus has been on fleet efficiency and utilisation which led to a working group with particular expertise in this area working to identify potential improvements for the divisions.

The ESG Steering Committee meets monthly and includes the following individuals:

Board

For details of the Board see **pages 52 and 53**

ESG Committee

- Richard Whiting, Chief Executive
- Chris Belsham, Chief Executive designate
- Rob Andrew, Company Secretary
- Dave Walmsley, Fuels Managing Director
- Angela Carus, Food Managing Director
- Andrew Downie, Feeds Managing Director
- Samantha Douglas, Group Financial Controller
- Annette Dale, Deputy Company Secretary

Divisional leadership

Fuels **Food** **Feeds**

Targeted actions

For more information on TCFD see **pages 48 to 51**

A requirement when forming this Committee was to ensure it included the appropriate mix of skills, experience, and operational and commercial knowledge to address the ESG risks and opportunities relevant to NWF. We recognise that to realise the full value from our sustainability strategy, we must continue to identify opportunities, develop initiatives and embed these throughout our businesses and operations with progress regularly reported back to the Board; the ESG Steering Committee plays a key role in achieving this.

The Chief Exexcutive designate, in his capacity as Group Finance Director has been delegated the responsibility for climate-related issues and the Group's ESG strategy. The Group Finance Director briefs the Board on the work of the ESG Steering Committee. The Board has the ultimate responsibility for reviewing the appropriateness of climate risk management processes and controls in place within the Group.

A key development in the year has been the completion of our first TCFD disclosures, in compliance with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, Sections 414C, 414CA and 414CB of the Companies Act 2006 to place requirements on certain publicly quoted companies and large private companies to incorporate TCFD-aligned climate disclosures in their annual reports.

Key achievements

Through the ESG Steering Committee, we have progressed a number of workstreams during the year in order to improve the value added by our sustainability strategy. These workstreams have included:

- engaging with our divisions to measure the metrics that have been defined as the most relevant indication of performance against our four strategic pillars;
- improving the quality of our data collection by requiring all divisions to use a template of agreed metrics for reporting;
- the creation of a new supplier due diligence process and specifically the introduction of a Supplier Code of Conduct and risk-assessed approach to further supplier due diligence;
- the development of health and safety culture and structure, including through holding intra-group workshops to provide opportunities to share best practice and have live question and answer sessions; and
- investment in people and their learning and development to create a motivated and sustainable workforce.

Given the diverse nature of our three operations, our focus, having already established relevant and appropriate metrics, has been to measure and understand them as we work towards setting targets to enable our ambitious 2040 net zero target. To strengthen our understanding of how we can measure the targets, subject matter experts from across the Group were invited to share their knowledge with the Committee on topics such as improving fuel efficiency to help upskill the Committee members in more technical areas of expertise. Our ESG update on pages 31 to 42 comprises predominantly Group consolidated metrics, but we also include a number of division-specific measures where we have concluded these are more appropriate and insightful.

Having established a reporting framework and spent time embedding this in our monthly reporting cycle to the Board, the ESG reporting now sits alongside our financial reporting. Furthermore, another significant area of focus for the ESG Steering Committee has been identifying, developing and progressing the key initiatives that will drive performance against these metrics. These are reported in further detail over pages 31 to 42.

Finally, we have further developed our ESG Roadmap, in which we reflect on our progress to date and begin to map out the work the Group plans to undertake over the next two years, and in the longer term, in order to make progress towards our 2040 ambitions. Our ESG Roadmap to 2040 is detailed on pages 34 and 35.

What we have achieved so far

The Group has made significant progress on its ESG framework in 2023.

Create a culture of safety

The health, safety and welfare of our employees and the wider community are a top priority in our operations across all of our divisions. Our safety practices are overseen by Health and Safety Officers and are assisted by the engagement of specialist external advisors. Regular audits are undertaken as well as internal monthly and external annual reporting to the Board. Whilst the incidence of RIDDOR reportable accidents has disappointingly increased in the current year, we are confident that this is not an indication of a less safe working environment following a root cause analysis of each incident.

*For more information see **page 36***

Number of RIDDORs

17

+88.9%

23	17
22	9
21	12

Invest in our people

Our long-term success is dependent upon our people. We are committed to building a workforce for the future where our people are healthy and happy and can fulfil their potential. We recognise that engaged employees, who feel valued, are crucial to our business, and it also means they continue to be motivated and deliver the best possible service to our customers. This year through targeted actions, we have successfully increased our eNPS score, and reduced our voluntary labour turnover.

*For more information see **pages 37 and 38***

Employee Net Promoter Score

6.8

+13.3%

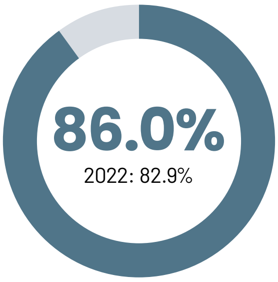
23	6.8
22	6.0

Build strong partnerships

The strength of our partnerships is at the heart of every decision we make. We continue to seek new ways to collaborate and innovate with our customers and suppliers to deliver long-term sustainable value. A key work flow this year has been the introduction of our Supplier Code of Conduct to codify our commitment to conducting our business sustainably and responsibly.

*For more information see **page 39***

Group OTIF



Respect the environment

We strive for continual improvement when it comes to our environmental performance, monitoring carbon emissions and waste across our supply chain and promoting a healthy environment.

*For more information see **pages 40 and 41***

Scope 1, 2 and 3 emissions (tCO_2e)

29,374

-2.3%

23	29,374
22	30,062
21	30,699

Our ESG Roadmap to 2040

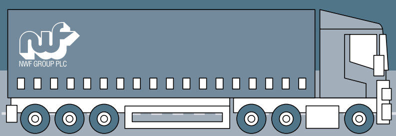
Our sustainability progress and future goals

Since our last report, we have further developed our commitment to delivering long-term sustainable value by defining our 2040 ambitions and aligning our reporting measures to drive progress towards them. Critical to our success is collaboration between our divisions and key stakeholders and our focus going forward will be to define key milestone targets against which we can measure our progress.

Strategic objectives

- **Create** a culture of safety
- **Build** strong partnerships
- **Invest** in our people
- **Respect** the environment

Where we are now?



2023

- Committed to four long-term ESG ambitions including a net zero target.
- Identification of key ESG reporting measures across four strategic objectives and embedded into monthly reporting.
- Initial target setting and specific ESG initiatives identified.
- Development of the measurement of our metrics.
- Embedded ESG Steering Committee.
- Preparation of our first TCFD disclosures.
- Introduction of our Group-wide Supplier Code of Conduct.
- Continued improvement of our near miss reporting and embedding a culture of safety.
- Measurement of customer NPS score through the Happiness Index.

Key achievements

- Key safety metrics defined and health and safety-specific initiatives discussed monthly by the ESG Steering Committee.
- The Group has created a new supplier due diligence process and has shared our Supplier Code of Conduct with all our suppliers during FY23.
- Improved our eNPS score by 0.8 points through targeted actions across the Group to demonstrate our investment in our people and to grow our culture.
- An assessment of environmental impact (including carbon emissions impact) is now included in all major capital investment projects.

*For more information on our ESG initiatives see **pages 36 to 41***

What will we do over the next two years?

2024 2025

- Development of our TCFD disclosures.
- Further development of ESG initiatives.
- Embedding ESG initiatives within the NWF business model.
- Roll-out of near miss reporting across the Group.
- Continued investment in fleet and trialling of emerging technologies.
- Measurement of our employee population as we work toward the creation of a diversity and inclusion policy.
- Implementation of new learning and development programmes for our people.

Key targets

- Aim to reduce number of road accidents, lost time injuries and RIDDORs from current reported metrics.
- Maintain and improve OTIF scores and, having provided our Supplier Code of Conduct to our suppliers, ensure this is maintained and provided to all new suppliers.
- Roll out further employee engagement surveys and identify key areas to improve employee satisfaction and wellbeing. Develop our diversity and inclusion strategy. Set a target for our net promoter score by division.
- 100% of our fleet to meet EURO 6 standards and focus on driver behaviour to improve MPG.

2020 baseline metrics

- 1,517 driver training hours in Food. Improved to 10,225 in 2023.
- 17 RIDDORs. Now at 17 at 31 May 2023.
- 18 Feeds Academy Trainees. Total trained to date 33.
- Total emissions of 31,533tCO_2e. Decreased by 6.8% to 31 May 2023.
- 21.21 tCO_2e/sq ft[1] reduced to 13.61 tCO_2e/sq ft[1] at 31 May 2023.

1 tCO_2e/year defined as tonnes of CO_2 equivalent per year.

ESG initiatives developed during 2023

Supplier Code of Conduct

*For more information regarding building strong partnerships see **page 39***

Development of our Health and Safety Charter

*For more information regarding this see **page 36***

Development of our TCFD disclosure

*For more information regarding TCFD see **pages 48 to 51***

Enahncing our recording of metrics

*For more information on our ESG initiatives during 2023 see **pages 36 to 41***

What are our medium-term commitments and ambitions?

2026›

- Embed a behavioural safety approach to encourage positive, open dialogue about safety in all our operations.
- Improve standards and policies, risk assessments and collaboration with our supply chain to maximise positive impacts for our stakeholders.
- Broaden our training and professional development programmes and wider employee wellness initiatives.
- Continue to invest in the latest truck technology and fuel sources, and plan for renewable energy transition.

Suppliers

Community

Customers

Environment

Shareholders

Employees

Our 2040 ambitions

Zero harm
Reduce accidents and incidents to a minimal level with a zero-harm target.

Opportunities for all
Deliver a culture of equality, diversity and inclusion supported by a programme of development in place for every employee.

Leverage business partnerships
Develop, test and adopt emerging technologies to support sustainable delivery and value for our customers.

Net zero emissions
Achieve net zero carbon emissions within our own operations by 2040.

Building Strong Partnerships

During the year we have issued a 'Supplier Code of Conduct' to all of our suppliers, which sets out our commitment to conducting business sustainably, responsibly and to the highest professional and ethical standards.

Annette Dale, Deputy Company Secretary commented 'the successful roll out of our code of conduct sets out the minimum standards that must be met by any party wishing to supply products or services to the Group. Positively we have had strong engagement from our supplier base.'

*Read more on **page 39***

Create a culture of safety

Implement a safety-first approach

We implement a safety-first approach in all activities and our 2040 ambition is to reduce accidents and incidents to a minimal level, with a zero-harm target.

Focus on road safety

A common feature of our three divisions is their fleet and across the Group we operate over 300 commercial vehicles. Road safety for our employees and the general public is therefore of significant importance. All safety incidents, including personal injuries, product spills, road traffic accidents and near misses, are recorded and thoroughly investigated to identify the underlying causes, control weaknesses and learn from any errors. Health and safety information is reported to the Board monthly, with any incidents reported immediately and an improvement plan outlined. We continually work to improve our performance towards a goal of zero harm.

Progress in 2023

During the year, we have identified the key reporting measures we will use to monitor our progress as a Group with regard to safety.

The following initiatives are examples of the progress we have made in championing safety across the Group:

- Roadmaps to ISO 14001 are in place for Food and Feeds accreditation, with Fuels retaining its compliance status.
- Fuels maintained its ISO 45001 and 9001 ratings.
- All of the Food and Feeds fleet and 95% of the Fuels fleet is EURO 6 compliant, which will increase as the fleet is replaced with newer vehicles.
- Food achieved its BRCGS supply chain assurance AA rated standard.
- Regular health and safety audits of key locations by both internal and external parties.
- Food became an accredited member of the 'Driver Vehicle and Standards Agency Earned Recognition' scheme.
- Monthly reporting to the Board with an annual review by external advisors.

The Group monitors accidents and injuries in line with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013, and the number of reportable incidents across the Group in the year ended 31 May 2023 was seventeen (2022: nine).

Our 2040 ambitions

Zero harm

Reduce accidents and incidents to a minimal level with a zero-harm target

Number of accidents per 1m km

7.14

2022: 3.81

Number of driver training hours per year

10,225

2022: 7,034

LTIs

16.1

2022: 23.1

RIDDORs

17

2022: 9; 2021: 12

Focus on:
Evolution of H&S

Dawn Davies, who featured in our Annual Report and Accounts last year and was promoted to Health and Safety Manager in June 2023, shares an update on the progress made in Feeds on health and safety initiatives during the year.

'Since last year we've been embedding our 'zero-harm' safety first strategic objective across the Feeds business. We have enhanced our communications, with health and safety now featuring at every monthly floor briefing. Our in-house near miss reporting is now fully embedded and we have seen the benefits of it over the past year; for example the number of near misses reported has increased by 88.0% when comparing this year to last year.

'Our induction and training materials have been improved to include hazard tests, and we've put in additional back stop systems to our elevators and added flameless venting panels. We've also been working in collaboration with an industry-wide body delivering guidelines for safe farm operating, to ensure that our drivers are safe when delivering feed.'

The success of near miss reporting in the Feeds division was discussed at an ESG Steering Committee in early 2023 and a decision was made to roll out near miss reporting across the Group.

Invest in our people

Progress in 2023

Engagement with our employees remains paramount to our success.

The following further initiatives demonstrate the outcomes of engagement with our employees and further development of ESG initiatives to develop our people and promote wellbeing across the Group:

- During the year, the Group has continued our regular programme of free fitness classes provided by a local team of personal trainers in our on-site studio at Wardle and Crewe. We have invested in equipment to enhance the performance and quality of these sessions. We have also invested in and updated our gym app which provides access to virtual workouts for all our colleagues working across our various locations.
- The Group continues to partner with 'The Happiness Index' and in 2022 rolled out the first in a new programme of Group-wide employee engagement surveys. The second survey took place in spring 2023. The results of these surveys will enable NWF to focus on areas of importance to our people and drive improvements in their experience at work.
- Our Feeds Sales Training Academy continues to thrive in its fourth year and to produce the Feeds advisors of the future. During the year, the Fuels Aspire programme has been introduced, developing the future managers and leaders of the business. The inaugural cohort of 12 individuals have been through a 12-month programme, learning about all aspects of the business and honing their professional skills. The success of the programme has been demonstrated with three promotions from within the cohort. For further details see below.
- We welcomed the 'Health and Wellbeing' bus to the Wardle and Crewe sites, giving our people access to state of the art health checks and tests, to aid with early intervention and education on health.
- Our Food division introduced a bus service between our Crewe and Wardle sites, removing c.16 vehicles from the commute between the two.
- Feeds and Group Head Offices have been refurbished during the year, providing great working spaces for our teams to work and collaborate. We now offer free tea and coffee to all employees across the Group.
- Across the Group we celebrated 320 employees (2022: 333 employees) with over ten years' service, equivalent to 22.8% of our employees.
- The Food and Feeds divisions have introduced an employee feedback tool, 'You Said, We Did', which has seen the introduction of free period products in all female toilets.

Our 2040 ambitions

Opportunities for all

Deliver a culture of equality, diversity and inclusion supported by a programme of development in place for every employee

Learning and development expenditure

£0.3m

2022: £0.3m

Voluntary labour turnover

17.0%

2022: 24.4%

Employee NPS

6.8

2022: 6.0

Focus on:
Aspire programme

As part of the strategic growth of the Fuels division, the management team has put in place a bespoke management development programme aimed at developing and growing the future leaders in the business. Over the course of the year, participants attend ten workshops covering both personal development and business knowledge, culminating in a project delivering solutions for existing business objectives. **Bev Monaghan**, Learning and Development Manager, said: **'The first cohort coming through the Aspire programme has been a real success story; of the 12 participants, we've already seen three promotions and we anticipate more when opportunities arise. Aspire provides the framework for the essential knowledge, skills and behaviours expected of our leaders.'**

Cohort participant **Harry Boxall**, newly appointed Depot Manager at Evesons Fuels, also commented:

'The Aspire development programme, along with completing my supervisor apprenticeship, is probably the reason I was promoted to Depot Manager so quickly. The programme covers a lot, from project management and technical sales to handling difficult conversations and other scenarios. I haven't yet had the chance to use all the skills I've gained, but they have 100% helped boost my confidence and build solid foundations for managing the depot.'

Invest in our people continued

Gareth Bell – Microlise Awards 2023

Already acknowledged by the Food division as both an accomplished driver and an outstanding ambassador, **Gareth Bell** has now received national recognition of his aptitude at the 2023 Microlise Awards.

Fleet management in-cab technology supplier Microlise organises the annual awards to reward outstanding driver performance. Gareth scooped the top award in the Extra Mile category, which puts the spotlight on the extraordinary commitment and effort that an individual puts into their working life. This includes taking their day-to-day duties above and beyond what's required.

The nomination highlighted Gareth's dedication, commitment and reliability, and his position as an excellent role model for other drivers.

As a trusted colleague, he has been assigned challenging customer-focused roles which included a three-month spell based at a customer site, Arla Foods Settle, to oversee the smooth passage of a new contract.

Passionate about upholding safety on the road, Gareth arranged a visit to a local school to highlight the need for vigilance around large vehicles and to point out potential hazards. He was also nominated for a Microlise Award in 2022 after his heroic actions supporting and safeguarding a driver who was driving erratically and dangerously on the motorway due to a serious health condition.

Working as a full-time tramper, spending four nights out in his vehicle each week, Gareth sets out to Wardle from his home in Anglesey each Monday at 4.00a.m., returning home on a Friday evening. He says: 'I can honestly say that I love my job and there is never a Monday morning when I wake up and dread going to work.'

Gareth originally pursued a profession in accountancy, but his love of driving, which began with trips out in his dad's lorry when he was a youngster, soon found him heading for a career on the road.

Ionela Tone – Everywoman Awards 2023

Ionela Tone moved to the UK from Romania in 2019 after completing a postgraduate degree in finance and working for a number of companies in Bucharest, including as a customer service specialist for Vodafone.

In 2020, she joined the Food division as a Warehouse Operative working on a four-on, four-off shift pattern and after just three months, due to a colleague unfortunately becoming ill, had the opportunity to work as a Team Leader, initially in a temporary capacity before being promoted to a permanent role.

During her studies for the ILM Level 3 Diploma in Management, Ionela carried out a project on warehouse productivity which came to the attention of Warehouse Operations Director Danny Earp. On the back of this project, Danny saw the potential for a Warehouse Productivity Analyst and gave Ionela the opportunity to establish the role.

Following her hard work and tenacity to cement her new role, which has made a real difference to warehouse productivity, the Company nominated Ionela for The Warehousing Award – Above and Beyond at the 2023 Everywoman Transport and Logistics Awards. The awards recognise the industry's exceptional talent.

Not surprisingly after her prolific career progress, Ionela has been shortlisted alongside three other industry colleagues for the award and will attend a special event in London.

Speaking about being shortlisted, Ionela said: 'Being in the final has made me very proud; I still can't believe it! I always thought that the only limits you have are those that you create. Being a finalist has reinforced this belief which I hope I can pass on to my colleagues, my friends and, most of all, my two daughters as I would like the new generation to no longer believe in stereotypes and to be able to create the life they envision. My dream is to create a place where people will come to work with the same joy I do.'

Build strong partnerships

Customer relationships

We want to gain a deeper understanding of our customers' needs so we can continue to offer them more choice, better quality and improved standards, as well as great value.

The following initiatives demonstrate how we are seeking to improve engagement with our customers across the Group:

- All three divisions have used the Happiness Index to assess their customer NPS, enhancing our understanding of our customer base and allowing us to further develop strategies to retain and grow our business.
- Through regular attendance at trade and agricultural shows, and its team of sales reps, the Feeds division has continued to engage directly with customers.
- Fuels has employed a new Marketing Director to grow and enhance its understanding of the marketplace and support delivery of strategic objectives.
- Food has encouraged its customers to remove waste from the supply chain and participate in the FareShare initiative, delivering almost 2 million meals to those in need in the lifetime of the project.

Supply chain management

It is critical to NWF that we work together with suppliers to promote responsible business practices. As such, we have created a new supplier due diligence process and during the year have introduced our Supplier Code of Conduct, which was issued to all our suppliers, and a risk assessed approach to further supplier due diligence. Our Supplier Code of Conduct codifies our commitment to conducting our business sustainably, responsibly, and to the highest professional and ethical standards and formally establishes the minimum standards that must be met by any entity that supplies products or services to the Group. Building upon this, at the end of the year we introduced additional due diligence procedures for those suppliers with the perceived greatest risk of supply chain modern slavery.

Furthermore, the following ESG initiatives have been pursued during the year:

- Our Feeds division has completed work with suppliers to create a range of compound feeds which do not contain soya or palm kernel, which have been launched under the 'Sustain' range of feeds.
- Fuels has continued to distribute its lower carbon part-renewable HVO30 and HVO100 product to commercial and agricultural customers.
- We have trialled the use of an electric truck in our Food division, and will bring it into our fleet to support the Palletline business in FY24. We are continuing to look at how we could expand the use of electric trucks across the rest of the fleet.

Our 2040 ambitions

Leverage business partnerships

Develop, test and adopt emerging technologies to support sustainable delivery and value for our customers

OTIF

Fuels

71.5%

2022: 65.7%

Food

96.4%

2022: 96.7%

Feeds

90.2%

2022: 86.2%

Focus on:
FareShare

Neil Trotter, Transport Operations Director in our Food Division shared an update on Fairshare:

'We have a longstanding partnership with FareShare, a national network of charitable food redistributors. This year we have been encouraging our customers to donate their surplus food and have 33 signed up to do so. We have grown our contributions through joint marketing campaigns, and are able to deliver the surplus food to FareShare at cost price or free.

'The FareShare network includes nearly 9,500 charities and community groups, including food banks, school breakfast clubs, homeless shelters and community cafes. It also has trusted status with supermarkets, meaning the movement of food, which would have otherwise gone to landfill, is as frictionless as possible.'

Over the last year we have facilitated our customers donating 0.4 million meals and over 157,184kg of food.

Respect the environment

Our approach to 'TCFD'

The Task Force on Climate-related Financial Disclosures ('TCFD') requires companies to identify, measure, quantify and report upon the risks and opportunities of climate change. This year we present our first TCFD disclosures, in compliance with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, Sections 414C, 414CA and 414CB of the Companies Act 2006 to place requirements on certain publicly quoted companies and large private companies to incorporate TCFD-aligned climate disclosures in their annual reports. Our TCFD Report can be found on pages 48 to 51.

Below we set out the pillars of UK-CFD and our approach:

Our 2040 ambitions

Net zero emissions

Achieve net zero carbon emissions within our own operation by 2040

MPG

Fuels

9.72

2022: 7.76

Food

10.44

2022: 10.32

Feeds

6.70

2022: 6.85

Fleet meeting EURO 6 standards

97%

2022: 94%

Average age of fleet

3.47 years

2022: 3.14 years

LED lighting across sites

92%

2022: 58%

Pillars	Recommended disclosure	NWF alignment	Further information
Governance	Disclosure of governance structures, oversight and management processes in place to manage climate-related risks and opportunities.	• Responsibility for climate-related issues and our ESG strategy is held by our Group Finance Director. • The Board has overall responsibility for reviewing the risk management processes and controls in place within the Group and ensuring that they are appropriate, which includes climate-related and ESG risk. • Our ESG Steering Committee is responsible for reviewing performance against our KPIs and monitoring the progress of climate/ESG-related initiatives.	Corporate Governance Statement on pages 55 to 60. ESG Framework on page 31. Principal Risks and Uncertainties on pages 27 to 30.
Strategy	Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where material.	• During the year, a strategy day was held by the Board to consider the longer-term impacts and opportunities presented by climate change on the Group. • Further work has been completed to define our 'Roadmap to 2040' and embed climate/ESG-related issues within the Group's long-term business model and strategy.	Q&A with Chief Executive on page 8. Divisional Reviews on pages 9 to 21. Roadmap to 2040 on pages 34 and 35.
Risk management	Disclosure of how the organisation identifies, assesses and manages climate-related risks.	• The Group's risk management programme, which assesses key risks and the required internal controls, is delegated to Directors and managers and is reviewed twice annually by the Audit Committee. • Principal risks, including climate-related risks, are identified and addressed using the risk management process detailed on pages 27 to 30. • Climate-related risks and opportunities are set out on page 28.	Principal Risks and Uncertainties on pages 27 to 30. Corporate Governance Statement on pages 55 to 60.
Metrics and targets	Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where material.	• The Group has outlined its long-term ambitions for 2040, which include a net zero target. • Our carbon emissions are disclosed in accordance with SECR requirements. • The Group has defined its KPI metrics for ESG reporting.	ESG Framework on pages 31 to 42.

Focus on:

Alternative energy sources

NWF is committed to investing in the latest technologies to reduce carbon emissions. Following discussions with our vehicle supplier, we have successfully trialled a Volvo electric truck that has a range of 180 kilometres. Whilst the UK doesn't have the infrastructure in place to support LGV electric vehicles, we will bring this into our fleet over the summer and will use this vehicle to support shorter journeys for the Palletline network.

At the Great Yarmouth fuel depot, HVO100 is now used by the fleet of six tankers making deliveries to customers. At our Wardle site, the fuel depot has a dedicated HVO100 tank for use by all three divisions in on-site vehicles such as shunters and JCBs.

Fleet management

Across our divisions we promote sustainable logistics, investing in clean fleet and energy initiatives to achieve this. In addition, our strategy to maximise fleet capacity to minimise empty running miles provides the best environmental solution, across all our divisions.

Mitigating our carbon emissions

We are challenging ourselves to think differently, and by driving efficiencies across our operations we aim to minimise the amount of waste and plastics we produce, use resources more responsibly and ultimately protect the natural environment.

Our current environmental initiatives include:

- a dedicated tank based at Wardle to allow all site vehicles such as JCBs and shunters to be fuelled by HVO100 rather than diesel. There is no upfront cost in switching to this fuel type, albeit the running costs are slightly higher than diesel;
- continued use in Fuels of HVO100 to fuel its own tankers to make deliveries to customers from its depot in Great Yarmouth;
- sharing of best practice, including driver debrief programmes developed in Food being shared with our Fuels division to promote good behaviours and efficient driving;
- launch of Fusion initiative in Feeds, focusing on reducing the environmental impact of feed manufacture through a combination of efficiencies in operations and transport, procurement policies, diet and feeding habits and on-farm support;
- continued replacement of lighting to LED efficient lighting across all divisions;
- planned installation of solar panels across a number of our locations, to increase the amount of clean energy we are able to use; and
- a commitment to invest in a clean, modern and efficient fleet.

SECR statement

We measure and report our energy and carbon data across the entire Group (Food, Fuels and Feeds), providing comprehensive data to substantiate our overall environmental impact.

Our SECR Statement includes all emission sources required under the 2019 regulations for the financial year ended 31 May 2023. Information regarding energy efficiency action taken during the year can be found on page 40.

NWF Group generated 29,374 carbon dioxide equivalent tonnes ('tCO_2e') of emissions during the year (2022: 30,062). 78% of this energy is consumed by making deliveries to customers using our transport fleet. Our transport fleet efficiency is a key part of our energy saving initiatives, looking for savings through more efficient driving, investment in clean modern vehicles and optimum routing.

We have chosen two carbon intensity ratios that reflect our business performance. Our carbon intensity ratio for the year ended 31 May 2023 was 81.94 tCO_2e per commercial vehicle (2022: 91.10), and 13.61 tCO_2e per 1,000 sq ft of warehouse and office space (2022: 20.22), representing a 32.7% decrease on last year. This can be partly attributed to reduced electricity usage as a result of lower volumes of feed manufactured.

In order to calculate the carbon emissions, we have used the emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2021. One of the requirements of the SECR regulations is to report our total UK energy use in kilowatt hours ('kWh'); for this we have used the 2021 conversion factors. The Scope 1 and 2 emissions reported are for all facilities across the Group under our operational control. This includes all distribution centres, manufacturing sites, oil depots and offices, plus fleet under our ownership. Scope 3 transport emissions relate to those emissions from employees, who use their own or hire car vehicles used in the course of business. Other fuel emissions include kerosene used for creating steam in feed manufacturing facilities and gas oil/LPG used to fuel on-site vehicles. As NWF Group is a UK-based company, it is not required to report any global activity emissions. Purchased electricity has been calculated based on locations-based emissions factors.

Carbon emissions (tCO_2e)[1]	**2022/23**	2021/22	2020/21
Transport (Scope 1)	**23,058**	23,218	22,913
Transport (Scope 3)	**55**	33	26
Purchased electricity (Scope 2)	**4,108**	4,639	5,294
Other fuels (Scope 1)	**2,153**	2,172	2,466
Total emissions	**29,374**	30,062	30,699
Carbon intensity ratio 1 (tCO_2e/commercial vehicle)	**81.94**	91.10	101.32
Carbon intensity ratio 2 (tCO_2e/1,000 sq ft of warehouse and office space)	**13.61**	20.22	20.65
Total UK energy usage (kWh)	**115,531,843**	116,737,255	117,717,572

1 tCO_2e/year defined as tonnes of CO_2 equivalent per year.

Energy consumption

Energy consumption

In line with our target and aim to become net zero as a group, along with providing tangible examples of the results NWF are achieving. We would draw the readers' attention to the results we are already achieving in energy reduction. In respect of the Carbon Intensity Ratio 1 (tCO_2e/commercial vehicle) and Carbon Intensity Ratio 2 (tCO_2e/1,000 sq ft of warehouse and office space) we have seen reductions by 10.1% and 32.7% respectively. We attribute this to the installation of LED lighting across our sites and depots and continue to look for ways to reduce our energy consumption further.

How we engage with our stakeholders

NWF Group plc depends on the trust and confidence of all its stakeholders to operate sustainably in the long term.

The Group seeks to build strong partnerships, create a culture of safety, invest in its people, respect the environment in which it operates and generate sustainable value for shareholders.

The Directors of NWF Group plc ('the Group') have discharged their duties as set out in Section 172(1) of the Companies Act 2006; they have had regard to the matters set out in Section 172(1) (a) to (f) when performing their duty to promote the success of the Group for the benefit of its members as a whole. In doing so, the Directors must have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Group's employees;

(c) the need to foster the Group's business relationships with suppliers, customers and others;

(d) the impact of the Group's operations on the community and the environment;

(e) the desirability of the Group maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between members of the Group.

The Board's understanding of the interests of the Group's stakeholders is informed by the programme of stakeholder engagement detailed overleaf.

Section 172 considerations are embedded in decision making at Board level and throughout the Group. Examples of how the Directors discharged their Section 172 duty when taking principal decisions during the year are set out on pages 46 and 47.

Customers

With over 150 years' experience in adding value to our customers' businesses, our commitment to customer service remains critical to our success.

Stakeholder expectations

- Reliable service, on time and in full.
- Quality products representing value for money.
- Knowledgeable and responsive teams which provide technical excellence in their respective fields.

Why we engage

- To reinforce our customer-focused culture and focus on delivering excellence in customer service.
- To ensure high levels of availability and delivery metrics, achieving high service levels and delivering value.
- To develop customer-focused solutions, ensuring the Group understands and responds to evolving customer needs.
- To drive improvements and reduce complaints.

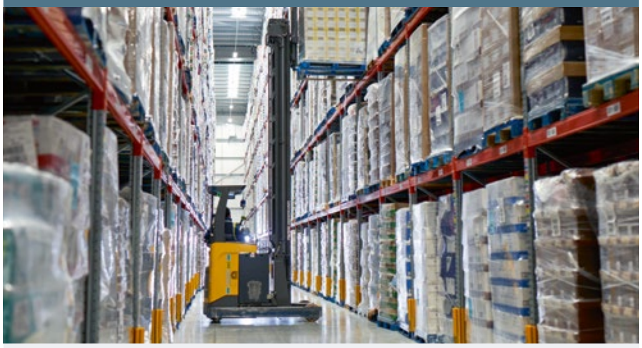
How we engage

- Each division has experienced customer service teams engaging with customers on a daily basis. Through our network of local fuel depots, a dedicated customer service team in Food and on-farm sales representatives in Feeds, we are in constant communication with our large and diverse customer base.
- Regular monitoring of performance against service level agreements and quality standards.
- Customer visits and attendance at relevant industry trade fairs and shows.
- Regular programme of site tours for customers and other community groups or business partners.

Outcomes of engagement

- Following customer satisfaction surveys performed across the Group in early 2023, we have an understanding of our customer views and are able to put targetted actions into place to enhance our offering.

Suppliers



Through collaborative and mutually beneficial relationships, NWF can continue to deliver efficient, quality services and high standards in a sustainable manner.

Stakeholder expectations

- Compliance with contractual terms and conditions.
- Co-operation to allow our suppliers to improve their products and services and to resolve any issues.
- To be treated fairly.

Why we engage

- To maintain strong relationships to ensure high supplier standards.
- To seek new ways to collaborate and innovate.
- To ensure our suppliers conduct their business in an ethical and sustainable manner.
- To enable our operations to become more efficient and ensure continuity of supply and competitive pricing.

How we engage

- Holding regular meetings and/or site visits with key suppliers.
- Feedback from suppliers is monitored and provided to the Executive Directors who update the Board at regular intervals.

Outcomes of engagement

- The Fuels division is working closely with fuel producers to develop the next generation of fuels.
- Roll-out over FY23 of our Supplier Code of Conduct to all suppliers.

Employees and community

Our employees are fundamental to the long-term success and execution of the Group's strategy.

Stakeholder expectations

- Fair salary and benefits.
- An inclusive and diverse workplace with opportunities for personal development and flexible working.
- Job security and satisfaction, with support for wellbeing and the opportunity for feedback.

Why we engage

- To ensure that all employees are valued and are given the opportunity to provide feedback and participate in shaping the development of the Group.
- To underpin our culture of safety and ensure that employees at all levels in the business play a role in promoting and upholding a strong focus on health and safety, for the benefit of the Group and the wider community.
- To ensure we maintain a skilled, technically competent and motivated workforce and provide appropriate opportunities for development and personal growth.
- To encourage equal opportunities and a more diverse workforce.

How we engage

- The Chief Executive holds a series of twice-yearly presentations for staff, where the financial results of the Group and development of its strategy are shared, with employees invited to discuss and ask questions.
- Through our partnership with 'The Happiness Index' we are able to invite regular feedback tailored to specific needs.
- At a divisional level, regular employee briefings are conducted, either via floor briefings or monthly newsletters, to enable regular sharing of information.
- Intranet, email communication and newsletters are used to keep employees up to date with divisional and Group activities.

Outcomes of engagement

- We continue to offer an agile working policy to promote flexible working, and have improved office spaces across the Group.
- We continue to offer our programme of free weekly fitness classes in our on-site studio, provided by a local team of personal trainers.

Shareholders

Our aim is to provide a transparent, clear, consistent message across our communication channels giving shareholders the opportunity for direct, personal contact with our senior executives on a regular basis.

Stakeholder expectations

- Responsible and sustainable growth ambitions.
- Share price accretion.
- Progressive dividend policy.
- Resilience to adverse market conditions.

Why we engage

- To ensure the Group responds to the evolving needs and interests of shareholders and aligns its strategy accordingly.
- To communicate and explain how we aim to deliver growth and create value, by maximising the potential of the business.
- To give shareholders the opportunity for direct, personal contact with our Board members on a regular basis.

How we engage

- Investor roadshows are held twice a year to coincide with the Group's half year and final results, allowing our institutional investors to meet with the Chief Executive and Group Finance Director.
- Recorded webcasts presenting our half year and final results are made available for investors through the Group's website, **nwf.co.uk**. The Investors section of the website also includes access to the Annual Report and Accounts, presentations and trading updates.
- The AGM provides further opportunity for the shareholder community to engage directly with the Board of Directors.

Outcomes of engagement

- Engagement with our shareholders has influenced our acquisition, capital investment and progressive dividend policy.
- As a result of shareholder engagement, we were successful in being awarded 'Best Investor Communication Award' at The AIM Awards 2022.

The environment

We strive for continual improvement when it comes to our environmental performance, monitoring carbon emissions and waste across our supply chain and promoting a healthy environment.

Stakeholder expectations

- For the Group to operate as efficiently as possible and maintain high environmental standards.
- For the environmental impact of the Group to be minimised.

Why we engage

- To ensure adherence to relevant environmental legislation and regulations.
- To better understand environmental challenges and how we can contribute to meeting those challenges.
- To ensure that high environmental standards are respected at each of the Group's sites.

How we engage

- We work with our customers and suppliers to improve the efficiency of our operations.
- We engage with customers to understand environmental challenges they face and then innovate to develop solutions to try to alleviate those challenges.

Outcomes of engagement

- Investment in clean, modern fleets.
- Enhancement to trucks to improve efficiency and MPGs.

*See our Roadmap to 2040 on **pages 34 and 35***

Decision making by the Board

Board information

- CEO communications re competitive activity, market trends and analyst reports.
- Professional experience and qualification.
- Training and induction.
- Monthly provision of Board papers including financial and non-financial information.
- Advice and presentations by internal and external subject matter experts.

Board strategic discussion

- The Board satisfies itself that the information provided is sufficient, accurate and comprehensive to support decision making. Further information is sought, if required.
- Section 172 considerations are taken into account in the Board's strategic discussions, including the long-term impacts on the Group and its stakeholders.

Board decision

- Feedback from outcomes/actions of decisions is communicated back to the Board.
- Actions are taken to implement the Board's decisions.

Stakeholders

- Customers
- Suppliers
- Employees and community
- Shareholders
- Environment

Section 172 considerations

- Likely long-term consequences
- Employee interests
- Relationships with customers, suppliers and others
- The impact on the community and environment
- Maintaining a reputation for high standards of business conduct
- Acting fairly between members of the Group

Decision 1: Board succession

Matter for discussion	Section 172 considerations	Actions and outcomes
The Board identifies recruitment, retention and development of our key people as a principal risk to the Group (see page 29). Succession planning for our senior management team is therefore a key matter for consideration and discussion by the Board. During the year, Richard Whiting, Chief Executive, announced his intention to retire from NWF with effect from March 2024. Following the recommendation of the Nomination Committee that Chris Belsham, formerly Group Finance Director, be appointed Chief Executive upon Richard's retirement, the Board also considered the successor for the Group Finance Director position.	The Board considered the appropriate skills, experience and qualifications necessary for the Group's long-term success. Determining the needs of the Group and its employees and the need to foster the Group's relationships with customers and suppliers were also critical in the decision-making process.	An external executive search and leadership consulting firm was appointed to assist the Board in the search for the successors to these two key roles. Having identified the competencies for both roles following consideration of the needs of the Group's stakeholders, the Board accepted the Nomination Committee's recommendation that Chris Belsham, formerly Group Finance Director, be appointed Chief Executive in March 2024. Following an extensive search, recruitment and interview process, Katie Shortland will be appointed Chief Financial Officer in October 2023. Katie is an experienced finance and business leader with extensive experience working in infrastructure, engineering and manufacturing. For more information on Chris Belsham, Chief Executive Designate, see page 52. Further details on Katie Shortland can be found on page 65.

Decision 2: Acquisition of Sweetfuels Limited

Matter for discussion	Section 172 considerations	Actions and outcomes
A key strategy of the Group is to grow through acquisition. During the year, the Group acquired 100% of the share capital of Sweetfuels Limited, adding a depot, and bringing a number of employees, customers and suppliers.	Prior to acquisition, the Board carefully considered the business case to ensure that our investment would deliver an appropriate return for our shareholders. The Board considered the appropriateness of the post-acquisition model to ensure that its employees were integrated efficiently into the wider Group ensuring the long-term success of the depot. The Board considered the impact to its new customer base and ensured appropriate plans were in place to notify those stakeholders of the continuity of supply through the depot.	Sweetfuels Limited was successfully hived up within four months post-acquisition. The post-acquisition model was successful in ensuring our new employees felt welcomed into the Group, and there was no disruption to supply for our new customers. For more information on the acquisition please see page 62.

Decision 3: ESG and first year of TCFD reporting

Matter for discussion	Section 172 considerations	Actions and outcomes
To ensure that the Group remains resilient and progresses its ambitious aim to meet net zero by 2040, the Board has completed its first year of TCFD reporting and progressed its ESG agenda.	In response to the increasing importance of ESG for employees and shareholders, an ESG Steering Committee reporting to the Board was introduced in the previous financial year and has been responsible for overseeing the Group's response to ESG and TCFD disclosures. In preparing the TCFD disclosures the Board has considered the appropriateness of the climate-related risks and opportunities and mitigating actions thereon.	The ESG Steering Committee has met monthly. The Remuneration Committee has included ESG-related objectives for the Executive Directors for FY24. For further details, please see the Remuneration Report on pages 66 to 69. For more information on our TCFD disclosure please see pages 48 to 51.

Our approach to TCFD

Governance

The Board is ultimately responsible for the Group's risk management framework which includes both climate-related risks and opportunities. The risks and opportunities relating to climate change are identified, considered and managed at a divisional level. Divisional management completes management reporting which includes the climate-related risks and associated metrics, which are reviewed by an ESG Steering Committee. The ESG Steering Committee also reviews the ongoing environmental initiatives which NWF is undertaking.

The ESG Steering Committee meets monthly and includes the following individuals:

- the Chief Executive and Group Finance Director;
- the Group Financial Controller;
- the Company Secretary and Deputy Company Secretary; and
- the Managing Directors for NWF's three divisions (Fuels, Food and Feeds).

*For more information see **page 31***

The Group Finance Director has been delegated the responsibility for climate-related issues and the Group's ESG strategy. The Group Finance Director briefs the Board on the work of the ESG Steering Committee. The Board has the ultimate responsibility for reviewing the appropriateness of climate risk management processes and controls in place within the Group. Workshops have been held with the Committee to enhance its understanding of TCFD and ensure adequate governance.

We have produced disclosures that align with the current TCFD requirements in compliance with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, Sections 414C, 414CA and 414CB of the Companies Act 2006 to place requirements on certain publicly quoted companies and large private companies to incorporate TCFD-aligned climate disclosures in their annual reports, but recognise that further work is required for full TCFD disclosure requirements to be met. We will be reviewing the full disclosure framework in light of the requirements placed on the Group and will consider where appropriate enhancements to our current disclosures can be made, which will include understanding how we can quantify our financial risks.

We have considered how the full requirements of TCFD align to the UK Companies Act and have presented a 'Non-Financial and Sustainability Information Statement' that we have referenced as 'TCFD' throughout this report that focuses on the 8 disclosure requirements as prescribed by the Companies Act.

Risk management

Transitional risk of climate change is considered a principal risk for the Group; therefore, it is governed in line with the Group's overall risk management framework. For further details please see page 27.

The risk management process involves the identification and prioritisation of key risks, the development of appropriate controls and the plans for mitigation. There are a number of ways in which risks are identified and assessed and managed across the Group.

At a divisional level, the management teams are responsible for identifying and assessing new risks, as well as managing existing risks. Risks are assessed using consistent measurements of impact and likelihood. Changes to existing risks, the emergence of new risks and plans for mitigation are discussed at monthly management meetings held with the Executive Directors, and recorded in the respective divisional risk registers, as appropriate. The divisional management teams are responsible for the maintenance of their divisional risk registers. Each divisional risk register is further reviewed twice a year by the Executive Directors.

At a Group level, there is a continuous process of considering risk. New and emerging risks are identified through the reviews conducted at a divisional level and the experience brought by the Executive and Non-Executive Directors and from the engagement of certain external specialists in subject areas including climate. The Group maintains a consolidated risk register whereby each recorded risk has a designated owner who is responsible for ensuring that effective controls are in place to mitigate the risk. The consolidated Group risk register is reviewed at least twice a year by the Audit Committee.

Historically, the risk identification process has reviewed how NWF will be impacted by Government strategy and policy in relation to the decarbonisation of the economy, rather than the direct impact of climate change. In preparation for these reporting requirements, we have engaged with an external consultant to identify and assess the impact of climate-related risks. Over time, we will seek to further embed specific and material climate-related risks and opportunities into our risk management framework to ensure an integrated approach.

Strategy

We have identified climate-related risks and opportunities over three time horizons which are defined below:

- **short term:** up to five years in line with our forecasting cycle;
- **medium term:** five to ten years; and
- **long term:** beyond ten years.

NWF is comprised of three divisional business units, which are each impacted by climate differently. There will be many value creation opportunities as the world transitions to a low carbon economy; however, NWF will also be exposed to physical and transition risks. Our external advisors and we (C.1.4) have identified a range of such risks and opportunities across different time horizons and indicated our resilience to the impact of these as listed in the table below.

Risk register

Risk detail	Impact	Resilience
Transition: Policy and legal		
(1) Mandates on regulation of existing products and services. **Time horizon** Long term	**Fuels:** A key part of value creation is from the commercial and domestic oil market. With increased regulation and associated costs on domestic oil, we would expect to see our customer base transition their traditional oil boilers to alternative low-carbon fuels, air or ground source heat pumps, biomass boilers, resulting in revenue loss. We also anticipate there to be increasing difficulty in sourcing capital funding for carbon intensive industries such as Fuels, with increased regulation and pressure on banks and investors. The impact of increased regulation would reduce revenue and gross margins.	In response to these risks, we have assessed that our Fuels division can quickly adapt its operating model to transporting alternative low carbon fuels, as we already have the relevant infrastructure and skills for this development. Our industry and Group are acutely aware of the carbon intensive nature of our business models and thus there will likely be an industry-wide technological adaptation and adoption process.

Risk detail	Impact	Resilience
Transition: Policy and legal continued		
(2) Increased price of GHG emissions through carbon tax. **Time horizon** Medium term	**Group:** The prevalence of carbon pricing is expected to expand, thereby causing the price of carbon to increase. This would lead to an increase in operating costs for the Group as a result of energy price implications or carbon taxes on our Scope 1 and 2 emissions. The introduction of carbon pricing in the value chain would also increase the cost of carbon intensive raw materials, which could have a material financial impact on our business because of operating in a carbon intensive industry.	As a Group, we are tracking greenhouse gas emissions from divisional businesses, with metrics implemented to reduce GHG emissions across the Group. We are also planning to install solar panels on sites in a bid to reduce our Scope 1 and 2 emissions and create cost savings.
Transition: Technology		
(3) Development of emerging low carbon technology. **Time horizon** Long term	**Group:** Our business is typically guided by industry-wide technological advancement into low carbon technologies. There is an increasing shift towards electric vehicles and non-fossil fuel fleet because of Government policy changes.	In anticipation of this risk, and to build resilience into our Fuels division, we are using HVO100 (fuel containing 100% hydrotreated vegetable oil) to fuel our own tankers at one of our depots to make customer deliveries. We also offer HVO30 and HVO100 as a product for sale to our commercial customers. We also use HVO100 powered vehicles at our main Wardle site for shunting and JCBs. Meanwhile, across the Group, we continue to explore the possibility of replacing some of our fleet with electric vehicles as part of our plan for renewable energy transition.
Transition: Market		
(4) Change in consumer preferences. **Time horizon** Long term	**Fuels:** The shift away from oil heating towards lower carbon intensive fuel types, particularly amongst domestic customers, which could result in a risk of loss of revenue. **Feeds:** We also expect there to be an increase in operating costs for our Feeds division with the increase in raw materials as supply chain demand increases for lower methane feed types. Changes in consumer demand could impact dairy and meat consumption nationally, impacting our customer base and overall demand for feed.	To mitigate the exposure to risk in the Fuels division, there is an ongoing process of reviewing new liquid fuel products to the market, and the assessment of our preparedness to adapt our fleet for these new fuels. We are also monitoring the development of all energy sources including hydrogen as a potential solution for our customers' heating and transportation requirements. The Feeds division is, similarly, engaged in a product monitoring process and trialling alternative, low methane producing feed products to help reduce emissions.
Physical: Chronic		
(5) Average increase in global temperature. **Time horizon** Long term	**Fuels:** The proximity to the coast and river flood plains of a limited number of our depots could impact our ability to operate from those locations in extreme weather scenarios. **Food:** The Food division will also be impacted, to a lesser extent than the rest of the Group. Currently we operate ambient storage facilities, but with increased average temperatures this may have an impact on our stored goods, thus having an increase in our operating costs. Furthermore, the prevalence of more extreme weather patterns will increase degradation to the UK road infrastructure, increasing the potential damage to our fleet and increasing the time of delivery and potential damage to goods transported. **Feeds:** When identifying physical risks to the Feeds division, we expect to see an increased interruption to our supply chain as harvest patterns shift, revenue decline with livestock losses due to extreme weather events reducing our customer base and, finally, an increase in the competition for raw materials to produce feed.	To combat these identified risks, we have, for the Feeds division, begun to increase diversification into our supply chain and engage with our suppliers to understand how they might mitigate these impacts in supply. Further downstream of our business we have engaged with our customer base to understand how they might increase their own resilience in their business models. Within the Fuels divisions we have a nationwide network of depots, and supplies could be diverted to impacted areas of the country should one of our depots be temporarily closed. We are also considering the installation of solar panels at a number of our sites in a bid to reduce our Scope 1 and 2 emissions and create cost savings for generating electricity.

Opportunities

In addition to climate-related risks, we have identified a number of opportunities for NWF in the transition to a lower carbon economy.

Opportunity detail	Impact	Strategic response
Transition: Energy sources		
(1) Reduce Scope 1 and 2 emissions to minimal. **Time horizon** Long term	**Group:** There is a large opportunity for the Group to be more resource efficient, particularly as part of its energy consumption, consequently reducing operating costs. This will also contribute significantly to the net zero by 2040 target. Reductions in Scope 1 and 2 emissions may be achieved through the installation of solar panels at NWF's sites and the expanded use of renewable energy in its operations.	We are considering the installation of solar panels at a number of our sites in a bid to reduce our Scope 1 and 2 emissions and create cost savings.
Transition: Products and services		
(2) Growth in low carbon heating market. **Time horizon** Long term	**Fuels:** The Fuels division has the opportunity to offer an alternative heating product to transport. This can be achieved through technological advancements to produce wide-scale, lower carbon fuel alternatives, ultimately reducing our Scope 3 emissions. At present, there is no meaningful change in consumer demand towards lower carbon alternatives.	We are continuing to support the distribution of lower carbon part-renewable HVO30 and HVO100 product to commercial and agricultural customers.
Transition: Resources		
(3) Use of more efficient modes of transport by converting fleet. **Time horizon** Long term	**Group:** Utilising renewable energy and alternative drive concepts through emerging technology will ultimately reduce our carbon emissions and create efficiencies, enhancing our reputation with our customers. Improving the efficiency of our fleet will increase the useful economic life of the vehicles we use and create potential cost savings.	We are already trialling the use of electric vehicles in the Food division and will continue to work with our commercial vehicle suppliers to understand how emerging technologies can benefit NWF.

Scenario analysis – 'What if?'

Transition risk will crystallise as we move to a low carbon economy; we have as a Group not yet conducted an in-depth quantitative scenario analysis. However, we have considered the broader qualitative ramifications of climate change to our business model and the Group by considering two possible scenarios, which we deem at this stage to be a suitable and relevant baseline scenario set to work from.

Scenario A: Significant steps towards addressing climate change are taken resulting in higher transition risks

In this scenario, we view an early committed action by society to reduce global emissions in conjunction with policies and legislation immediately implemented towards a low carbon economy intensifying over time. This action is viewed as an effective way to limit global warming to less than 2°C in line with the Paris Agreement.

Scenario B: Limited action towards addressing climate change leading to potentially higher physical risks

In this scenario, consumer preferences do not shift and/or policies to address climate change are not implemented sufficiently resulting in ambitions falling behind Paris Agreement targets and resulting in an increase in global temperatures above 3°C, with associated sea level rises and extreme weather changes.

We have already conducted the initial stages of research into the broader physical impacts of sea level rises and increased flooding in line with the leading consensus from the IPCC (2021). In this scenario, we see an impact in both our supply chain and low lying depots, which are at risk of flooding.

As NWF gains more experience with qualitative scenario analysis, we will endeavour to develop our scenarios and associated analysis utilising quantitative information to illustrate potential pathways and outcomes. In this way, we will be able to provide a more in-depth quantitative assessment of the climate risks and opportunities faced by our businesses. We believe these scenarios cover a varied range to provide a robust assessment of future outcomes relevant to NWF's business.

NWF is well placed to be able to adapt to each of these scenarios, with a system of monitoring incoming regulation and development of new products and services as well as a management structure that allows for the free flow of information between a divisional business unit and the Group. In considering our risks and opportunities, we have reviewed the specific impacts of each of these two scenarios and their impact on our business units and activities.

Metrics and targets

To measure progress against our net zero 2040 target, we have key performance indicators in place to monitor our Scope 1, 2 and 3 emissions across the entire Group (Fuels, Food and Feeds).

In order to calculate our emissions, we use emissions factors from the UK Government's GHG Conversion Factors for Company Reporting 2022. Data is consolidated using the operational control approach. These metrics are tracked monthly as part of management reporting and are presented below for the year ended 31 May 2023.

We are committed to playing our part in the UK's ambition to achieve net zero by 2050, and develop our own Net Zero Transition Plan. As such, the Group has set an ambitious target to achieve net zero by 2040 across our own operations (Scope 1 and 2 emissions) (H.1.1, H.1.3, H.1.4). We are also looking to perform a more detailed Scope 3 assessment and set targets associated with climate risks along our value chain in future periods (H.1.5, H.1.6, G.1.1).

The Board appreciates the importance of setting mid-term targets, but recognises further analysis of existing data is required before robust targets are set, which can be meaningfully linked to the Group's long-term target.

Similarly, the Group will include ESG measures to the annual bonus for personal objectives incorporated into the remuneration policy in future, for the executives. The climate-related KPIs used to monitor progress against our net zero 2040 target are on pages 34 and 35 and are monitored monthly as part of management reporting submitted to the Board.

Read more about our energy and carbon emissions on ***page 40***

Focus on:

Sustainability – Our B Corp ambitions

Our Food division has been progressing its sustainability approach by embarking on a journey to apply for B Corp certification, a global non-profit network whose aim is to drive high standards of social and environmental performance, transparency and accountability. The certification aligns with our ESG ambitions and Boughey Distribution Limited will be one of the first distribution businesses in the UK to achieve the status should its application be successful.

Sarah Hall, ESG Manager in our Food division, tells us more about the project:

'It will be a great achievement to become certified with the movement, showcasing our high standards around sustainability. The movement is a journey, and we will be continuously challenged to maintain and improve on the high baseline we have set for ourselves.

Earlier this year we issued our first Impact Assessment which supports our application. Some of our key achievements towards our sustainability goals are that we have recycled 100% of our waste oil in our garage, donated hundreds of thousands of tonnes of surplus food to our distribution charity partner FareShare, removed 750,000 plastic labels used in handling and distribution, and installed 100% LED lighting across our sites. We also launched 'Ask Angela' and 'You Said, We Did', enabling us to understand and engage with our employees more effectively and improve their working environment in the process through implementing, in many cases, ideas that they have suggested.

'We are really excited about this chapter in our sustainability journey and are looking forward to certification and taking further steps forward.'

A skilled and capable Board

Philip Acton
Non-Executive Chair
Appointed to the Board: August 2013

Skills and experience
- Considerable board, leadership and strategy skills derived from Executive and Non-Executive roles.
- Extensive experience in mergers and acquisitions, operations and finance.
- Broad sector experience in agriculture, warehousing, distribution, engineering and manufacturing.
- Qualified Chartered Accountant with a degree in accounting and finance.

Key development
A B C D E F G H

Committee membership
- Audit
- Remuneration
- Disclosure
- Nomination (Chair)

Other current appointments
N/A

Past appointments
Chief Operating Officer for Genus Europe and Asia. Group Finance Director Genus plc. Group Finance Director Scholes Group plc.

Richard Whiting
Chief Executive
Appointed to the Board: October 2007

Skills and experience
- Considerable leadership and strategic experience in a number of manufacturing and specialist distribution businesses in the building products and consumer products sectors.
- Broad experience including Chief Financial Officer of a FTSE small cap business and operating at a senior level in sales and marketing roles in a FTSE 100 building products group.
- Background in consumer products across international markets with global sourcing and operations experience.
- Mergers and acquisition expertise across multiple sectors and markets.

Key development
A B C D E F G H

Committee membership
- Disclosure

Other current appointments
N/A

Past appointments
Group Finance Director of Heywood Williams Group plc. Managing Director of the datacom division of Brand-Rex Ltd.

Chris Belsham
Chief Executive Designate
Appointed to the Board: April 2017

Skills and experience
- Considerable strategic and leadership experience at both NWF and as Head of Corporate Finance and Equity Partner at Irwin Mitchell LLP.
- Extensive mergers and acquisition, valuation and financing expertise across a range of sectors following fourteen years as a corporate finance advisor with KPMG with a focus on listed clients.
- Qualified Chartered Accountant and Fellow of the Institute of Chartered Accountants for England and Wales, having qualified with PwC in 1999.

Key development
A B C D E F G H

Committee membership
- Disclosure (Chair)

Other current appointments
N/A

Past appointments
Equity Partner and Head of Corporate Finance at Irwin Mitchell LLP.

Key development

A External advisor updates
B Professional network
C Institute updates
D Investor forums
E Self study
F Industry bodies
G Other non-executive roles
H Member of Institute of Directors

Richard Armitage

Senior Independent Non-Executive Director
Appointed to the Board: July 2020

Skills and experience

- Extensive financial, strategic, mergers and acquisitions and governance experience, gained within a range of commercial organisations including consumer goods and distribution.
- A board level executive in large complex organisations for the last fourteen years.
- Experience of investor relations and debt capital markets, with strong banking relationships.
- Qualified Chartered Management Accountant.

Key development

A **B** **C** **D** **E** F G H

Committee membership

- Audit (Chair)
- Remuneration
- Nomination

Other current appointments

Chief Financial Officer at Morgan Advanced Materials plc

Past appointments

Chief Financial Officer at Victrex plc.

Dawn Moore

Independent Non-Executive Director
Appointed to the Board: September 2022

Skills and experience

- A Fellow of the Chartered Institute of Personnel and Development.
- Almost 30 years of HR, communications and management experience, both in the UK and internationally.
- Substantial experience of setting the strategic direction for all aspects of HR, people and organisational development across a range of sectors.
- Winner of several national awards for work on diversity and inclusion, people strategy and culture change in the last five years.
- Extensive experience over the last ten years as a Non-Executive Director in the public, private and third sectors.

Key development

A **B** **C** D **E** F **G** **H**

Committee membership

- Audit
- Remuneration (Chair)
- Nomination

Other current appointments

Group People and Communications Director for J Murphy & Sons Ltd

Past appointments

Non-Executive Director of Lords Group Trading plc. Director of Human Resources of Morgan Sindall plc. Non-Executive Director of Sheffield Teaching Hospitals NHS Foundations Trust. Executive Director (HR) of Tarmac.

Rob Andrew

Company Secretary
Appointed: February 2004

Skills and experience

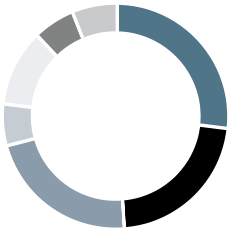
- Chartered Secretary with extensive experience in quoted company requirements.
- Extensive experience in health and safety management and providing frameworks to ensure best practice and compliance.
- Significant experience on wide ranging property matters including acquisitions and disposals of freehold and leasehold interests.
- Strong focus on people matters, focusing on improvements in HR culture and employee engagement.

Key development

A **B** **C** **D** E F G H

Key development

- A External advisor updates
- B Professional network
- C Institute updates
- D Investor forums
- E Self study
- F Industry bodies
- G Other non-executive roles
- H Member of Institute of Directors



Skills

- Mergers and acquisitions (5)
- Finance (4)
- Strategy and leadership (4)
- Board experience (1)
- Sector experience (2)
- Sales and marketing (1)
- Operations (1)

Dave Walmsley
Managing Director, Fuels

Experience

Appointed Managing Director of the Fuels division in November 2022. Previously held the position of Managing Director of SIG Distribution and senior positions at Palletways and Lyreco.

What this experience means for NWF

Please see page 12.

Key skills

- Strategy and leadership
- Operations
- Sales and marketing

Key development

A **B** C D E **F** G H

Angela Carus
Managing Director, Food

Experience

Appointed Managing Director of the Food division in January 2022. Angela has worked in the logistics sector since leaving school and held a variety of senior positions before joining the Group from Culina, where she was a director of operations.

What this experience means for NWF

Please see page 16.

Key skills

- Strategy and leadership
- Sector experience
- Operations
- Sales and marketing

Key development

A **B** **C** **D** E **F** G H

Andrew Downie
Managing Director,Feeds

Experience

Appointed Managing Director of the Feeds division in February 2015. Previously held the position of head of operations at ABF plc and senior positions at AB World Foods and Patak's Foods Limited.

What this experience means for NWF

Please see page 20.

Key skills

- Strategy and leadership
- Operations
- Finance
- Mergers and acquisitions
- Sales and marketing

Key development

A **B** **C** D E **F** G **H**

Richard Huxley
Obituary

During the year, the Group received the sad news of the death of Richard Huxley, our previous Managing Director of the Fuels business, following a short illness. Richard's contribution and commitment to the Fuels business over the years was invaluable and he is sorely missed by the NWF team. Our thoughts and best wishes are, of course, with his family.

Ongoing development

> **Strong corporate governance is vital if we are to deliver on our corporate objectives."**
>
> **Philip Acton**
> Non-Executive Chair

Dear shareholder,

On behalf of the Board, I am pleased to present NWF Group plc's Corporate Governance Statement for the year ended 31 May 2023. This statement provides details of our current governance framework and practices and how we discharge our governance duties.

Whilst 2022/23 has again been another challenging year, I am delighted that the Group has achieved another very strong performance despite the inflationary and cost-of-living challenges. The Group has reaffirmed its clear, long-term strategy and improved performance whilst mitigating, wherever possible, the risks faced by the businesses.

In my role as Chair, I am responsible for the Board including its effective leadership and composition, assessing and improving its performance, and leading the Group's corporate governance culture to ensure that an appropriate governance framework is embedded within the Group and its businesses. The Board recognises the fundamental importance of maintaining a strong corporate governance framework in order to continue to create long-term value and 2022/23 has seen the continuation of the evolution of the Group's governance framework, as the Group continues to develop.

The Group has continued to adopt the Quoted Companies Alliance Corporate Governance Code ('the QCA Code') as the basis of its governance structure and has complied with all principles of the QCA Code throughout the year. Given the Group's size, we also endeavour to have regard to the provisions of the UK Corporate Governance Code to the extent that we believe this is appropriate. As such, all Board Directors are required to stand for annual re-election and our independence policy provides that Non-Executive Directors are unable to serve for more than nine years except in exceptional circumstances. In keeping with this policy, I previously announced that I would be stepping down from the Board having completed nine years' service. My tenure is to be extended for a limited period of time (making in aggregate a tenure of ten years) until the 2024 AGM in order to continue to facilitate effective succession planning and the development of a diverse Board.

As has been announced, Richard Whiting will retire from his role as Chief Executive in March 2024. I would like to thank Richard for his substantial contribution to the development of the Group over the last 15 years. I am pleased to report that Chris Belsham, currently Chief Executive Designate having been Group Finance Director since 2017, will be appointed Chief Executive in March 2024. Chris' promotion recognises the key role he has played in the Group's performance and strategic direction since joining the Board. Following a review of the skills, experience, personal qualities and capabilities of the existing Board members and those required as the Group continues to evolve, a rigorous recruitment process was undertaken during the year to recruit Chris' successor (further details on this and the Chief Executive succession can be found in the Nomination Committee Report on pages 64 and 65) and I am pleased that Katie Shortland will be joining the Board as Chief Financial Officer in October 2023. During the year, we also welcomed Dawn Moore to the Board as Non-Executive Director and Chair of the Remuneration Committee. Dawn's appointment has strengthened the Board through the introduction of new experience, diversity and skills, particularly within the social aspects of ESG.

The Board recognises that the sustainability of the Group is key to its long-term success. As such, 2022/23 saw a focus on strengthening our approach to how we govern sustainability (further details can be found on pages 31 to 42). A key development in the year has been the completion of our first TCFD disclosures (which can be found on pages 48 to 51), in compliance with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and Sections 414C, 414CA and 414CB of the Companies Act 2006.

The Board acknowledges that a prerequisite of a strong corporate governance framework is a healthy corporate culture. Whilst the culture within each of the Group's businesses is different, reflecting the diverse environments in which each business operates, those cultures are predicated upon ethical values, integrity and transparency.

For our strategy and business model to succeed in creating sustainable value in the long term, and to enable the mitigation of our principal risks and uncertainties (as detailed on pages 27 to 30), positive relationships with the Group's various stakeholders must be cultivated. This will only be achieved through integrity and transparency. The Board monitors the Group's culture through engagement with the Group's stakeholders (further details on how we engage can be found on pages 43 to 45), the regular review of the Group's consolidated risk register and any changes to the principal risks and uncertainties, and externally facilitated employee and customer surveys which allow us both to engage and identify areas of focus.

In order to promote a healthy corporate culture, the Group operates a whistleblowing policy which allows concerns regarding unethical or unsafe behaviours to be raised in confidence and promptly investigated. To ensure ethical values and behaviours are recognised and respected, the Group has a suite of policies in place, covering areas such as anti-corruption and bribery, equal opportunities, prevention of the facilitation of tax evasion and modern slavery. As a result, the Board is satisfied at this time that an ethical culture exists within the Group.

Philip Acton
Non-Executive Chair
1 August 2023

Delivering growth and building trust

Our strategy

The Group's strategy is to consolidate and optimise its operations to deliver long-term sustainable value for its shareholders and stakeholders. This is achieved by the implementation of the Group's acquisition strategy, focused on the consolidation of the highly fragmented fuel market (further details can be found on pages 10 to 13), and investing in the Group's people, businesses and product development to create innovative products and services. The Group's business model is set out on pages 22 and 23 and on the Business Model page of our website, ***nwf.co.uk/about-us/business-model***.

Effective risk management and internal control

The achievement of the Group's strategy is dependent upon the effective identification and management of new and existing risks. The Board recognises though that the risks faced by the Group also present opportunities for innovation and growth. The principal risks and uncertainties affecting the Group, and how these risks are identified, assessed, managed and reviewed, are explained on pages 27 to 30.

The Board has overall responsibility for ensuring that the Group maintains an effective system of internal control which directs the Group's activities in order to ensure the safeguarding of assets, to assist in the delivery of the Group's strategic, financial and operational ambitions and to provide it with reasonable assurance regarding the reliability of financial information that is used within the business.

There are, however, inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board obtains assurance that the risk management and related control systems in place are effective in a number of ways. During the year, a rolling programme of risk and controls testing has been undertaken across the Group with a focus on various key areas of risk identified. This programme was undertaken through a combination of internal and external resource and the results were reported to the Board. The Group's risk management programme, which assesses key risks and the required internal controls that are delegated to Directors and managers at all levels in the Group, is reviewed regularly in order to ensure that it continues to meet the Board's requirements. Although the Group does not have a formal internal audit function, targeted reviews and visits to operations are conducted by the Head Office team and professional advisors. The results of these reviews are communicated back to the Audit Committee. An internal control update is provided to the Audit Committee at each meeting. Further details can be found on pages 61 to 63.

Engagement with our shareholders and stakeholders

The Board is committed to open and honest two-way dialogue with the Group's shareholders and stakeholders in order to both understand their views, needs and expectations and provide a fair and understandable assessment of the Group's position which will allow shareholders and other stakeholders to make informed decisions about the Group.

Key shareholder engagements

June 2022
- Trading Statement RNS

July 2022
- Notice of Final Results RNS

August 2022
- Appointment of Non-Executive Director RNS
- Preliminary Results Online meetings/CEO and Group FD presentation/RNS
- Chair Succession Update RNS

September 2022
- AGM Statement and Trading Update RNS
- AGM Held at Wychwood Park Hotel, Weston, Crewe

December 2022
- Trading Update and Acquisition Analyst communication/RNS

January 2023
- Notice of Half Year Results RNS
- Half Year Results Online meetings/CEO and Group FD presentation/RNS

March 2023
- Trading Update Analyst communication/RNS

April 2023
- Presentations to local shareholder group and prospective investors

Whilst the Group has a diverse range of shareholders, they can be broadly categorised as follows:

1. three independent pension funds registered in Iceland (each holding c.5% of the issued share capital) as set out on page 71;
2. other institutional investors;
3. private individuals; and
4. employees and ex-employees.

The Board has a proactive approach to shareholder liaison, led by the Chief Executive, and feedback is provided regularly to the Board. This approach includes our AGM (where votes in favour are consistently over 75%), biannual investor roadshows and annual meetings with significant shareholders.

The Chair and the Non-Executive Directors will always make themselves available to meet with shareholders. Each AGM is a particular opportunity for this. Normal relationships with shareholders are maintained by the Executive Directors, who brief the Board on shareholder issues and who relay the views of the Group's advisors to the Board.

The Investors section of our website, ***nwf.co.uk/investors***, includes historical Annual Reports, Notices of AGMs and voting history for a minimum of five years.

Details of how we engage with our other stakeholders and the outcomes of this engagement can be found on pages 43 to 45. During the year, the level of reporting to the Board on stakeholder engagement and concerns has increased in line with our commitment to sustainability.

Maintaining a dynamic management framework

Board

Matters reserved for the Board

- Setting the Group's values, standards, strategic aims and objectives.
- Approval of budgets and reviewing performance in line with these.
- Extension or cessation of the Group's activities.
- Approval of financial reports and policies, dividends and the dividend policy.
- Ensuring maintenance of a sound system of internal control and risk management.
- Approval of major capital projects, material contracts and major investments.
- Changes to the structure, size and composition of the Board, membership of Board Committees and succession planning.
- Approval of remuneration policies.

Remuneration Committee

Its remit is to:

- determine appropriate short and long-term total reward packages for the Executive Directors; and
- satisfy itself that good practices apply to all Group employees through the relevant management structures.

Audit Committee

Its remit is to:

- monitor the integrity of financial reporting; and
- keep under review the Group's internal control and risk management systems.

Nomination Committee

Its remit is to:

- develop and maintain a rigorous and transparent procedure for making recommendations on Board, and material subsidiary company board, appointments; and
- ensure plans are in place for orderly succession to Board and senior management positions.

Disclosure Committee

Its remit is to:

- consider whether announcements are required to be made in relation to inside information.

Executive Directors and senior management

Their remit is to:

- implement the strategy agreed by the Board; and
- manage the Group on a day-to-day basis.

ESG Steering Committee

Its remit is to:

- implement the Group's sustainability strategy with key responsibilities being the identification and implementation of new initiatives, providing training and support to areas of the business that need upskilling and the regular monitoring of data to ensure progress is being achieved.

A clearly defined Board structure

The principal roles of the Board are to provide effective leadership, ensure an ethical corporate culture and effective risk management system are embedded throughout the Group, oversee external reporting and set the Group's strategy in order to deliver shareholder value.

A formal schedule of matters requiring Group Board approval, which is available in its entirety at ***nwf.co.uk/about-us/governance/board-responsibilities***, is maintained and regularly reviewed to ensure sufficient separation between the responsibilities of the Board and the operation of the Group's business.

Board Committees

There are currently four Board Committees to which the Board delegates specific responsibilities: the Audit Committee, Remuneration Committee, Nomination Committee and Disclosure Committee. The responsibilities of each Committee are detailed in its terms of reference which are reviewed annually and are available on the Group's website. Further details on the activities of the Audit Committee, the Remuneration Committee and the Nomination Committee can be found on pages 61 to 63, pages 66 to 69 and pages 64 and 65 respectively. The Chair of each Committee formally reports to the Board in respect of the Committee's activities and recommendations.

Executive Directors and senior management

The implementation of the strategy agreed by the Board and day-to-day management of the Group is delegated to the Executive Directors and senior management. This structure allows for decisions to be made in an efficient manner by the most appropriate people. Each division's senior management team has a monthly meeting with the Executive Directors to report on the division's progress and any challenges. Senior management also regularly attends Board meetings to brief the Board on business opportunities and developments.

ESG Steering Committee

The implementation of the Group's sustainability strategy is delegated to the ESG Steering Committee which comprises:

- the Group Chief Executive and Group Finance Director;
- the Group Financial Controller;
- the Company Secretary and Deputy Company Secretary; and
- the Managing Directors for the Group's three divisions (Fuels, Food and Feeds).

The ESG Steering Committee typically meets on a monthly basis. Further details on its activities can be found on pages 32 and 33.

Maintaining an experienced and capable Board with clearly defined roles

In order for the Board to be effective, there needs to be clearly defined roles for Board members, an appropriate balance of Executive and Non-Executive Directors, sufficient time committed by Directors to their roles, a comprehensive, tailored induction for each Director upon joining the Board and the provision of quality information in a timely manner. The Board must comprise an appropriate balance of skills, experience and personal qualities.

Director induction

Upon joining the Group, each Director completes a full, formal and tailored induction programme. This programme ensures each new Director is fully informed, engaged and supported, enabling the Director to effectively contribute to the Group from the start of their appointment.

Information

Once appointed, each Director is provided with a comprehensive information pack which includes:

- summary of the Group's history and markets;
- details of the Group's strategy;
- guidance on their legal and regulatory responsibilities as a Director of an AIM-listed business;
- information on the Group's corporate governance arrangements, including key policies and procedures;
- minutes and papers from the Board and relevant Committee meetings from at least the last six months;
- copies of the latest Board and relevant Committee evaluations;
- the latest shareholder analysis;
- ESG briefing;
- organigrams; and
- details of key contacts and key advisors.

Engagement

A tailored engagement programme is created for each new Director which includes activities such as:

- briefings with the Chief Executive and the Group Finance Director;
- meeting with the Company Secretary;
- one-to-ones with the senior management team;
- meetings with individuals within the Group to enhance the Directors' understanding of the businesses and its culture; and
- key site visits.

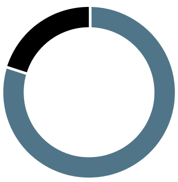
Board composition

The Board currently comprises a Non-Executive Chair, a Senior Independent Non-Executive Director, an independent Non-Executive Director and two Executive Directors. As previously announced, Richard Whiting will retire from his role as Chief Executive in March 2024 and will be replaced by Chris Belsham, currently Chief Executive Designate. Katie Shortland will join the Board as Chief Financial Officer in October 2023.

Board composition

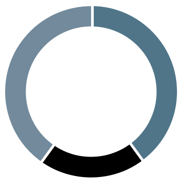
- Non-Executive Chair (1)
- Executive Directors (2)
- Senior Independent Non-Executive Director (1)
- Independent Non-Executive Director (1)

Diversity



- Male (4)
- Female (1)

Length of tenure



- 0 – 3 years (2)
- 4 – 6 years (1)
- Over 7 years (2)

Board roles

The roles of Chair and Chief Executive are separated and clearly understood and have been agreed by the Board. The Chair is responsible for the Board including its effective leadership and composition, assessing and improving its performance, and leading the Group's corporate governance culture. The Chief Executive is responsible for developing the Group's strategy and the operating performance of the Group.

The Senior Independent Non-Executive Director conducts the Chair's annual appraisal and acts as a sounding board for the other Directors. Further information on the role of the Senior Independent Director can be found at ***nwf.co.uk/about-us/governance/corporate-governance-statement***.

The Company Secretary has specific responsibility to assist the Chair and the rest of the Board to uphold the best corporate governance standards. A full role description for the Company Secretary is available at ***nwf.co.uk/about-us/governance/corporate-governance-statement***.

Board operation

The Board normally meets eleven times a year with additional meetings being called when required.

The number of Board and Committee meetings held in the year ended 31 May 2023, together with the attendance record for each Director, is detailed below.

Comprehensive briefing papers are circulated to Directors one week in advance of each scheduled meeting to allow sufficient time for the consideration of the papers provided.

Skills and experience

The importance of the Board having an appropriate mix of skills, qualities and experience in order to deliver the strategic objectives of the Company for the benefit of its shareholders and stakeholders is understood. All Directors have extensive and varied experience and the Board as a whole contains a diverse mix of personal qualities. The biographical details of the current Directors, including their skills and experience, are set out on pages 52 and 53. The biographical details of Katie Shortland are included in the Nomination Committee Report on page 65. The biographical details of the senior management team are set out on page 54.

To ensure that the Directors have the necessary up-to-date experience, skills and capabilities, each Director undergoes an annual performance appraisal and the Board's effectiveness as a whole is evaluated on an annual basis (further details can be found on page 60). A training log is maintained in respect of all Directors and senior management and is updated on a quarterly basis. In addition, the Group's Nominated Advisor and Broker provides an annual briefing to the Board on areas including regulatory updates, the AIM Rules and Market Abuse Regulation requirements. An annual health and safety briefing is also provided to the Board by the Group's external health and safety advisors, providing the Directors with information on current health and safety trends. Information on upcoming legal, regulatory and accounting changes are also prepared internally and provided to the Board as and when appropriate.

All Directors and senior management are able to access the advice and services of the Company Secretary. Furthermore, all Directors have access to the Group's advisors and are able, if necessary, to take independent professional advice in the furtherance of their duties at the Group's expense.

The Board and the Committees to the Board are supported by external advisors on a regular basis in respect of matters such as remuneration, pensions, taxation, property and health and safety. Deloitte LLP continued to act as professional advisors to the Remuneration Committee during the year. Grant Thornton also continued to act as the Group's virtual Chief Information and Security Officer to oversee the Group's information security regime.

Independence

The Board recognises the importance of the diverse expertise and experience brought by its Non-Executive Directors as well as the need for the periodical refreshing of the Board. The Board has reviewed the independence of each Non-Executive Director and considers that all are independent. The factors considered by the Board in reaching this conclusion included all Non-Executive Directors being financially independent of the Group and none of the Non-Executive Directors being connected with or a major shareholder, or member of a stakeholder group. The tenure of the Non-Executive Directors was also considered and, although it was recognised that the Non-Executive Chair's tenure now exceeds nine years, all the Non-Executive Directors were deemed to demonstrate independence of judgement and character. All Directors will continue to be re-elected on an annual basis and, prior to being proposed for re-election, will undergo a performance evaluation to ensure their performance continues to be effective and that their independence is maintained, where appropriate.

Time commitment

The Board has adopted a formal time commitments (overboarding) policy which provides that when making new appointments, and considering additional appointments for existing Directors, the Board shall take into account other demands on the Directors' time. Significant commitments shall be disclosed with an indication of the time involved and additional external appointments shall not be undertaken without prior approval of the Board.

Full-time Executive Directors are permitted to take a maximum of one non-executive directorship or other significant appointment, subject to prior approval of the Board.

Non-Executive Directors are required to limit their number of board appointments to a total of five public company board roles. An independent board chair role will count as two board roles.

Non-Executive Directors' time commitments are reviewed annually to ensure each Director has sufficient time to fulfil their role.

Attendance of Directors at meetings during year ended 31 May 2023

	Board[1]	Disclosure Committee	Audit Committee	Remuneration Committee	Nomination Committee
T P Acton (Non-Executive Chair)	■■■■■■■■■■■	■■■■■■	■■■	■■■■■■■■	■■■■■
R J Armitage (Senior Independent Non-Executive Director)[2]	■■■■■■■■■■■	—	■■■	■■■■■■■■	■■■■■
D M Moore (Independent Non-Executive Director)[2, 3]	——■■◣■■■■■■	—	—■■	—■■■■■■■	■■■■■
D S Downie (Independent Non-Executive Director)[4]	■■—————————	—	■——	■———————	
R A Whiting (Chief Executive)[5,6]	■■■■■■■■■■■	■■■■■■	—	—	—
C J Belsham (Chief Executive Designate)[5, 6]	■■■■■■■■■■■	■■■■■■	—	—	—

■ Attended ◣ Did not attend — Not required to attend

1 During the year, additional Board meetings were held on specific subjects.

2 R J Armitage and D M Moore are not members of the Disclosure Committee but normally attend Disclosure Committee meetings by invitation.

3 D M Moore was appointed on 1 September 2022.

4 D S Downie resigned as of 29 September 2022.

5 R A Whiting and C J Belsham are not members of the Audit Committee but attend Audit Committee meetings by invitation.

6 R A Whiting and C J Belsham are not members of the Remuneration Committee but attend Remuneration Committee meetings by invitation.

Seeking continuous improvement

Board appraisal process

The Board annually conducts an appraisal, led by the Chair and supported by the Company Secretary, of its performance consisting of individual assessments using comprehensive questionnaires that are completed by all Directors. An appraisal of the Chair's performance is also conducted annually by the Senior Independent Non-Executive Director. Further, the Audit, Remuneration and Nomination Committees annually consider their own performance using prescribed questionnaires. All questionnaires are prepared following consideration of the QCA Code, the QCA Audit Committee Guide, the QCA Remuneration Committee Guide and the UK Corporate Governance Code, as applicable. The Board appraisal questionnaire in 2023 covered topics such as strategy, sustainability and Board composition.

External facilitation of the Board appraisal has not been used to date, although this is kept under review, but does include an external view from the Group's Nominated Advisor.

Feedback

Following completion of the appraisals, the results are reviewed, and feedback is given to the Board by the Senior Independent Non-Executive Director in respect of the assessment of the Chair, and by the Chair in respect of the assessment of the Board as a whole. Feedback from the Committee appraisals is provided by the Committee Chairs to the Board.

Outcomes

The appraisal conducted in 2023 was on a consistent measurement basis, allowing the Board to consider its performance and progress over a four-year period. The appraisal showed no material change in the score achieved compared with 2022, and consistent improvement compared to 2020 and 2021. Actions identified from the 2023 appraisal included:

- to keep under review whether the Board appraisal should be externally facilitated;
- to enhance disclosure of the Directors' skill sets and how these are kept up to date; and
- to review and enhance website disclosures where appropriate.

All actions from previous Board appraisals have been completed.

Philip Acton
Non-Executive Chair
1 August 2023

Building for the future in 2022/23

- Successfully managed the succession of the Chief Executive, Group Finance Director and Managing Director of Fuels.
- Oversaw the strengthening of our sustainability governance and ESG framework.
- Responded proactively to market conditions, with inflation being one of the most significant challenges.
- Reaffirmed the Group's strategy, which was demonstrated by the acquisition of Sweetfuels Limited in December 2022.

Monitoring all aspects of reporting and risk

> **"The Audit Committee's primary responsibilities are to monitor the integrity of the Group's financial statements and review the effectiveness of it's internal controls."**
>
> **Richard Armitage**
> Chair of the Audit Committee

Meetings in 2023

3

(2022: 3)

Members of the Audit Committee

R J Armitage (Chair)	■■■
T P Acton	■■■
D M Moore	—■■
D S Downie[1]	■——

1 D S Downie resigned as of 29 September 2022.

■ Attended
◣ Did not attend
— Not required to attend

Dear shareholder,

I am pleased to present the Audit Committee Report for the year ended 31 May 2023.

Composition

The Audit Committee consists of the Chair and two Non-Executive Directors and is chaired by myself as a Senior Independent Non-Executive Director. The Audit Committee met on three occasions during the year, consistent with the prior year.

Responsibilities

The Audit Committee has terms of reference in place which have been formally approved by the Board and are made available at the AGM and on the Group's website. Its primary responsibilities include reviewing the effectiveness of the Group's internal control systems and monitoring the integrity of the Group's financial statements and external announcements of the Group's results. The Committee reports to the Board on all these matters. The Committee defers to the wider Board on the matters of bribery, whistleblowing and modern slavery and the Group policies concerning these matters can be found at ***nwf.co.uk***.

Key areas of focus in the year ended 31 May 2023

The Audit Committee has monitored the Group's financial performance and resilience as the UK navigates uncertain and volatile economic conditions, compounded by a cost-of-living crisis. There has also been continued volatility in commodity prices arising from the conflict in Ukraine.

Specific activities in this financial year have included the oversight of the preparation of our first set of TCFD disclosures, further details of which can be found on pages 48 to 51.

The Audit Committee continues to pay particular attention to the development of the Group's IT systems in order to ensure there is continued progress in enhancing the resilience of the Group's information systems.

In the forthcoming financial year 2023/24, the Audit Committee will review our preparations for anticipated changes in the UK Corporate Governance Code, with specific focus expected on our internal controls for financial reporting.

Experience of the Audit Committee

The Audit Committee comprises the Chair and two Non-Executive Directors, two of whom are qualified accountants and possess extensive financial leadership experience.

External audit

The Audit Committee also approves the appointment and remuneration of the Group's external auditors and satisfies itself that they maintain their independence regardless of any non-audit work performed by them. The Group adopts the following policy governing the performance of non-audit work by the external auditors. The auditors are permitted to provide non-audit services which are not, and are not perceived to be, in conflict with auditor independence, providing they have the skill, competence and integrity to carry out the work, and are considered to be the most appropriate advisors to undertake such work in the best interests of the Group. All assignments are monitored by the Committee.

The respective responsibilities of the Directors and external auditors in connection with the financial statements are explained in the Statement of Directors' Responsibilities on page 72 and the Independent Auditors' Report on pages 73 to 77. Details of services provided by, and fees payable to, the auditors are shown in note 5 of the Group financial statements.

Whilst the Audit Committee has not adopted a formal policy in respect of the rotation of the external auditors, one of its principal duties is to make recommendations to the Board in relation to the appointment of the external auditors. Various factors are taken into account by the Committee in this respect, including the quality of the reports provided to the Committee, the level of service provided and the level of understanding of the Group's business.

PricewaterhouseCoopers LLP have been the Group's external auditors for many years. The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness and independence. Accordingly, it has not considered it necessary to date to require the firm to re-tender for the audit work. The auditors are required to rotate the audit partner responsible for the Group and subsidiary audits every five years. The previous audit partner has rotated off the audit after a three-year term, and has been replaced by Kate Finn as audit partner. There are no contractual obligations restricting the Group's choice of auditors. As an AIM-listed Group, the Group does not have a requirement to put the audit out to tender every ten years; however, this is kept under review by the Audit Committee to decide if tendering is appropriate.

Internal audit

The Group does not have a formal internal audit function but performs targeted reviews and visits to operations by the Head Office team and professional advisors. The Head Office function performs a rolling programme of internal control reviews with the divisions. External auditors are engaged to conduct annual internal control reviews into areas of specifically identified risk. The results of these reviews are communicated back to the Audit Committee. This approach is considered appropriate and proportionate for the size of the organisation.

Internal control and risk management

An internal control update is provided to the Audit Committee at each meeting. The principal risks are also reviewed and any changes in risk ratings are discussed to ensure that appropriate risk mitigations are in place where relevant.

Going concern

The Board has prepared cash flow forecasts for the period to 31 May 2025. 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.

Significant issues considered in relation to the financial statements

The Audit Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The Committee reviews accounting papers prepared by management which provide details on the main financial reporting judgements. The Committee also reviews reports by the external auditors on the half year and full year results which highlight any issues arising from their work undertaken in respect of the half year review and year end audit. The specific areas of risk in relation to the financial statements reviewed by the Committee were:

1. Acquisition accounting

On 21 December 2022, Sweetfuels Limited was acquired by the Group and hived up into the Fuels division on 31 March 2023. The acquisition and resulting intangibles balance are material balances and as such management has reviewed the assumptions used in deriving the balances, which have been considered appropriate.

2. The carrying value of goodwill and fixed assets

The Group's goodwill and fixed assets are material balances. Annual impairment reviews are performed which use key judgements including estimates of future business performance and cash generation, discount rates and long-term growth rates. The Committee is comfortable with the key assumptions applied and management's conclusion that an impairment of goodwill and other intangibles was appropriate. There are no indications of impairment identified in the Fuels, Food or Feeds CGU.

3. The carrying value of trade receivables

The Group holds material trade receivable balances, and the calculations of provisions for impairment are estimates of future events and therefore uncertain. The Committee has reviewed the current year provisions against trade receivables, including an assessment of the adequacy of the prior year provisions, and is satisfied with management's conclusions that the provisioning levels are appropriate.

4. Pensions including obligations and assumptions

The Group's defined benefit pension scheme is material to its financial position. The amounts shown in the balance sheet are highly sensitive to changes in key actuarial assumptions which are set by reference to advice from professional advisors. Full disclosure of the pension scheme is provided in note 26 to the financial statements.

5. Exceptional items

There have been no exceptional items noted during the current financial year that are deemed exceptional in both nature and quantum, and therefore there are no accounting issues to note.

6. Alternative performance measures ('APMs')

The Group refers to a number of APMs throughout the Annual Report and Accounts. APMs are used by the Group to provide further clarity and transparency on the Group's financial performance. The APMs are used internally by management to monitor business performance, for budgeting and for determining Directors' remuneration.

The Committee is aware that the APMs are non-IFRS measures. APMs used by the Group are as follows:

- headline operating profit, which refers to reported operating profit after adding back exceptional items and amortisation of acquired intangibles;
- headline profit before tax, which refers to reported profit before tax after adding back the net finance cost in respect of the Group's defined benefit pension scheme, exceptional items and amortisation of acquired intangibles;
- headline EBITDA, which 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;
- headline earnings, which refers to profit for the year after adding back the net finance cost in respect of the Group's defined benefit pension scheme, exceptional items, amortisation of acquired intangibles and the exceptional impact of remeasuring deferred tax balances, and taking into account the tax effect thereon;
- headline EPS, which refers to the reported EPS calculation based on headline earnings;
- headline ROCE, which refers to the return on capital based on headline operating profit; and
- net debt, which is adjusted to exclude the impact of the adoption of IFRS 16.

The Committee considers that the APMs, all of which exclude the impact of non-recurring items or non-operating events, provide useful information for shareholders on the underlying trends and performance of the Group.

Richard Armitage
Chair of the Audit Committee
1 August 2023

Strength and depth for the future

> **Planned leadership transition has been a key area of focus during the year and will remain so for 2023/24."**
>
> **Philip Acton**
> Chair of the Nomination Committee

Meetings in 2023

5

(2022: 2)

Members of the Nomination Committee

T P Acton (Chair)	■■■■■
R J Armitage	■■■■■
D M Moore	■■■■■

■ Attended
◣ Did not attend
— Not required to attend

Dear shareholder,

I am pleased to present the Nomination Committee Report which covers the year ended 31 May 2023.

Composition

The Nomination Committee consists of myself, as Chair of the Committee, and two independent Non-Executive Directors.

The Nomination Committee meets at least twice a year and, this year, it met on five occasions.

Responsibilities of the Nomination Committee

The Nomination Committee has an established annual schedule of events as well as terms of reference in place which have been formally approved by the Board, are annually reviewed and updated, and are available at ***nwf.co.uk/investors/aim-rule-26***. The Committee's main responsibilities include developing and maintaining a rigorous and transparent procedure for making recommendations on Board, and material subsidiary company board, appointments and ensuring plans are in place for orderly succession to Board and senior management positions. The Committee reports to the Board on all matters under its remit.

The Committee has a key role in ensuring the Board, its Committees and senior management team have the appropriate balance of skills, experience, qualities and capabilities they need to be successful and effective now, and as the businesses evolve. The process by which Board and other senior management appointments are determined is detailed in the Committee's terms of reference.

Key areas of focus in the year ended 31 May 2023

Succession planning has been the main area of focus for the Nomination Committee during the year.

Specific activities undertaken include:

- succession of the Chief Executive;
- succession of the Group Finance Director;
- recommendation of appointment for the Fuels Managing Director position; and
- a review of the succession plans for the Board following the above changes.

Succession of the Chief Executive

During the year, Richard Whiting indicated his intention to retire from his role as Chief Executive of the Group in March 2024, having held the role of Chief Executive since 2007.

The process for identifying a new Chief Executive was led by the Committee, with the support of executive search and leadership consulting firm Spencer Stuart. Spencer Stuart is independent and has no other connection to the Group.

The Committee reviewed the skills, qualities and capabilities required for the Chief Executive role, alongside the Committee's established succession plans, and identified Chris Belsham as the preferred candidate for the role. Chris is an experienced Director who has served on the Board for six years as Group Finance Director (prior to becoming Chief Executive Designate) and has played a key role in the Group's performance and strategic direction since joining the Board.

Following identification as the preferred candidate, Chris underwent a detailed multi-stage assessment, facilitated by Spencer Stuart, which culminated in the production of a structured development and transition plan to support Chris' continued development. Chris will be appointed Chief Executive in March 2024, following Richard's retirement from the Group.

Succession of the Group Finance Director

Following the decision to appoint Chris Belsham as Chief Executive upon Richard Whiting's retirement from the Board, the Committee oversaw the recruitment process for the successor for the Group Finance Director role. Competency and role descriptions for the position were compiled, and a comprehensive search and selection process was undertaken, again utilising the services of Spencer Stuart.

A shortlist of candidates was prepared, with candidates undertaking a rigorous assessment process consisting of multi-stage interviews with members of the Board as well as assessments. Following the conclusion of the assessment process, the Committee recommended Katie Shortland for appointment as Chief Financial Officer, with Katie joining the Board in October 2023. Katie is an experienced finance and business leader with extensive experience working in infrastructure, engineering and manufacturing and is currently Finance & Transformation Director at Midland Expressway Limited, having held other senior finance positions at Meggitt Plc and Rolls-Royce Plc.

Appointment of Fuels Managing Director

Following the untimely death of Richard Huxley during the year, the Committee oversaw the appointment of a Managing Director for Fuels. Having successfully led the Fuels business as Interim Managing Director since July 2022, Dave Walmsley underwent an interview process with the Board before being recommended by the Committee for appointment as Managing Director of Fuels. The Board accepted the recommendation and Dave was appointed to the position on 1 November 2022.

Review of succession plans

Following the successful instigation of the Committee's existing succession plans, a review and update of the current plans is underway. The results of the appraisals undertaken by the Board, its Committees and in respect of the Chair (as detailed on page 60) are being used to inform the development of the succession plans. The Committee is also focusing on extending the succession plans to encompass other senior management positions.

Nomination Committee evaluation

The Committee annually evaluates its performance. The first evaluation was conducted in 2022 using a comprehensive, tailored questionnaire. Further details can be found on page 60. The evaluation concluded that overall the Committee was functioning effectively however an annual schedule of events would be created to assist the Committee in the discharge of its responsibilities.

Philip Acton

Philip Acton
Chair of the Nomination Committee
1 August 2023

Areas of focus for 2023/24

Board and Committee composition

- Reviewing the composition of the Board and its Committees to identify the skills, experience, qualities and capabilities required. This will include analysing the results of the Board performance evaluation process that relate to the composition of the Board and succession planning.
- Reviewing the Directors' time commitments to ensure sufficient time is devoted to enable the Board to discharge its duties.

Succession planning

- Undertaking a rigorous process to establish the Chair's successor.
- Keeping under review the appropriateness of the succession plans for the Board and senior management positions.

Diversity and inclusion

- Reviewing the Group's policy on diversity and inclusion, including its objectives and linkage to the Group's strategy.

Rewarding performance

> **"We have followed the guidance contained in the Quoted Companies Alliance Remuneration Committee Guide when preparing this report."**
>
> **Dawn Moore**
> Chair of the Remuneration Committee

Meetings in 2023

8

(2022: 3)

Members of the Remuneration Committee

D M Moore (Chair)	— ■ ■ ■ ■ ■ ■ ■
T P Acton	■ ■ ■ ■ ■ ■ ■ ■
R J Armitage	■ ■ ■ ■ ■ ■ ■ ■
D S Downie	■ — — — — — — —

■ Attended
◣ Did not attend
— Not required to attend

1 D S Downie resigned as of 29 September 2022.

Dear shareholder,

I am pleased to present the Directors' Remuneration Report for the year ended 31 May 2023.

As an AIM-listed entity, the Group is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended, nor the principles in respect of Directors' remuneration in the UK Corporate Governance Code 2018. Nevertheless, the Board recognises the importance of providing shareholders with appropriate information with respect to Executive remuneration and has followed the guidance contained in the Quoted Companies Alliance Remuneration Committee Guide when preparing this report.

The aim of this report is to provide shareholders with information to understand our remuneration strategy and its linkage to the Group's financial performance. The report consists of three sections: this introduction, the Directors' remuneration policy and an annual report on remuneration, which will again be the subject of an 'advisory' shareholder vote.

Composition

The Remuneration Committee consists of the Chair and two independent Non-Executive Directors and is currently chaired by myself as an independent Non-Executive Director.

Group performance in 2022/23

The Group has delivered another very strong set of results, again demonstrating its resilience and growth. The Group's financial performance is detailed in the Strategic Report on pages 4 to 30. Overall Group performance has been taken into consideration by the Remuneration Committee when determining remuneration matters.

Key pay out-turns for 2022/23

For 2022/23, the performance achieved against financial and operational targets resulted in 94% of the maximum annual bonus being paid.

Given our headline earnings per share ('EPS') performance of 31.4p at 31 May 2023, 61% of the LTIP awards granted in August 2020 will vest in August 2023. As all awards granted from 2020 onwards are subject to a two-year Company holding period, these awards will not be exercisable until 2025.

Remuneration policy review

The annual review of our remuneration policies, with our external advisors, has been conducted to ensure that the policies are aligned to growth ambitions and the current marketplace. As a result, three changes to the remuneration policies have been made as follows:

- clarifying that any base salary increase for Executives will usually correspond to the level of increase applied across the Group, but may be less;
- alignment of pension contributions with the wider workforce contribution rate; and
- the introduction of a two-year deferral period in respect of 20% of the annual bonus received for the Chief Executive and Chief Financial Officer roles upon Chris Belsham and Katie Shortland (respectively) assuming those roles. The deferred bonus will be in the form of Company shares.

Looking forward to 2023/24

During 2022/23, the Committee considered the extent to which ESG targets could be incorporated into the annual bonus and LTIP performance criteria. Following this review, ESG considerations will be reflected in the annual bonus targets for 2023/24 through the inclusion in individual's personal objectives.

An in-depth review of our remuneration policies will continue to be undertaken annually with the assistance of external advisors, to ensure alignment with the current marketplace and our growth ambitions.

A review of the structure of the annual bonus scheme will also be conducted in 2023/24 for all roles within the Committee's scope, alongside an evaluation of job families.

Base salary for Executive Directors

As of 1 June 2023, Richard Whiting and Chris Belsham received a 3% increase in basic salary to £328,000 and £197,250 respectively. This was lower than the average increase for the Group's employees of 5.54%.

Advisory vote

At the AGM to be held on 28 September 2023, this report, excluding the remuneration policy section, will again be subject to an 'advisory' shareholder vote (Resolution 10).

Dawn Moore
Chair of the Remuneration Committee
1 August 2023

Remuneration policy

The Group's remuneration principles are as follows:

- remuneration structures should be appropriate to the business, efficient and cost effective in delivery;
- complexity is discouraged in favour of simple and understandable remuneration structures;
- remuneration structures should seek to align Executive and shareholder interests including through a meaningful level of personal shareholding;
- remuneration structures should promote long-term focus through features such as deferral and measuring performance over the long term;
- structures should include performance adjustments (malus) and/or clawback provisions;
- pay should be aligned to the long-term sustainable success and the desired corporate culture throughout the organisation with increases in base salary of Executives being aligned to, or less than, those of the wider workforce; and
- the Remuneration Committee ensures that rewards properly reflect business performance.

2023/24 remuneration policy

The principles of our approved remuneration policy are as follows:

Element	Operation	Maximum opportunity	Performance metrics
Base salary Designed to attract and retain Directors with the skills and experience needed to deliver long-term sustainable growth. Positioned competitively in line with the market.	Reviewed annually. Any changes will normally take effect from 1 June each year.	There is no maximum salary; however, any increase will usually correspond to or, where appropriate, be less than the level of increase applied across the Group.	Base salary reviews and any increases are based upon pay conditions throughout the Group, the Directors' experience, skills and performance, market conditions and the Group's performance.
Annual bonus To reward and motivate based upon challenging personal objectives and budget.	Performance is measured over one financial year with weightings and targets being reviewed and set at the start of each financial year. Malus and clawback provisions will be applied in a number of cases, including, but not limited to: • a gross misstatement of the performance of the business; • gross misconduct; or • a miscalculation of the extent to which targets have been met. 20% of the annual bonus received for the Chief Executive and Chief Financial Officer roles (upon Chris Belsham and Katie Shortland assuming those roles respectively) will be subject to a two-year deferral period with the deferred bonus being in the form of Company shares.	100% of base salary.	For 2023/24, 75% of the bonus will be based on headline profit before tax performance with the remaining 25% based on the achievement of personal objectives.

Remuneration policy continued

2023/24 remuneration policy continued

Element	Operation	Maximum opportunity	Performance metrics
Long-Term Incentive Plan To align the interests of the Executive Directors with shareholders.	Awards are usually made annually. Performance is measured over three years. Malus and clawback provisions will be applied in a number of cases, including, but not limited to: • a gross misstatement of the performance of the business; • gross misconduct; or • a miscalculation of the extent to which targets have been met. Upon vesting, a Company holding period of two years applies to all awards made after 2020. Executive Directors are expected to hold shares of value equivalent to 100% of their salary by the fifth anniversary of their appointment.	100% of base salary at the time of the award.	For 2023/24, the awards will be subject to EPS performance as follows: • 30% may vest for performance of RPI + 2% per annum; and • up to a maximum of 100% may vest for performance of RPI + 8% per annum.
Pension and benefits To provide a competitive package to attract and retain skilled and experienced Directors.	The Executive Directors are entitled to receive pension contributions from the Group. They can elect for those contributions to be paid in the form of taxable pension allowance or direct payments into a defined contribution pension scheme. The Executive Directors are entitled to a standard Director benefits package, including a company car and private medical cover.	In respect of pension contributions, 30% of base salary for R A Whiting and 15% of base salary for C J Belsham. For all new Executive Director appointments, pension contributions will be a maximum of 6% of base salary, in line with the wider workforce.	None.

Annual report on remuneration 2022/23

Directors' emoluments

Name of Director	Fees/basic salary £'000	Benefits £'000	Bonus £'000	LTIP[1] £'000	Pension £'000	**2023 Total £'000**	2022 Total £'000
C J Belsham	192	14	180	140	25	**551**	629
R A Whiting	319	20	299	232	84	**954**	1,069
Non-Executive							
T P Acton	82	—	—	—	—	**82**	82
R J Armitage	43	—	—	—	—	**43**	43
D S Downie[2]	15	—	—	—	—	**15**	43
D M Moore[3]	32	—	—	—	—	**32**	—
Aggregate emoluments	683	34	479	372	109	**1,677**	1,866

1 Calculated as an LTIP award for the three years ended 31 May 2023. C J Belsham and R A Whiting will be awarded 54,074 and 89,976 shares respectively, at the three-month average price of 258.22p. The award will not vest until after the date of this report.

2 D S Downie resigned on 29 September 2022.

3 D M Moore was appointed on 1 September 2022.

Annual bonus

For the year ended 31 May 2023, Executive Directors were eligible to receive a bonus of up to 100% of base salary, subject to the achievement of challenging headline profit before tax targets and personal objectives.

2023 bonus targets	Determination	Performance against targets
Up to 75% of basic salary based on headline profit before tax.	The profit element of the bonus has a minimum threshold set at 95% achievement of budget. If this is achieved, 30% of the maximum available bonus for this element may be paid. If headline profit before tax is as budgeted, 50% of the maximum available bonus for this element may be paid. If headline profit before tax is 125% of budget, the maximum available bonus for this element may be paid. A sliding scale operates between these thresholds.	The maximum available profit-related bonus will be paid in respect of headline PBT performance in FY23.

Annual report on remuneration 2021/22 continued

Annual bonus continued

2023 bonus targets	Determination	Performance against targets
Up to 25% of base salary based on personal objectives.	R A Whiting considers the extent to which personal objectives have been achieved by C J Belsham to determine the award under the personal objectives element of the bonus. The Chair of the Board considers the extent to which personal objectives have been achieved by R A Whiting. In both cases, the Remuneration Committee has the ultimate approval on the achievement.	75% achievement of personal objectives.[1]

1 This is the average figure for C J Belsham and R A Whiting in respect of the achievement of personal objectives.

Long-Term Incentive Plan

The table below summarises the outstanding Performance Share Plan awards. 2020 awards are based on absolute EPS performance in the year ended 31 May 2023. 2021 awards are based on absolute EPS performance in the year ending 31 May 2024. 2022 awards are based on absolute EPS performance in the year ending 31 May 2025.

	Award date	Share price at date of grant	Number of shares vesting at maximum	Face value of shares vesting at maximum	EPS for maximum vesting[1]	Number of shares vesting at threshold (30%)	EPS for threshold vesting[1]	Performance year ending
C J Belsham	4 August 2020[2]	205.0p	88,902	£182,250	34.2p	26,671	29.2p	31 May 2023
	3 August 2021[2]	217.0p	85,714	£186,000	31.9p	25,714	27.2p	31 May 2024
	31 January 2023[2]	230.0p	83,261	£191,500	49.8p	24,978	42.2p	31 May 2025
R A Whiting	4 August 2020[2]	205.0p	147,927	£303,250	34.2p	44,378	29.2p	31 May 2023
	3 August 2021[2]	217.0p	142,512	£309,250	31.9p	42,753	27.2p	31 May 2024
	31 January 2023[2]	230.0p	138,478	£318,500	49.8p	41,543	42.2p	31 May 2025

1 EPS targets based on headline EPS – year ended 31 May 2023 for the 2020 award, year ending 31 May 2024 for the 2021 award and year ending 31 May 2025 for the 2022 award. EPS targets for maximum and threshold vesting are based on the forecast RPI as at 31 May 2023.

2 A holding period of two years will apply to all awards made after 2020 upon vesting.

C J Belsham and R A Whiting exercised options over 107,590 and 179,066 shares respectively during the year, at the three-month average price of 214.81p.

On the basis of the EPS achieved for the year ended 31 May 2023, it is expected that 61% of the maximum award for C J Belsham and R A Whiting, in respect of the awards granted on 4 August 2020, will vest in 2023.

Directors' interests

The Directors who held office at 31 May 2023 had the following interests in the ordinary shares of the Group:

Name of Director	**31 May 2023 Number**
T P Acton	**30,000**
R J Armitage	**10,000**
D M Moore	**–**
C J Belsham	**162,845**
R A Whiting	**505,122**

Payments for loss of office

No payments for loss of office were made during the year ended 31 May 2023 to previous Directors (31 May 2022: none).

Terms and conditions for Non-Executive Directors

Non-Executive Directors do not have service contracts but appointment letters setting out their terms of appointment. All Non-Executive Directors are appointed for one year with renewal for further one-year terms if performance is satisfactory, normally renewable on a similar basis subject to re-election at the Group's AGM.

The Directors present their report together with the audited Annual Report and Accounts of the Parent Company ('the Company') and the Group for the year ended 31 May 2023.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's performance, business model and strategy.

Business review and future developments

A review of the performance of the Group during the year, including principal risks and uncertainties, key performance indicators and comments on future developments, is included in the Strategic Report and is included in this report by cross-reference. The Strategic Report has been reviewed and approved by the Board of Directors.

Results and dividends

The Group recorded revenue in the year of £1,053.9 million (2022: £878.6 million) and profit after tax of £14.9 million (2022: £8.4 million).

The Directors recommend a final dividend for the year of 6.8p per share (2022: 6.5p) which, if approved at the AGM, will be payable on 8 December 2023. Together with the interim dividend paid during the year of 1.0p per share (2022: 1.0p), this will result in a total dividend of 7.8p per share (2022: 7.5p) amounting to £3.9 million (2022: £3.7 million).

Financial risk management

Information relating to the principal risks and uncertainties of the Group has been included within the Strategic Report and is included in this report by cross-reference. Further information relating to the financial risks of the Group has been included within note 23, Financial instruments and risk management.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Group Financial Review on pages 24 to 26. The financial position of the Group and its cash flows, liquidity position and borrowing facilities are also described in the Group Financial Review. In addition, note 23 of the Group financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to price, interest rate, credit and liquidity risk. Accordingly, the Directors, having made suitable enquiries, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future based on the following factors:

- The Group has an agreement with NatWest Group for credit facilities totalling £61.0 million. With the exception of the bank overdraft facility of £1.0 million, which are renewed annually, these facilities are committed through to 31 May 2026. The Group's banking facilities, provided by NatWest Group, were renewed on 29 June 2018 and are committed until 31 October 2023. The Group is profitable and cash-generative, and has a strong balance sheet position and a good relationship with its banker. As at 31 May 2023, the Group had available funds of £77.3 million (based on cash balances, invoice discounting availability, RCF and overdraft facilities), against which the Group was utilising £Nil.
- The Board has prepared cash flow forecasts for the period to 31 May 2025. 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.
- On the basis of the above, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Forward-looking statements

The Annual Report and Accounts include certain statements that are forward-looking statements. These statements appear in a number of places throughout the Strategic Report and include statements regarding the Group's intentions, beliefs or current expectations and those of its officers, Directors and employees concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Group's businesses. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

- Philip Acton;
- Richard Armitage;
- David Downie (resigned 29 September 2022);
- Dawn Moore (appointed 1 September 2022);
- Chris Belsham; and
- Richard Whiting.

The Directors who held office as at 31 May 2023 had the following interests in the ordinary shares of the Group.

Name of Director	31 May 2023 Number
T P Acton	**30,000**
R J Armitage	**10,000**
D M Moore	**–**
C J Belsham	**162,845**
R A Whiting	**505,122**

In addition to the interests in ordinary shares shown above, the Group operates a Performance Share Plan ('the LTIP') for senior executives, under which certain Directors have been granted conditional share awards. Subject to achieving performance targets, the maximum number of ordinary shares which could be issued to Directors in the future under such awards is shown below:

	31 May 2023 Number
C J Belsham	**257,877**
R A Whiting	**428,917**

Further information on the Directors' interests in the LTIP conditional share awards can be found in the Directors' Remuneration Report.

The market price of the Group's shares at the end of the financial year was 259.5p (31 May 2022: 220.0p) and the range of market prices during the year was between 220.0p and 286.00p.

No changes took place in the interests of Directors between 31 May 2023 and the date of signing the financial statements.

Further details on related party transactions with Directors are provided in note 30 of the Group financial statements.

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of the Directors, which were in force during the year and up to the date of this report.

Major shareholdings as at 31 May 2023

Name of shareholder	Number	%
Interactive Investor	**2,688,555**	**5.44**
Festa Lífeyrissjóður	**2,382,389**	**4.82**
Sameinaði Lífeyrisjóðurinn	**2,382,389**	**4.82**
Lífeyrissjóður Vestmannaeyja	**2,382,389**	**4.82**
Close Brothers Asset Management	**2,211,366**	**4.48**
Cazenove Capital Management	**1,951,132**	**3.95**
Schroder Investment Management	**1,703,653**	**3.45**
Hargreaves Lansdown	**1,679,842**	**3.40**
Canaccord Genuity Wealth Management	**1,650,000**	**3.34**

Employee engagement

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in its performance.

The Group is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion to retirement. The Group's policy is to promote an environment free from discrimination, harassment and victimisation, where all employees receive equal treatment regardless of gender, race, ethnic or national origin, health condition, disabilities, age, marital or civil partner status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

Further information and examples of the Group's engagement with employees can be found in our Section 172 Statement on page 43 and sustainability strategy on pages 37 and 38.

Business relationships

The Group recognises its responsibility to act fairly in our engagements with customers, suppliers, investors and any regulators, all of whom are integral to the success of the Group. The strength of the Group's business relationships is vital and the Group aims to collaborate with customers and suppliers to deliver long-term sustainable solutions.

Further information and examples of the Group's engagement with customers, suppliers and others can be found in our Section 172 Statement on pages 43 to 45 and sustainability strategy on page 39.

Takeover Directive requirements

The Group has one class of equity share, namely 25p ordinary shares. The shares have equal voting rights and there are no special rights or restrictions attaching to any of them or their transfer to other persons.

Rules governing the appointment and replacement of Directors, and those relating to the amendment of the Group's Articles of Association, are contained within those Articles of Association, a copy of which is located on the Group's website (***nwf.co.uk***).

Notice of AGM

A Notice of AGM, with explanatory notes, accompanies these financial statements.

Corporate governance

The Group's statement on corporate governance can be found in the Corporate Governance Statement which is incorporated by reference and forms part of this Directors' Report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM.

By order of the Board

Rob Andrew
Company Secretary
Wardle
Nantwich
Cheshire
CW5 6BP
Registered number: 02264971
1 August 2023

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

By order of the Board

Rob Andrew
Company Secretary
Wardle
Nantwich
Cheshire
CW5 6BP
Registered number: 02264971
1 August 2023

Independent auditors' report
to the members of NWF Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- NWF Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Parent Company balance sheets as at 31 May 2023; the Consolidated income statement, the Consolidated and Parent Company statements of comprehensive income, the Consolidated and Parent Company statements of changes in equity and the Consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The Group consists of four trading components alongside its Parent Company and other holding companies. Our audit focused on those components with the most significant contribution to the Group's results, being NWF Agriculture Limited, NWF Fuels Limited, Boughey Distribution Limited along with NWF Group plc (the Parent Company).
- The components within the scope of our work accounted for 98% of Group revenue and 97% of Group profit before tax.

Key audit matters

- Defined benefit pension plan liabilities (group and parent).
- Calculation of the fair value of the intangible assets acquired (group).

Materiality

- Overall group materiality: £944,000 (2022: £1,000,000) based on 5% of profit before tax (2022: profit before tax adjusted for exceptional items).
- Overall parent company materiality: £520,000 (2022: £530,000) based on 1% of total assets.
- Performance materiality: £708,000 (2022: £750,000) (group) and £390,000 (2022: £397,500) (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Calculation of the fair value of the intangible assets acquired is a new key audit matter this year. Goodwill impairment of the Feeds CGU, which was a key audit matter last year, is no longer included because of the impairment recognised in prior year alongside the improved performance in the CGU. Otherwise, the key audit matters on page 74 are consistent with last year.

Report on the audit of the financial statements continued

Our audit approach continued

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Defined benefit pension plan liabilities (group and parent) Refer to note 2 (Significant accounting policies), page 89 (Critical accounting estimates and judgements) and note 26 (Retirement benefit obligations) within the Notes to the Group financial statements and note 1 (Significant accounting policies) and page 118 (Critical accounting estimates and judgements) within the Notes to the Parent Company financial statements. The Group and the Parent Company have a defined benefit pension plan net liability of £9.6 million (2022: £9.3 million), which is significant in the context of both the overall balance sheet of the Group and the Parent Company. A major constituent of this net liability is the value attributed to the gross liabilities of the pension scheme. The valuation of these gross liabilities of £39.2 million (2022: £49.0 million) requires significant judgement and expertise primarily in respect of the key actuarial assumptions used. These assumptions include both financial assumptions, e.g. the discount rate and inflation, but also key demographic assumptions, e.g. mortality rates. Modest changes in a number of these key assumptions can have a material impact on the calculation of the liability and therefore a significant effect on the financial position of the Group and the Parent Company. We therefore focused our work on this area.	We performed the following procedures: • Obtained the external actuary's report used in valuing the scheme's liabilities. Using our experience of the valuation of similar schemes, and our own pension specialists, we challenged a number of the key inputs in the report and evaluated the methodologies adopted by the actuary in forming the valuation consistent with industry practice and our expectations; • Agreed the key financial assumptions used within the valuation of the scheme's liabilities, including the discount and inflation rates, to our internally developed benchmarks. Further we considered the appropriateness and reasonableness of the approach taken to setting the mortality assumptions; • Assessed the membership data used in valuing the schemes' liabilities and tested any significant changes since the last valuation; and • Reviewed the related disclosures within the financial statements for reasonableness and to determine if they are consistent with relevant accounting standards. Based on our work performed, we concluded that the actuarial assumptions used in calculating the pension liability were within an acceptable range and appropriate disclosures have been made in the financial statements.
Calculation of the fair value of the intangible assets acquired (group) Refer to note 2 (Significant accounting policies), page 89 (Critical accounting estimates and judgements) and note 11 (Business combinations) within the Notes to the Group financial statements. During the year, the Group acquired 100% of the share capital of Sweetfuels Limited. Management have performed an exercise to identify the fair value of identifiable intangible assets acquired. Customer relationships of £2.3 million, brands of £0.8 million and goodwill of £6.5 million have been recognised in the Consolidated balance sheet. We have focussed our work in this area given the significant judgements and estimates involved in determining the fair value of the identifiable intangible assets acquired.	We performed the following proccedures: • Obtained relevant purchase documents and considered management's identification of intangible assets and assessed this for completeness; • Evaluated management's significant judgements and estimates of intangible assets acquired, utilising our valuation experts to assess the methodology applied and key assumptions used (such as discount and royalty rates), where relevant; • Agreed the key inputs used within the valuation, including future growth assumptions, royalty rate, discount rate and customer attrition to supporting information and checked the mathematical accuracy of management's calculations; and • Reviewed the related disclosures within the financial statements for reasonableness and to determine if they are consistent with relevant accounting standards. Based on our work performed, we concluded the fair value of the identifiable intangible assets acquired to be reasonable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The Group is organised into eight reporting components consisting of four trading entities, along with a Parent Company and three holding companies and the Group financial statements are a consolidation of these reporting components. The reporting components vary in size. The trading entities are all based in the UK and operate their own accounting function, which report to the Group finance team.

Our audit focused on those components with the most significant contribution to the Group's results, being NWF Agriculture Limited, NWF Fuels Limited, Boughey Distribution Limited along with NWF Group plc (the Parent Company).

Audit work across the Group, including the trading entities and Parent Company, was performed by the same audit team based out of our Manchester office.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and parent company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and parent company's financial statements.

Report on the audit of the financial statements continued

Our audit approach continued

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - parent company
Overall materiality	£944,000 (2022: £1,000,000).	£520,000 (2022: £530,000).
How we determined it	5% of profit before tax (2022: profit before tax adjusted for exceptional items)	1% of total assets
Rationale for benchmark applied	Profit before tax is considered to be a key metric to assess the performance of the Group, and is a generally accepted auditing benchmark. In prior year, profit before tax was adjusted for exceptional items of £8.3 million, which were £nil for the year ended 31 May 2023.	Total assets are considered to be appropriate as the Parent Company is not profit oriented. The Parent Company is a holding company, with assets relating to investments in subsidiaries and investment property which is utilised by the Group's trading entities. Total assets is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £420,000 to £875,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £708,000 (2022: £750,000) for the group financial statements and £390,000 (2022: £397,500) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £45,000 (group audit) (2022: £50,000) and £21,000 (parent company audit) (2022: £26,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We assessed management's basecase forecast, as well as their severe but plausible downside scenario, which have formed the basis for the Group's assessment and conclusions with respect to their ability to continue as a going concern;
- We obtained the terms of the Group's new financing facility and related covenants, and considered the availability of bank facilities and compliance with covenants over the going concern period;
- We agreed the opening position of the Group's cash flow forecasts to the June 2023 management accounts. We also agreed the gross debt and cash per the 31 May 2023 audited financial statements to the cash flow forecast;
- We evaluated the historical accuracy of the budgeting process to assess the reliability of the forecasts;
- We held discussions with management to assess and challenge the key assumptions made, using our knowledge of the business and industry and performed sensitivities over the key assumptions; and
- We reviewed the disclosures within the Annual Report and Accounts with respect to going concern and are satisfied that they are consistent with the assessment performed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Report on the audit of the financial statements continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 May 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve financial performance, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with the audit committee and management including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- Reviewing minutes of meetings of those charged with governance;
- Identifying and testing journal entries, in particular those with unusual account combinations which impact revenue or reduce expenditure to manipulate the financial performance of the Group or contain certain unusual key words such as fraud or error; and
- Assessing key judgements and estimates made by management for evidence of inappropriate bias, including the valuation of the defined benefit pension plan liabilities and the calculation of the fair value of the intangible assets acquired.

Report on the audit of the financial statements continued

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kate Finn

Kate Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
1 August 2023

Consolidated income statement
for the year ended 31 May 2023

	Note	2023 £m	2022 £m
Revenue	3,4	**1,053.9**	878.6
Cost of sales		**(999.8)**	(823.3)
Gross profit		**54.1**	55.3
Administrative expenses		**(33.5)**	(42.1)
Headline operating profit[1]		**21.0**	21.8
Exceptional items	5	**–**	(8.3)
Amortisation of acquired intangibles	14	**(0.4)**	(0.3)
Operating profit	4	**20.6**	13.2
Finance costs	7	**(1.7)**	(1.2)
Headline profit before taxation[1]		**19.6**	20.9
Net finance cost in respect of the defined benefit pension scheme		**(0.3)**	(0.3)
Exceptional items	5	**–**	(8.3)
Amortisation of acquired intangibles	14	**(0.4)**	(0.3)
Profit before taxation	5	**18.9**	12.0
Income tax expense	8	**(4.0)**	(3.6)
Profit for the year attributable to equity shareholders		**14.9**	8.4
Earnings per share (pence)			
Basic	10	**30.2**	17.1
Diluted	10	**30.1**	17.0
Headline earnings per share (pence)[1]			
Basic	10	**31.4**	35.0
Diluted	10	**31.3**	34.8

1 Headline operating profit is statutory operating profit of £20.6 million (2022: £13.2 million) before exceptional items of £Nil (2022: £8.3 million) and amortisation of acquired intangibles of £0.4 million (2022: £0.3 million). Headline profit before taxation is statutory profit before taxation of £18.9 million (2022: £12.0 million) after adding back the net finance cost in respect of the Group's defined benefit pension scheme of £0.3 million (2022: £0.3 million), the exceptional items and amortisation of acquired intangibles. Headline earnings per share also takes into account the taxation effect thereon.

The results relate to continuing operations.

The notes on pages 83 to 112 form part of these Group financial statements.

Consolidated statement of comprehensive income
for the year ended 31 May 2023

	Note	2023 £m	2022 £m
Profit for the year attributable to equity shareholders		**14.9**	8.4
Items that will never be reclassified to income statement:			
Remeasurement (loss)/gain defined benefit pension scheme	26	**(2.3)**	4.0
Tax on items that will never be reclassified to income statement		**1.0**	(1.0)
Total other comprehensive (expense)/income		**(1.3)**	3.0
Total comprehensive income for the year		**13.6**	11.4

The notes on pages 83 to 112 form part of these Group financial statements.

Consolidated balance sheet

as at 31 May 2023

	Note	2023 £m	2022 £m
Non-current assets			
Property, plant and equipment	12	**43.7**	45.4
Right of use assets	13	**29.1**	27.5
Intangible assets	14	**31.8**	22.7
		104.6	95.6
Current assets			
Inventories	15	**7.4**	9.8
Trade and other receivables	16	**87.4**	96.2
Reimbursement assets	17	**1.7**	2.8
Cash and cash equivalents	18	**16.3**	9.1
Derivative financial instruments	23	**0.2**	0.4
		113.0	118.3
Total assets		**217.6**	213.9
Current liabilities			
Trade and other payables	19	**(92.5)**	(100.6)
Current income tax liabilities		**(0.8)**	(0.4)
Borrowings	20	**–**	–
Lease liabilities	21	**(9.8)**	(8.6)
Provision for liabilities	22	**(1.9)**	(3.1)
Derivative financial instruments	23	**(0.1)**	(0.2)
		(105.1)	(112.9)
Non-current liabilities			
Borrowings	20	**–**	–
Lease liabilities	21	**(20.0)**	(19.7)
Provision for liabilities	22	**(0.8)**	(0.7)
Deferred income tax liabilities	24	**(4.2)**	(3.2)
Retirement benefit obligations	26	**(9.6)**	(9.3)
		(34.6)	(32.9)
Total liabilities		**(139.7)**	(145.8)
Net assets		**77.9**	68.1
Equity			
Share capital	25	**12.4**	12.3
Share premium		**0.9**	0.9
Retained earnings		**64.6**	54.9
Total equity		**77.9**	68.1

The Group financial statements on pages 78 to 112 were approved by the Board of Directors on 1 August 2023 and were signed on its behalf by:

R A Whiting
Director

C J Belsham
Director

The notes on pages 83 to 112 form part of these Group financial statements.

Consolidated statement of changes in equity
for the year ended 31 May 2023

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 June 2021	12.3	0.9	46.3	59.5
Profit for the year	–	–	8.4	8.4
Items that will never be reclassified to income statement:				
Actuarial gain on defined benefit pension scheme (note 26)	–	–	4.0	4.0
Tax on items that will never be reclassified to income statement	–	–	(1.0)	(1.0)
Total other comprehensive income	–	–	3.0	3.0
Total comprehensive income for the year	–	–	11.4	11.4
Transactions with owners:				
Issue of shares	–	–	–	–
Dividends paid (note 9)	–	–	(3.5)	(3.5)
Value of employee services	–	–	(0.1)	(0.1)
Charge to equity for equity-settled share-based payments	–	–	0.8	0.8
Total transactions with owners	–	–	(2.8)	(2.8)
Balance at 31 May 2022	12.3	0.9	54.9	68.1
Profit for the year	**–**	**–**	**14.9**	**14.9**
Items that will never be reclassified to income statement:				
Actuarial loss on defined benefit pension scheme (note 26)	**–**	**–**	**(2.3)**	**(2.3)**
Tax on items that will never be reclassified to income statement	**–**	**–**	**1.0**	**1.0**
Total other comprehensive expense	**–**	**–**	**(1.3)**	**(1.3)**
Total comprehensive income for the year	**–**	**–**	**13.6**	**13.6**
Transactions with owners:				
Issue of shares	**0.1**	**–**	**(0.1)**	**–**
Dividends paid (note 9)	**–**	**–**	**(3.7)**	**(3.7)**
Value of employee services	**–**	**–**	**(0.6)**	**(0.6)**
Charge to equity for equity-settled share-based payments	**–**	**–**	**0.5**	**0.5**
Total transactions with owners	**0.1**	**–**	**(3.9)**	**(3.8)**
Balance at 31 May 2023	**12.4**	**0.9**	**64.6**	**77.9**

The notes on pages 83 to 112 form part of these Group financial statements.

Consolidated cash flow statement
for the year ended 31 May 2023

	Note	2023 £m	2022 £m
Net cash generated from operations	28	**37.0**	33.7
Interest paid		**(1.4)**	(0.9)
Income tax paid		**(3.1)**	(2.7)
Net cash generated from operating activities		**32.5**	30.1
Cash flows used in investing activities			
Purchase of intangible assets	14	**(0.1)**	(0.2)
Purchase of property, plant and equipment	12	**(3.1)**	(3.4)
Acquisition of subsidiaries – cash paid (net of cash acquired)		**(9.5)**	—
Proceeds on sale of property, plant and equipment		**1.0**	0.4
Net cash used in investing activities		**(11.7)**	(3.2)
Cash flows used in financing activities			
Decrease in bank borrowings		**–**	(9.5)
Capital element of finance leases		**(9.9)**	(8.8)
Dividends paid	9	**(3.7)**	(3.5)
Net cash used in financing activities		**(13.6)**	(21.8)
Net increase in cash and cash equivalents	29	**7.2**	5.1
Cash and cash equivalents at beginning of year	29	**9.1**	4.0
Cash and cash equivalents at end of year	29	**16.3**	9.1

The notes on pages 83 to 112 form part of these Group financial statements.

Notes to the Group financial statements

for the year ended 31 May 2023

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 principal activities of NWF Group plc and its subsidiaries (together 'the Group') are the sale and distribution of fuel oils, the warehousing and distribution of ambient groceries and the manufacture and sale of animal feeds. Further information on the nature of the Group's operations and principal activities is set out in note 4 of the Group financial statements.

The address of the Company's 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.

The Group financial statements were authorised for issue by the Board of Directors on 1 August 2023.

2. Significant accounting policies

The Group's principal accounting policies are set out below.

Basis of preparation

The financial statements of NWF Group plc have been prepared in accordance with UK-adopted International Accounting Standards.

The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards ('IFRS') and with the requirements of the Companies Act 2006 applicable to companies reporting under those standards. The Group financial statements have been prepared on the going concern basis and on the historical cost convention modified for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which are outlined in the critical accounting estimates and judgements section of these accounting policies. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The accounting policies have been applied consistently throughout the period, other than where new policies have been adopted.

Going concern

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 Group's banking facilities, provided by NatWest Group, were renewed on 31 May 2023 and are committed until 31 May 2026 and provides a credit facility of £61.0 million, which includes a £1.0 million overdraft that is renewed annually. The Group is profitable, cash-generative, has a strong balance sheet position and a good relationship with its lender. As at 31 May 2023 the Group had available funds of £77.3 million (based on cash balances, invoice discounting availability, RCF and overdraft facilities).

The Board has prepared cash flow forecasts for the period to 31 May 2025. 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.

The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Alternative performance measures ('APMs')

The Directors consider that headline operating profit, headline profit before taxation, headline EBITDA, headline ROCE and headline earnings per share measures, referred to in these Group 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, exceptional items and amortisation of acquired intangibles, to show the underlying performance of the Group.

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.

Headline ROCE refers to the return on capital employed calculated as headline operating profit as a proportion of net assets.

The calculation of headline earnings includes any exceptional impact of remeasuring deferred tax balances. The calculations of basic and diluted headline earnings per share are shown in note 10 of the Group financial statements.

2. Significant accounting policies continued

Adoption of new and revised standards

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 June 2023.

The Company has adopted the following new standards, amendments and interpretations now applicable. None of these standards and interpretations have had any material effect on the Company's results or net assets.

Standard or interpretation	Content	Applicable for financial year beginning on
IFRS 4	Insurance Contracts	1 June 2022

The following standards, amendments and interpretations are not yet effective and have not been adopted early by the Company:

Standard or interpretation	Content	Applicable for financial year beginning on
Amendments to IAS 1	Presentation of Financial Statements	1 June 2023
Amendments to IAS 8	Accounting Policies	1 June 2023
Amendments to IAS 12	Income Taxes	1 June 2023
Amendments to IFRS 17	Insurance Contracts	1 June 2023
IFRS Practice Statement 2	Making Materiality Judgements	1 June 2023
Amendments to IFRS 16	Leases on Sale and Leaseback	1 June 2024

These standards are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

Consolidation

The Group financial statements incorporate the financial statements of NWF Group plc ('the Company') and entities controlled by the Company (its 'subsidiaries') made up to 31 May each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the initial accounting for a business combination is incomplete by the end of the first reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the date of acquisition that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed at the date of acquisition, and is subject to a maximum of one year.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts, and after eliminating sales within the Group. Accumulated experience is used to estimate and provide for these items, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group does not expect to have any contracts where the period between transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Specific types of revenue are recognised as follows:

2. Significant accounting policies continued

Fuels and Feeds

Revenue from the sale of goods in each of these segments is recognised when they are delivered to the customer and the performance obligations have been met; that is, the products are delivered to the specific location, the risk of loss has been transferred and the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Revenue from sale of fuels includes fuel duty.

Food

Revenue from storage, handling and re-packaging of customers' products is recognised when the relevant service has been performed and the performance obligations have been met. For distribution, revenue performance obligations are met when the customers' products arrive at the destination.

Customers are invoiced on a daily, weekly or monthly basis and consideration is payable when invoiced. A receivable is recognised when the services are provided, since this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns which are different from those of segments operating in other economic environments. Segment reporting information is shown in note 4 of the Group financial statements.

Taxation

The income tax expense represents the sum of current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is based on taxable profits for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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 the deferred income taxes relate to the same fiscal authority.

Borrowing costs

Borrowing costs that are directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Dividend distribution

The distribution of a dividend to the Company's shareholders is recognised in the Group's financial statements in the period in which it is approved by the Company's shareholders.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly related to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. All other repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

2. Significant accounting policies continued

Property, plant and equipment continued

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to reduce their cost to their residual values over their useful economic lives, as follows:

Freehold and long leasehold buildings	10 – 50 years
Plant and machinery	3 – 10 years
Cars and commercial vehicles	4 – 8 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds of disposal with the carrying value and are recognised in the income statement.

Right of use assets and lease liabilities

Under IFRS 16, a right of use asset and lease liability are recognised for all leases except 'low value' and 'short-term' leases where lease payments are recognised on a straight-line basis over the lease term. For the Group, the standard results in the recognition of almost all leases on the balance sheet as a right of use asset, with a corresponding lease liability.

At the inception of a contract, the Group performs an assessment to determine whether the contract is, or contains, a lease. Key aspects of this determination are the specific identification of an asset that is subject to the lease and that the lease conveys the right to direct and control the use of the identified asset for a period of time.

Where a contract is determined to contain a lease, the lease liability is recognised from the commencement date of the lease, the commencement date being defined as the date at which the lessor makes the underlying asset available for use. The lease liability is recognised at an amount equal to the present value of the future lease payments during the lease term.

Lease payments are discounted using the Group's incremental borrowing rate, since the interest rate implicit in the Group's leases is not readily determinable.

After the commencement date, lease payments are allocated between the outstanding lease liability on the balance sheet and finance costs. Finance costs are charged to the income statement over the lease period using the effective interest method.

A right of use asset is initially recognised at the commencement date and measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred by the Group and an estimate of any cost for dismantling or restoring the asset at the end of the lease term.

The right of use asset is subsequently depreciated in accordance with the depreciation requirements in IAS 16 'Property, Plant and Equipment' which results in depreciation on a straight-line basis over the shorter of the asset's useful life and the lease term. The Group also applies IAS 36 'Impairment of Assets' to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Remeasurement of the lease liability occurs if, after the commencement date, there is a change in future lease payments or a change in the lease term. Any remeasurement of the lease liability results in a corresponding adjustment of the right of use asset. If the carrying amount of the right of use asset has already been reduced to zero, the remaining remeasurement is recognised in the income statement. The Group remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flows, using an unchanged discount rate. Reassessment of leases in the Group occurs where lease consideration changes due to a market rent review clause or where there are changes to variable lease payments dependent on an index or rate.

A lease modification arises where there is a change in scope of the lease, or the consideration for the lease, which was not part of the original terms and conditions of the lease. In the event of a lease modification, the Group accounts for this as a separate lease, providing the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price, to reflect the circumstances of the particular contract.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included within intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised immediately in the income statement and are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to each of the Group's cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which they arose, identified according to operating segment.

Brands

Separately acquired brands are shown at historical cost less accumulated amortisation. Brands acquired in a business combination are recognised at fair value at the date of acquisition. Brands have a finite useful life and are carried at cost less accumulated amortisation and represent an acquired intangible asset. Amortisation is calculated, using the straight-line method, to allocate the cost of brands over their estimated useful lives of either ten or twenty years.

2. Significant accounting policies continued

Intangible assets continued

Customer relationships

Separately acquired customer relationships are shown at historical cost less accumulated amortisation. Customer relationships acquired in a business combination are recognised at fair value at the date of acquisition. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and represent an acquired intangible asset. Amortisation is calculated, using the straight-line method, to allocate the cost of these assets over their estimated useful lives of ten years.

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs incurred to acquire computer software licences and directly attributable costs incurred to bring the software into use are capitalised. Directly attributable costs include software development employee costs. Capitalised computer software costs are amortised over their estimated useful lives on a straight-line basis (three to seven years).

Cloud-based software provided under a Software as a Service ('SaaS') arrangement is assessed separately to determine whether any power to obtain future economic benefit from the software arises and if access to those benefits can be restricted. If not, such costs are recognised as an expense. A further assessment of any configuration and customisation costs associated with the SaaS arrangement is made to determine if such services are distinct from the provision of the software and therefore establish the appropriate period over which to expense such costs.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Non-financial assets, other than goodwill, that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average costing method. The cost of finished goods and goods for resale comprises purchase cost and, in the case of finished goods, the cost of transporting the goods to their stock location. Net realisable value comprises the estimated selling price in the ordinary course of business less applicable variable selling expenses. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under IFRS 9, the Group elected to use the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. Under the accounting standard, the Group continues to establish a provision for impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

In addition, IFRS 9 requires the Group to consider forward-looking information and the probability of default when calculating expected credit losses. The measurement of expected credit losses reflects an unbiased and probability weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The Group considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses.

The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision for receivables impairment, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectable, it is written off against the provision for receivables impairment. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Derivative financial instruments and hedging activities

A derivative is initially recognised at fair value on the date that the associated contract is entered into and then is remeasured at fair value at each subsequent balance sheet date.

The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. During the current and prior year, none of the Group's derivative financial instruments have been designated as effective hedges. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Reimbursement assets

The Group recognises a reimbursement asset in respect of third party claims made against the Group, but which under the terms of its insurance policy, the Group is indemnified. All of the expenditure required to settle such claims will be reimbursed by the insurer under the terms of the policy, and therefore it is virtually certain that reimbursement will be received.

2. Significant accounting policies continued

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. The Group recognises cash when it is within its control, and in accordance with IFRS 9, when it has the contractual right to obtain cash from the bank. Cash in transit between Group companies at a period end is recognised within the receiving company's balance sheet. Cash in transit to or from external entities at a period end is not recognised where the Group does not have the contractual right to obtain the cash and is therefore not deemed to exercise control over it. The Group's cash recognition policies are aligned with the IFRIC Committee tentative agenda decision in September 2021 as follows: in respect of incoming receipts via electronic transfer, the Group recognises cash as a financial asset on the transfer settlement date, and not before. In respect of cheques received, the Group classifies these as 'promissory notes' and recognises within cash equivalents all cheques dated and deposited with the bank up to and including the reporting period end. In respect of card receipts, the Group recognises a cash equivalent on the transaction date as the conversion to cash is very quick and the credit risk is deemed very low. In respect of outgoing payments, where there is often a delay between the remittance date and the transfer settlement date, the Group de-recognises the cash from financial assets on the transfer remittance date, and not after. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Within the banking arrangement is the right to off-set

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Exceptional items

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, cyber-related costs, impairment of assets and income from legal or insurance settlements. In determining whether an item should be disclosed as an exceptional item, the Directors consider quantitative as well as qualitative 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.

Bank borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

Retirement benefit costs

The Group operates various pension schemes, including defined contribution and defined benefit schemes.

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense in the income statement when they are due. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The liability recognised in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. The Group has considered the recognition requirements of IFRIC 14 and determined that they do not apply to the scheme.

The net pension finance cost is determined by applying the discount rate, used to measure the defined benefit pension obligation at the beginning of the accounting period, to the net pension obligation at the beginning of the accounting period taking into account any changes in the net pension obligation during the period as a result of cash contributions and benefit payments.

Pension scheme expenses are charged to the income statement within administrative expenses.

Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Net defined benefit pension scheme deficits before tax relief are presented separately on the balance sheet within non-current liabilities. The attributable deferred income tax asset is shown net within deferred income tax liabilities in the balance sheet and is subject to the recognition criteria as set out in the accounting policy on deferred income tax.

Share-based payments

In the year ended 31 May 2023, the Group operated one (2022: one) equity-settled share-based payment plan, details of which can be found in note 27 of the Group financial statements.

The fair value of the employee services received in exchange for the grant of share awards is recognised as an expense. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by the use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Employer social security contributions payable in connection with the grant of share awards are considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

2. Significant accounting policies continued

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension scheme – valuation assumptions

The balance sheet carrying values of defined benefit pension scheme surpluses or deficits are calculated using independently commissioned actuarial valuations. These valuations, including the impact of GMP, are based on a number of assumptions, including the most appropriate mortality rates to apply to the profile of scheme members and the financial assumptions regarding discount rates and inflation. All of these are estimates of future events and are therefore uncertain. Further details can be found in note 26 of the Group financial statements.

Assessment of impairment

The Group tests annually for impairment of goodwill and fixed asset balances, which involves using key judgements including estimates of future business performance and cash generation and discount rates.

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 2024 and four years of divisional strategic plans thereafter.

These value in use calculations are subject to a series of sensitivity analyses using reasonable assumptions concerning the future performance of the CGUs and assessing the impact of a 1% increase in the discount rate. For further details of our assessment of impairment please see note 13.

Carrying value of trade receivables

The Group holds material trade receivable balances and the calculations of provisions for impairment are estimates of future events and therefore uncertain. IFRS 9 requires the Group to consider forward-looking information and the probability of default when calculating expected credit losses. The Group considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses.

Valuation of acquired intangibles

IFRS 3 requires separately identifiable intangible assets to be recognised on acquisitions. The principal estimates used in valuing these intangibles are generally based on the future cash flow forecast to be generated by these assets and the selection of appropriate discount rates to apply to the cash flows.

A 1% increase in the discount rate applied to the future cash flows would reduce the value attributable to acquired intangibles by £0.1 million.

From a completeness perspective, the Directors are not aware of any other critical judgements within the Group that give rise to a significant risk of material adjustment within the next financial year.

3. Revenue

An analysis of the Group's revenue is as follows:

	2023 £m	2022 £m
Sale of goods	**983.0**	816.0
Rendering of services	**70.9**	62.6
	1,053.9	878.6

4. 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 products/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 is summarised below:

Fuels	–	sale and distribution of domestic heating and 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 operating profit ('headline operating profit'). Finance income and costs are not included in the segment result that is 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 deferred income tax assets and cash at bank and in hand. Segment liabilities exclude taxation, borrowings and retirement benefit obligations. Excluded items are part of the reconciliation to consolidated total assets and liabilities.

2023	Fuels £m	Food £m	Feeds £m	Group £m
Revenue				
Total revenue	**765.0**	**70.9**	**225.8**	**1,061.7**
Inter-segment revenue	**(7.8)**	**–**	**–**	**(7.8)**
Revenue	**757.2**	**70.9**	**225.8**	**1,053.9**
Result				
Headline operating profit	**12.9**	**4.2**	**3.9**	**21.0**
Amortisation of acquired intangibles	**(0.4)**	**–**	**–**	**(0.4)**
Operating profit as reported				**20.6**
Finance costs (note 7)				**(1.7)**
Profit before taxation				**18.9**
Income tax expense (note 8)				**(4.0)**
Profit for the year				**14.9**
Other information				
Depreciation and amortisation	**6.0**	**6.3**	**3.0**	**15.3**
Property, plant and equipment additions (note 12)	**0.7**	**1.1**	**1.3**	**3.1**

2023	Fuels £m	Food £m	Feeds £m	Group £m
Balance sheet				
Assets				
Segment assets	**101.9**	**50.0**	**49.4**	**201.3**
Cash and cash equivalents (note 18)				**16.3**
Consolidated total assets				**217.6**
Liabilities				
Segment liabilities	**(78.0)**	**(23.2)**	**(23.9)**	**(125.1)**
Deferred income tax liabilities (note 24)				**(4.2)**
Current income tax liabilities				**(0.8)**
Retirement benefit obligations (note 26)				**(9.6)**
Consolidated total liabilities				**(139.7)**

4. Segment information continued

2022	Fuels £m	Food £m	Feeds £m	Group £m
Revenue				
Total revenue	628.9	62.7	194.9	886.5
Inter-segment revenue	(7.8)	(0.1)	—	(7.9)
Revenue	621.1	62.6	194.9	878.6
Result				
Headline operating profit	17.2	2.8	1.8	21.8
Segment exceptional item (note 5)	—	—	(8.4)	(8.4)
Group exceptional item (note 5)				0.1
Amortisation of acquired intangibles	(0.3)	—	—	(0.3)
Operating profit as reported				13.2
Finance costs (note 7)				(1.2)
Profit before taxation				12.0
Income tax expense (note 8)				(3.6)
Profit for the year				8.4
Other information				
Depreciation and amortisation	5.2	5.9	2.9	14.0
Property, plant and equipment additions (note 12)	0.9	1.1	1.4	3.4

2022	Fuels £m	Food £m	Feeds £m	Group £m
Balance sheet				
Assets				
Segment assets	106.5	48.3	50.0	204.8
Cash and cash equivalents (note 18)				9.1
Consolidated total assets				213.9
Liabilities				
Segment liabilities	(88.7)	(20.1)	(24.1)	(132.9)
Deferred income tax liabilities (note 24)				(3.2)
Current income tax liabilities				(0.4)
Retirement benefit obligations (note 26)				(9.3)
Consolidated total liabilities				(145.8)

5. Profit before taxation

Profit before taxation is stated after charging:

	2023 £m	2022 £m
Cost of inventories recognised as an expense (included in cost of sales)	**929.4**	756.0
Depreciation of property, plant and equipment (note 12)	**4.8**	4.6
Depreciation of right of use assets (note 13)	**9.9**	8.9
Amortisation of other intangible assets (note 14)	**0.6**	0.5
Profit on disposal of property, plant and equipment	**(0.5)**	—
Staff costs (note 6)	**58.6**	55.6
Provision for receivables impairment (note 16)	**2.3**	1.5
Exceptional items	**–**	8.3

5. Profit before taxation continued

A net exceptional cost of £Nil (2022: £8.3 million) is included in administrative expenses. Exceptional items by type are as follows:

	2023 £m	2022 £m
Impairment of goodwill and other intangible assets	**–**	7.9
Impairment of property, plant and equipment	**–**	0.5
Insurance reclaim credit	**–**	(0.1)
Net exceptional cost	**–**	8.3

Services provided by the Company's auditors

During the year, the Group obtained the following services from the Company's auditors:

	2023 £'000	2022 £'000
Fees payable to the Company's auditors for the audit of the Company and consolidated annual financial statements	**58**	48
Fees payable to the Company's auditors for other services:		
– audit of the financial statements of the Company's subsidiaries pursuant to legislation	**498**	311
– non-audit assurance services	**2**	2
– tax compliance services	**33**	51
Total auditors' remuneration	**591**	412

Fees relating to the audit of the financial statements in the current year ending 31 May 2023 included £75,000 of additional costs relating to the previous year that have not recurred in the current year.

6. Staff costs

The average monthly number of persons (including Directors) employed in the Group during the year was:

	2023 Number	2022 Number
Fuels	**332**	342
Food	**763**	705
Feeds	**224**	227
Head Office	**20**	18
	1,339	1,292

Staff costs (including Directors) are outlined below.

Total directors remuneration for the year to 31 May 2023 was split between short term employee benefits of £1.3 million (2022: £1.4 million) and share based payments of £0.4 million (2022: £0.5 million).

Total remuneration for the highest paid Director was £1.0 million (2022: £1.1 million). Shares awarded under a long term incentive plan was 89,976 shares (2022: 92,667).They exercised options over 179,066 shares during the year (2022: 83,079).

Directors' remuneration is also set out in the Remuneration Report, within the table entitled Directors' emoluments on page 68.

	2023 £m	2022 £m
Wages and salaries	**50.9**	48.0
Social security costs	**5.7**	5.4
Share-based payments (note 27)	**0.5**	0.8
Other pension costs (note 26)	**1.5**	1.4
	58.6	55.6

In addition to the above staff costs, the Group incurred no termination costs (2022: £Nil), and £2.4 million (2022: £2.4 million) in respect of costs of agency workers.

Other pension costs above are amounts charged to operating profit in respect of defined contribution pension schemes.

7. Finance costs

	2023 £m	2022 £m
Interest on bank loans and overdrafts	**0.8**	0.4
Finance costs on lease liabilities relating to IFRS 16 (note 21)	**0.6**	0.5
Total interest expense	**1.4**	0.9
Net finance cost in respect of defined benefit pension schemes (note 26)	**0.3**	0.3
Total finance costs	**1.7**	1.2

8. Income tax expense

	2023 £m	2022 £m
Current tax		
UK corporation tax on profits for the year	**3.8**	3.8
Adjustments in respect of prior years	**–**	(0.1)
Current tax expense	**3.8**	3.7
Deferred tax		
Origination and reversal of temporary differences	**0.4**	(0.1)
Adjustments in respect of prior years	**(0.3)**	–
Effect of increased tax rate on opening balances	**0.1**	–
Deferred tax expense (note 24)	**0.2**	(0.1)
Total income tax expense	**4.0**	3.6

During the year ended 31 May 2023, corporation tax has been calculated at blended tax of 20% (being 19% until 31 March 2023, and 25% thereon) of estimated assessable profits for the year (2022: 19%).

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2023 £m	2022 £m
Profit before taxation	**18.9**	12.0
Profit before taxation multiplied by the standard rate of UK corporation tax of 20.0% (2022: 19.0%)	**3.8**	2.3
Effects of:		
– expenses not deductible for tax purposes	**0.4**	1.7
– super-deduction allowance	**(0.1)**	(0.1)
– impact of share-based payments	**0.1**	(0.2)
– impact of increased tax rate on opening balances	**0.1**	–
– adjustments in respect of prior years	**(0.3)**	(0.1)
Total income tax expense	**4.0**	3.6

£1.0 million has been recognised in other comprehensive income, relating to a £0.6 million credit to equity arising on the movement within the deferred tax provision (2022: £1.4 million debit to equity) (note 24) and a movement in current tax of a credit of £0.4 million (2022: £0.4 million).

The tax charge in the current year is higher (2022: higher) than the standard tax charge as a result of the level of the Group's disallowable expenses related to acquisition costs and other non-qualifying depreciation.

9. Dividends paid

	2023 £m	2022 £m
Final dividend for the year ended 31 May 2022 of 6.5p (2021: 6.2p) per share	**3.2**	3.0
Interim dividend for the year ended 31 May 2023 of 1.0p (2022: 1.0p) per share	**0.5**	0.5
Amounts recognised as distributions to equity shareholders in the year	**3.7**	3.5
Proposed final dividend for the year ended 31 May 2023 of 6.9p (2022: 6.5p) per share	**3.4**	3.2

The proposed final dividend is subject to approval at the AGM on 8 December 2023 and has not been included as a liability in these Group financial statements.

10. Earnings per share

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

	2023	2022
Earnings (£m)		
Earnings for the purposes of basic and diluted earnings per share being profit for the year attributable to equity shareholders	**14.9**	8.4
Number of shares ('000)		
Weighted average number of shares for the purposes of basic earnings per share	**49,355**	49,109
Weighted average dilutive effect of conditional share awards	**196**	299
Weighted average number of shares for the purposes of diluted earnings per share	**49,551**	49,408
Earnings per ordinary share (pence)		
Basic earnings per ordinary share	**30.2**	17.1
Diluted earnings per ordinary share	**30.1**	17.0
Headline earnings per ordinary share (pence)		
Basic headline earnings per ordinary share	**31.4**	35.0
Diluted headline earnings per ordinary share	**31.3**	34.8

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

	2023 £m	2022 £m
Profit for the year attributable to equity shareholders	**14.9**	8.4
Add back/(deduct):		
Net finance cost in respect of defined benefit pension scheme (note 26)	**0.3**	0.3
Exceptional items (note 5)	**–**	8.3
Amortisation of acquired intangibles (note 14)	**0.4**	0.3
Tax effect of the above	**(0.1)**	(0.1)
Headline earnings	**15.5**	17.2

11. Business combinations

On 21 December 2022, the Group acquired 100% of the share capital of Sweetfuels Limited, a 20 million litre fuel distributor based in Faringdon in Oxfordshire. The headline purchase price for the acquisition was £10.0 million on a cash debt free basis before acquisition costs. The total gross consideration paid was £14.3 million, after adjusting the purchase price for cash acquired. The net consideration paid was £10.2 million after adjusting for cash acquired and acquisition costs.

Details of the total consideration and the provisional fair values of the assets and liabilities acquired are shown below:

	Fair value of assets acquired £m
Intangible assets - goodwill	6.5
Intangible assets - brand	0.8
Intangible assets - customer relationships	2.3
Property, plant and equipment	0.5
Stock	0.2
Trade and other receivables	2.5
Cash	4.8
Trade and other payables	(1.8)
Current income tax liability	(0.6)
Deferred tax liability	(0.9)
	14.3

Provisional goodwill of £6.5 million arises from the acquisition and is attributable to the acquired business and the expected economies of scale from combining the operations of the Group and the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

As the acquisition was made in the year, the above amounts are provisional and subject to adjustment.

Net cash outflow arising on the acquisition:

	£m
Total gross consideration	(14.3)
Excess cash acquired	4.8
Net cash flow arising on completion	(9.5)
Additional debt like items acquired at completion	(0.5)
Headline purchase price	(10.0)
Acquisition-related costs	(0.2)
Net consideration paid	(10.2)

Acquisition-related costs of £0.2 million have been charged to the income statement in the year ended 31 May 2023.

The following amounts have been recognised within the consolidated income statement in respect of the acquisition made in the year: revenue – £7.2 million; and profit – £0.4 million.

Had the acquisition taken place at the start of the financial year, the consolidated income statement would show: revenue – £14.9 million; and profit – £1.1 million.

In its last financial year to 31 July 2022 Sweetfuels Limited made an operating profit of £1.8 million.

12. 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 2021	37.9	3.1	32.6	6.3	79.9
Additions	0.4	—	2.9	0.1	3.4
Transfers in from right of use asset	—	—	—	0.3	0.3
Disposals	—	—	(0.9)	(2.3)	(3.2)
At 1 June 2022	38.3	3.1	34.6	4.4	80.4
Additions	0.4	—	2.5	0.2	3.1
Acquired through business combinations	—	—	0.1	0.4	0.5
Disposals	(0.2)	—	(4.4)	(2.5)	(7.1)
At 31 May 2023	**38.5**	**3.1**	**32.8**	**2.5**	**76.9**
Accumulated depreciation and impairment					
At 1 June 2021	12.6	0.4	16.3	3.3	32.6
Charge for the year	0.9	0.1	2.6	1.0	4.6
Transfers in from right of use asset	—	—	—	0.1	0.1
Impairment charge	—	—	0.5	—	0.5
Disposals	—	—	(0.7)	(2.1)	(2.8)
At 1 June 2022	13.5	0.5	18.7	2.3	35.0
Charge for the year	0.9	0.1	3.0	0.8	4.8
Disposals	(0.2)	—	(4.1)	(2.3)	(6.6)
At 31 May 2023	**14.2**	**0.6**	**17.6**	**0.8**	**33.2**
Carrying amount					
At 31 May 2023	**24.3**	**2.5**	**15.2**	**1.7**	**43.7**
At 31 May 2022	24.8	2.6	15.9	2.1	45.4

The Group has pledged certain freehold land and buildings with a carrying value of £20.6 million (2022: £20.9 million) to secure banking facilities granted to the Group.

Depreciation charges are recognised in administrative expenses in the consolidated income statement.

13. Right of use assets

	Properties £m	Commercial vehicles £m	Total £m
Cost			
At 1 June 2021	9.1	29.8	38.9
Additions	0.6	10.7	11.3
Disposals	(0.2)	(0.8)	(1.0)
Transfers out to property, plant and equipment	—	(0.3)	(0.3)
At 1 June 2022	9.5	39.4	48.9
Additions	—	11.3	11.3
Acquired	0.2	—	0.2
Disposals	—	(0.8)	(0.8)
Transfers out to property, plant and equipment	—	—	—
At 31 May 2023	**9.7**	**49.9**	**59.6**
Accumulated depreciation and impairment			
At 1 June 2021	2.1	11.4	13.5
Charge for the year	1.5	7.4	8.9
Disposals	(0.2)	(0.7)	(0.9)
Transfers out to property, plant and equipment	—	(0.1)	(0.1)
At 1 June 2022	3.4	18.0	21.4
Charge for the year	1.5	8.4	9.9
Disposals	—	(0.8)	(0.8)
Transfers out to property, plant and equipment	—	—	—
At 31 May 2023	**4.9**	**25.6**	**30.5**
Carrying amount			
At 31 May 2023	**4.8**	**24.3**	**29.1**
At 31 May 2022	6.1	21.4	27.5

Depreciation charges are recognised in administrative expenses in the consolidated income statement.

14. Intangible assets

	Goodwill £m	Computer software £m	Customer relationships £m	Brands £m	Total £m
Cost					
At 1 June 2021	28.2	6.8	2.2	1.4	38.6
Additions	—	0.2	—	—	0.2
At 1 June 2022	28.2	7.0	2.2	1.4	38.8
Additions	—	0.1	—	—	0.1
Acquisition of business (note 11)	6.5	—	2.3	0.8	9.6
Disposals	—	(0.1)	—	—	(0.1)
At 31 May 2023	**34.7**	**7.0**	**4.5**	**2.2**	**48.4**
Accumulated amortisation and impairment					
At 1 June 2021	0.6	6.0	0.4	0.7	7.7
Charge for the year	—	0.2	0.3	—	0.5
Impairment charge	7.5	0.2	—	0.2	7.9
At 1 June 2022	8.1	6.4	0.7	0.9	16.1
Charge for the year	—	0.2	0.3	0.1	0.6
Disposals	—	(0.1)	—	—	(0.1)
At 31 May 2023	**8.1**	**6.5**	**1.0**	**1.0**	**16.6**
Carrying amount					
At 31 May 2023	**26.6**	**0.5**	**3.5**	**1.2**	**31.8**
At 31 May 2022	20.1	0.6	1.5	0.5	22.7

Amortisation or impairment charges have been charged to administrative expenses in the consolidated income statement.

14. Intangible assets continued

Customer relationships

Customer relationships are allocated as follows:

	2023 £m	2022 £m
Fuels	**3.5**	1.5

Brands

Brands are allocated as follows:

	2023 £m	2022 £m
Fuels	**1.2**	0.5

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:

	2023 £m	2022 £m
Feeds	**4.4**	4.4
Fuels	**22.2**	15.7
	26.6	20.1

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. The value in use calculations use post-tax cash flow projections based on the Board-approved budgets and four years of divisional strategic plans thereafter. Subsequent cash flows are extrapolated using the growth rates 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 the Group risks identified on pages 27 to 30 may impact each CGU differently.

The value in use calculations described above indicate ample headroom and therefore do not give rise to impairment concerns.

Value in use assumptions and sensitivities

The rates used to discount the projected cash flows, equating to the pre-tax discount rates based on comparative businesses, are as follows:

	2023 %	2022 %
Fuels	**13.16**	10.43
Feeds	**11.90**	10.26

The headroom on the value in use calculations for Fuels and Feeds are £96.0 million and £38.8 million respectively. The following sensitivities have been performed on the CGU Board-approved forecasts, the impact of which still result in satisfactory headroom and do not give rise to further impairment:

	Reduction in value in use	
	Fuels £m	**Feeds £m**
Decrease EBITDA by 10%	**12.6**	**3.5**
Increase discount rate by 1%	**14.4**	**6.9**

15. Inventories

	2023 £m	2022 £m
Raw materials and consumables	**3.2**	3.6
Finished goods and goods for resale	**4.2**	6.2
	7.4	9.8

16. Trade and other receivables

	2023 £m	2022 £m
Trade receivables	**85.7**	93.9
Less: provision for impairment	**(3.1)**	(2.8)
Trade receivables – net	**82.6**	91.1
VAT recoverable	**0.6**	0.9
Other receivables	**0.1**	0.1
Prepayments and accrued income	**3.3**	3.2
Contract assets	**0.8**	0.9
	87.4	96.2

The fair value of trade and other receivables is equivalent to their carrying amount. Trade and other receivables are non-interest bearing and are substantially denominated in Sterling. Under IFRS 9, the Group is required to utilise objective evidence as well as consider forward-looking information and the probability of default when calculating expected credit losses. The maturity of financial assets and history of write-offs is therefore used as an indicator as to the probability of default. Trade receivables are written off when they have been overdue for a number of years, or if a customer has entered into insolvency and there is no expectation of recovery.

The loss allowance as at 31 May 2023 and 31 May 2022 was determined as follows for trade receivables:

31 May 2023	**Current**	**<30 days past due**	**30 to 60 days past due**	**>60 days past due**	**Total**
Expected loss rate	**1.39%**	**2.39%**	**6.32%**	**71.39%**	
Gross carrying amount (£m)	**70.5**	**10.1**	**3.1**	**2.0**	**85.7**
Loss allowance (£m)	**1.0**	**0.2**	**0.2**	**1.7**	**3.1**

31 May 2022	Current	<30 days past due	30 to 60 days past due	>60 days past due	Total
Expected loss rate	0.14%	1.70%	5.80%	88.05%	
Gross carrying amount (£m)	76.3	11.0	3.9	2.7	93.9
Loss allowance (£m)	0.1	0.2	0.2	2.3	2.8

Movements on the Group provision for impairment of trade receivables are as follows:

	2023 £m	2022 £m
At 1 June	**2.8**	1.6
Provision for receivables impairment	**2.3**	1.5
Unused amounts reversed/receivables written off in the year	**(2.0)**	(0.3)
At 31 May	**3.1**	2.8

The other classes of receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable, limited by credit insurance applicable to the Fuels business.

17. Reimbursement assets

	2023 £m	2022 £m
Reimbursement assets	**1.7**	2.8

The Group recognises a reimbursement asset in respect of third party claims made against the Group, but which under the terms of its insurance policy, the Group is indemnified. All of the expenditure required to settle such claims will be reimbursed by the insurer under the terms of the policy, and therefore it is virtually certain that reimbursement will be received. A corresponding provision for insurance claims has been recognised in note 22.

18. Cash and cash equivalents

	2023 £m	2022 £m
Cash at bank and in hand	**16.3**	9.1

The fair value of cash and cash equivalents is equivalent to their carrying amount.

19. Trade and other payables

	2023 £m	2022 £m
Current		
Trade payables	**82.2**	90.0
Social security and other taxes	**1.3**	1.4
Accruals	**9.0**	9.2
	92.5	100.6

The fair value of trade and other payables is equivalent to their carrying amount.

20. Borrowings

	2023 £m	2022 £m
Current		
Invoice discounting advances	**–**	–
	–	–
Non-current		
Revolving credit facility	**–**	–
	–	–
Total borrowings	**–**	–

The Group's banking facilities, provided by NatWest Group, were renewed on 31 May 2023 and are committed until 31 May 2026. The Group is profitable, cash-generative and has a strong balance sheet position and a good relationship with its lender. Further information on the facilities, which total £61.0 million (2022: £65.0 million), is outlined below.

Invoice discounting advances

Under a Group netting arrangement the balance on the invoice discounting advance facility at 31 May 2023 was £Nil (2022: £Nil). The invoice discounting advance is a committed facility with an expiry date of 31 May 2026 (2022: 31 October 2023). The availability of invoice discounting facilities is dependent on the level of current trade receivables available for refinancing and is subject to a maximum drawdown of £50.0 million (2022: £50.0 million).

The facility is secured by way of a fixed and floating charge against the Group's trade receivables. Interest is charged at 1.25% (2022: 1.25%) per annum above the bank's base rate.

The Group incurred non-utilisation fees on its committed invoice discounting facility. The Group will incur non-utilisation fees only in respect of committed and undrawn facilities of up to £20.0 million (2022: £20.0 million).

20. Borrowings continued

Revolving credit facility

The Group has a revolving credit facility of £10.0 million (2022: £10.0 million) with an expiry date of 31 May 2026 (2022: 31 October 2023). Interest is charged on amounts drawn down at 1.72% per annum above SONIA (2022: 1.72% above SONIA) depending on the ratio of net debt to EBITDA. The amount drawn down under the revolving credit facility at 31 May 2023 is £Nil (2022: £Nil).

The Group incurs non-utilisation fees on its committed revolving credit facility. The Group will incur non-utilisation fees only in respect of committed and undrawn facilities of up to £10.0 million (2022: £10.0 million).

Bank overdrafts

The Group's net bank overdraft facility at 31 May 2023 is repayable on demand and is subject to a maximum limit of £1.0 million (2022: £1.0 million). None of the facility was utilised at 31 May 2023 (2022: £Nil). Interest is charged at 1.5% per annum over the bank's base rate (2022: 1.5% per annum over the bank's base rate).

The above facilities are subject to quarterly covenant tests on interest cover and net debt to EBITDA ratios. The covenants have been set at levels that provide sufficient headroom and flexibility for the Group until maturity of the facilities in May 2026.

Bank borrowings amounting to £Nil (2022: £Nil) are secured by way of unscheduled mortgage debentures provided by the Company and certain subsidiaries within the Group to NatWest Group which incorporate a fixed charge over their book debts and floating charges over all their other assets.

In addition to the above, the Group has agreed accordion facilities on the invoice discounting facility of £10.0 million (2022: £Nil) and on the revolving credit facility of £10.0 million (2022: £5.0 million).

All bank borrowings are denominated in Sterling and are repayable as follows:

	2023 £m	2022 £m
Within one year	**—**	—
Between two and five years	**—**	—
	—	—

Bank borrowing facilities by expiry date

The Group has a number of bank borrowing facilities which were partly drawn down at 31 May 2023. The Group is in compliance with all covenants.

	2023		2022	
Facilities expiring:	**Facility £m**	**Amount drawn £m**	Facility £m	Amount drawn £m
Within one year	**50.0**	**—**	50.0	—
Between two and five years	**10.0**	**—**	10.0	—
	60.0	**—**	60.0	—

The availability of invoice discounting facilities included above, amounting to £49.0 million (31 May 2022: £49.0 million), is dependent on the level of trade receivables available for refinancing.

21. Lease liabilities

	Properties £m	Commercial vehicles £m	Total £m
Cost			
At 1 June 2021	7.4	18.4	25.8
Additions	0.6	10.7	11.3
Lease liability payments (including finance costs)	(1.6)	(7.7)	(9.3)
Finance costs	0.1	0.4	0.5
At 1 June 2022	6.5	21.8	28.3
Additions	—	11.3	11.3
Transferred in through business combinations	0.2	—	0.2
Lease liability payments (including finance costs)	(1.6)	(9.0)	(10.6)
Finance costs	0.1	0.5	0.6
At 31 May 2023	**5.2**	**24.6**	**29.8**

21. Lease liabilities continued

Lease liabilities are comprised of the following balance sheet amounts:

	2023 £m	2022 £m
Current		
Amounts due within one year	**9.8**	8.6
Non-current		
Amounts due after more than one year	**20.0**	19.7
Total	**29.8**	28.3

Lease liabilities are as follows:

	2023 £m	2022 £m
Not more than one year		
Minimum lease payments	**10.4**	9.0
Interest element	**(0.6)**	(0.4)
Present value of minimum lease payments	**9.8**	8.6
Between one and five years		
Minimum lease payments	**19.9**	19.2
Interest element	**(0.8)**	(0.5)
Present value of minimum lease payments	**19.1**	18.7
More than five years		
Minimum lease payments	**1.0**	1.0
Interest element	**(0.1)**	–
Present value of minimum lease payments	**0.9**	1.0

22. Provision for liabilities

	2023 £m	2022 £m
Current		
Provision for insurance claims	**1.7**	2.8
Provision for dilapidations	**0.2**	0.1
Other provisions	**–**	0.2
	1.9	3.1
Non-current		
Provision for dilapidations	**0.8**	0.7
Total	**2.7**	3.8

The Group recognises a provision for liabilities in respect of third party claims made against the Group. A corresponding reimbursement asset of £1.7 million (2022: £2.8 million) has been recognised as all of the expenditure required to settle such claims will be reimbursed by the insurer under the terms of the policy. As the Group expects insurance claims to be settled within one year, recognition of these balances is made with current assets and current liabilities. During the year £1.5 million of the provision has been utilised, £1.2 million of new provision has been created and £0.7 million has been released.

The Group also recognises current and non-current provisions for dilapidations totalling £1.0 million (2022: £0.8 million) in respect of leased properties and commercial vehicles. Movement on the provisions for dilapidations and other provisions has been recognised in the the income statement.

23. Financial instruments and risk management

The Group's financial instruments comprise cash, bank overdrafts, invoice discounting advances, rolling credit facility, lease liabilities, commodity derivatives and various items such as receivables and payables, which arise from its operations. All financial instruments in 2023 and 2022 were denominated in Sterling. There is no material 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. Derivative financial instruments are measured subsequent to initial recognition at fair value.

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 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 as described on page 104 (forward supply contracts) were classified as Level 2 in the current and prior year. There were no transfers between levels in either the current or prior year.

Financial liabilities

The book value, fair value and interest rate profile of the Group's financial liabilities were as follows:

At 31 May 2023	**Total book and fair value £m**
Financial liabilities carried at amortised cost:	
Trade and other payables[1]	**92.5**
Floating rate invoice discounting advances	**–**
Lease liabilities repayable within one year	**9.8**
Financial liabilities carried at fair value: derivatives	**0.1**
	102.4
Revolving credit facility	**–**
Lease liabilities repayable after one year	**20.0**
	20.0
Total	**122.4**

1 Excludes social security and other taxes.

At 31 May 2022	Total book and fair value £m
Financial liabilities carried at amortised cost:	
Trade and other payables[1]	99.2
Floating rate invoice discounting advances	–
Lease liabilities repayable within one year	8.6
Financial liabilities carried at fair value: derivatives	0.2
	108.0
Revolving credit facility	–
Lease liabilities repayable after one year	19.7
	19.7
Total	127.7

1 Excludes social security and other taxes.

23. Financial instruments and risk management continued

Financial assets

The book value, fair value and interest rate profile of the Group's financial assets were as follows:

At 31 May 2023	Total book and fair value £m
Trade and other receivables[2]	**84.1**
Financial assets carried at amortised cost: cash and cash equivalents	**16.3**
Financial assets carried at fair value: derivatives	**0.2**
	100.6

2 Excludes prepayments.

At 31 May 2022	Total book and fair value £m
Trade and other receivables[2]	93.0
Financial assets carried at amortised cost: cash and cash equivalents	9.1
Financial assets carried at fair value: derivatives	0.4
	102.5

2 Excludes prepayments.

Financial risk management

The Group's operations expose it to a variety of financial risks: price risk; interest rate risk; credit risk; and liquidity risk. Given the size of the Group, the Directors have not established a sub-committee of the Board to monitor financial risk management, but have established policies that are implemented and monitored by the Executive Directors.

Price risk

The Group is exposed to commodity price risk principally in respect of certain raw materials in the Feeds business and oil-related products in the Fuels business.

The Feeds business enters into forward supply contracts in order to manage the impact of price movements on its gross margin. At 31 May 2023, the Group had open forward supply contracts with a principal value of £39.6 million (2022: £49.8 million). The fair value of forward supply contracts recognised on the balance sheet is £0.1 million (2022: £0.2 million).

The fair value of forward supply contracts is based on generally accepted valuation techniques using inputs from observable market data on equivalent instruments at the balance sheet date. The contracts are settled on a gross cash basis and are classified as current assets or liabilities, as all contractual cash flows fall due to be settled in less than one year.

The Group has not designated any of these contracts as hedging instruments during the period under review. As a result, changes in the fair value of non-hedging forward supply contracts amounting to £Nil have been credited to the income statement in the year (2022: £Nil).

The Fuels business' oil-related products are subject to changes in the world commodity price for crude oil. However, the relatively low stockholding maintained and daily price monitoring systems used to determine selling prices enable the business to effectively manage the risk of gross margin erosion. Forward supply contracts are not utilised by this business.

The extent of these risks is regularly reviewed and assessed by the Executive Directors and reported back to the Board. This process is considered to be effective given the size and nature of the risks involved, but will be reviewed in the future should circumstances change.

Interest rate risk

The Group is exposed to interest rate risk due to its floating rate borrowings.

The Directors review the interest rate hedging policy on at least an annual basis. The Group monitors its exposure to interest rate risk primarily through sensitivity analysis. On the basis of the Group's analysis, it is estimated that a rise of one percentage point in interest rates on floating rate borrowings would have reduced 2023 profit before taxation by approximately £0.2 million (2022: £0.3 million).

Credit risk

Where appropriate, relevant credit checks are performed on potential customers before sales are made. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors. In addition, the Fuels business maintains credit insurance for certain higher value accounts in order to manage the potential financial loss incurred on certain bad debts.

23. Financial instruments and risk management continued

Financial risk management continued

Liquidity risk

The Group actively maintains a mixture of medium-term and short-term debt finance, which is designed to ensure that it has access to sufficient available funds for ongoing working capital needs as well as planned capital investment and expansion generally. The amount of debt finance required is reviewed at least annually by the Directors.

All of the Group's financial instruments, with the exception of certain borrowings (see note 20), have a contractual maturity of less than one year, based on the earliest date on which the contractual cash flows are required to be settled.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital risk on the basis of the net debt/EBITDA ratio. This ratio is calculated as net cash (excluding lease liabilities) divided by headline operating profit before interest, depreciation and amortisation as shown below:

	2023	2022
Borrowings (£m) (note 20)	**–**	—
Obligations under hire purchase agreements now recognised in lease liabilities (£m)	**–**	0.1
Less: cash at bank and in hand (£m)	**(16.3)**	(9.1)
Net debt/(cash) (£m) (excluding lease liabilities)	**(16.3)**	(9.0)
Headline EBITDA (£m)	**25.8**	26.6
Net (cash) EBITDA ratio	**(0.6x)**	(0.3x)

The Group has set an internal covenant limit of 2.0x net debt/EBITDA.

24. Deferred income tax assets and liabilities

The following are the principal categories of deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

	Accelerated tax depreciation £m	Retirement benefit obligations £m	Other £m	Total £m
Deferred income tax liability/(asset) at 1 June 2021	5.8	(3.7)	(0.2)	1.9
Charge/(credit) to income statement (note 8)	0.1	—	(0.2)	(0.1)
Debit to equity	—	1.4	—	1.4
Deferred income tax liability/(asset) at 31 May 2022	5.9	(2.3)	(0.4)	3.2
Charge/(credit) to income statement (note 8)	0.2	—	—	0.2
Deferred tax on acquisitions	—	—	0.9	0.9
Credit to equity	—	(0.1)	—	(0.1)
Deferred income tax liability/(asset) at 31 May 2023	**6.1**	**(2.4)**	**0.5**	**4.2**

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 the deferred income taxes relate to the same fiscal authority. The deferred income tax assets disclosed above are deemed to be recoverable.

Deferred tax assets of £2.4 million relating to losses brought forward have not been provided for, as it is not expected they can be utilised in the foreseeable future.

The majority of the deferred taxation balance is expected to reverse after more than 12 months.

25. Share capital

	Number of shares '000	Total £m
Authorised: ordinary shares of 25p each		
Balance at 1 June 2022, 31 May 2022 and 31 May 2023	80,000	20.0

	Number of shares '000	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2021	49,004	12.3
Issue of shares (see below)	130	—
Balance at 31 May 2022	49,134	12.3
Issue of shares (see below)	274	0.1
Balance at 31 May 2023	**49,408**	**12.4**

During the year ended 31 May 2023, 273,800 shares (2022: 130,198 shares) with an aggregate nominal value of £68,450 (2022: £32,550) were issued under the Group's conditional Performance Share Plan.

The maximum total number of ordinary shares, which may vest in the future in respect of conditional Performance Share Plan awards outstanding at 31 May 2023, amounted to 1,202,049 (31 May 2022: 1,386,289). These shares will only be issued subject to satisfying certain performance criteria (see the Directors' Remuneration Report and note 27).

26. Retirement benefit obligations

The Group operates several defined contribution pension schemes for qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The total cost charged to the income statement of £2.2 million (2022: £1.9 million) represents the contributions payable to these schemes by the Group at the rates specified in the scheme rules.

There were no outstanding or prepaid contributions at the balance sheet date (2022: £Nil).

Defined benefit scheme

The Group operates a defined benefit pension scheme providing benefits based on final pensionable earnings, which is closed to future accrual.

NWF Group Benefits Scheme

The scheme is administered by a fund that is legally separated from the Group. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees are responsible for the investment policy with regard to the assets of the fund.

The scheme was closed to new members during the year ended 31 May 2002 and closed to future accrual with effect from April 2016.

The triennial actuarial valuation of this scheme was completed in the year ended 31 May 2021, with a deficit of £16.8 million at the valuation date of 31 December 2019. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method. In these financial statements this liability has been updated in order to derive the IAS 19R valuation as of 31 May 2023. The next full triennial valuation will be completed in the year ending 31 May 2024.

The triennial valuation resulted in Group contributions of £2.1 million per annum, including recovery plan payments of £1.8 million for financial years ending 31 May 2022 and 31 May 2023. 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.

The average duration of the benefit obligation at the balance sheet date is 14 years. The defined benefit obligation includes benefits for current employees, former employees and current pensioners. Approximately 43% of the liabilities are attributable to current and former employees and 57% to current pensioners.

The scheme typically exposes the Group to actuarial risks such as investment risk, interest rate risk and longevity risk, as described below:

- Investment risk: The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan assets is below this rate, it will create a scheme deficit. Currently, the scheme has a relatively balanced investment in equities, bonds, property funds and alternatives, cash and diversified growth funds. Due to the long-term nature of scheme liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the scheme assets should be invested in equities, property funds and diversified growth funds to leverage the return generated by the fund.
- Interest risk: A decrease in the bond interest rate will increase the scheme liability but this will be partially offset by an increase in the return on the scheme's bond investments.
- Longevity risk: The present value of the defined benefit scheme liability is calculated by reference to the best estimate of the mortality of the scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will increase the scheme's liability.

26. Retirement benefit obligations continued

Defined benefit scheme continued

NWF Group Benefits Scheme continued

The principal actuarial assumptions as at the balance sheet date, used for the purposes of the actuarial valuations, were as follows:

	2023 %	2022 %
Discount rate	**5.35**	3.45
Future salary increases	**n/a**	n/a
RPI inflation	**3.15**	3.40
CPI inflation	**2.60**	2.80
Pension increases in payment (LPI 5%)	**2.86**	3.30

The mortality assumptions adopted imply the following life expectancies:

	2023 Years	2022 Years
Current pensioners – male life expectancy at age 65	**20.4**	20.3
Future pensioners currently aged 45 – male life expectancy at age 65	**21.7**	21.6

The 2023 mortality assumptions above are based on S3PXA tables with CMI 2021 improvements and a long-term trend rate of 1.25% (2022: S3PXA tables with CMI 2021 improvements and a long-term trend rate of 1.25%).

The amounts recognised in the balance sheet in respect of the defined benefit scheme are as follows:

	2023 £m	2022 £m
Present value of defined benefit obligations	**(39.2)**	(49.0)
Fair value of scheme assets	**29.6**	39.7
Deficit in the scheme recognised as a liability in the balance sheet	**(9.6)**	(9.3)
Related deferred tax asset (note 24)	**2.4**	2.3
Net pension liability	**(7.2)**	(7.0)

Amounts recognised in the income statement in respect of the defined benefit scheme are as follows:

	2023 £m	2022 £m
Past service cost	**–**	–
Administrative expenses	**0.4**	0.3
Interest on the net defined benefit liability	**0.3**	0.3
Total cost recognised in the income statement	**0.7**	0.6

Gains and losses arising from the remeasurement of the net defined benefit liability have been reported in the statement of comprehensive income, as shown below:

	2023 £m	2022 £m
Actuarial loss on plan assets	**(11.9)**	(6.4)
Actuarial gain arising from changes in financial assumptions	**9.6**	10.4
Remeasurement (loss)/gain	**(2.3)**	4.0

26. Retirement benefit obligations continued
Defined benefit scheme continued
NWF Group Benefits Scheme continued

Changes in the present value of the defined benefit obligation are as follows:

	2023 £m	2022 £m
At 1 June	**49.0**	60.0
Interest cost	**1.7**	1.2
Remeasurement (gains)/losses:		
– actuarial gains arising from changes in financial assumptions	**(11.5)**	(10.2)
– actuarial losses/(gains) arising from changes in demographic assumptions	**0.3**	(0.6)
– actuarial losses on experience assumptions	**1.6**	0.4
Benefits paid	**(1.9)**	(1.8)
At 31 May	**39.2**	49.0

Changes in the fair value of scheme assets are as follows:

	2023 £m	2022 £m
At 1 June	**39.7**	45.1
Interest income	**1.5**	0.9
Remeasurement losses:		
– actuarial losses on plan assets	**(11.9)**	(6.4)
Contributions by employer	**2.6**	2.2
Expenses	**(0.4)**	(0.3)
Benefits paid	**(1.9)**	(1.8)
At 31 May	**29.6**	39.7

The major categories and fair values of scheme assets at the balance sheet date are as follows:

	Fair value of assets	
	2023 £m	2022 £m
Equity-linked bonds	**9.6**	4.6
LDI	**6.2**	10.4
Credit fund	**5.5**	6.6
Diversified growth fund	**7.5**	17.1
Cash	**0.5**	0.7
Annuity policies	**0.3**	0.3
Total	**29.6**	39.7

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property used by the Group at the balance sheet date.

The actual return on scheme assets was a £10.4 million loss (2022: £5.5 million loss).

Asset-liability matching reviews of the NWF Group Benefits Scheme are performed regularly. The results of reviews are used to assist the trustees and the Group to determine the optimal long-term asset allocation with regard to the structure of the liabilities of the scheme. They are also used to assist the trustees in managing the underlying volatility inherent in investment performance and the risk of a significant increase in the scheme deficit, by providing information used to determine the scheme's investment strategy.

26. Retirement benefit obligations continued

Defined benefit scheme continued

NWF Group Benefits Scheme continued

The main strategic choices that are formulated in an actuarial and technical policy document of the fund are described below:

- asset mix is based on a strategic allocation of 40% diversified growth funds, 35% liability-driven investment ('LDI') funds, 20% passive equity and 5% multi-asset credit;
- it is the policy of the fund to cover its exposure to the interest rate risk of the defined benefit liability by the use of LDI funds. LDI funds are derivative-based investments that give leveraged exposures to the bond markets;
- inflation risk is mitigated by the use of LDI funds. LDI funds are derivative-based investments that give leveraged exposures to the bond markets;
- the fund does not have a material foreign exchange exposure and does not, therefore, use foreign exchange derivatives to hedge its foreign exchange risk;
- active management is within the diversified growth fund and the multi-asset credit fund; and
- there are 15 pensioner members with annuity policies held in the name of the pension scheme trustee. The arrangements are held with Aviva plc and Scottish Widows Limited. These policies fully match the pension obligations of those pensioners insured and are therefore set equal to the present value of the related obligations.

As all of the above assets are held in a pooled arrangement, they do not hold a quoted market price in active markets.

There has been no change in the processes used by the Group to manage its risks from the prior year.

Significant actuarial assumptions for the determination of the defined benefit liability are discount rate, price inflation and mortality. The sensitivity analyses shown below have been determined based on reasonably possible changes of the respective assumptions occurring at the balance sheet dates, while holding all other assumptions constant.

Impact on defined benefit obligation	Increase £m	Decrease £m
0.25% change in discount rate	(1.3)	1.3
0.25% change in RPI inflation	0.9	(0.9)
One-year change in the life expectancy at age 65	1.5	(1.5)

27. Share-based payments

In the year ended 31 May 2023, the Group operated one (2022: one) equity-settled share-based payment plan as described below.

The Group recognised total expenses of £0.5 million in respect of equity-settled share-based payment transactions in the year ended 31 May 2023 (2022: £0.8 million).

Long-Term Incentive Plan ('the Plan')

The Group operates a Performance Share Plan for senior executives, further details of which can be found in the Directors' Remuneration Report in the Group financial statements. Under the Plan, the Group has made awards of conditional shares, which have yet to be exercised, to certain Directors on 4 August 2020 (vesting date: August 2023), 3 August 2021 (vesting date: August 2024) and 31 January 2023 (vesting date: August 2025). The vesting of these conditional share awards is subject to the Group achieving absolute earnings per share targets.

Details of the maximum total number of ordinary shares, which may be issued in future periods in respect of conditional share awards outstanding at 31 May 2023, 31 May 2022, 31 May 2021 and 31 May 2020, are as shown below.

	2023 Number of conditional shares	2022 Number of conditional shares	2021 Number of conditional shares	2020 Number of conditional shares
At 1 June	**1,386,289**	1,400,421	1,441,604	1,216,945
Granted in the year	**400,766**	420,046	437,164	529,080
Exercised in the year	**(529,080)**	(245,657)	(478,347)	—
Lapsed/forfeited in the year	**(55,927)**	(188,521)	—	(304,421)
At 31 May	**1,202,049**	1,386,289	1,400,421	1,441,604

The estimate of the fair value of the services received in return for the conditional share awards is measured based on a Black Scholes model. The aggregate of the estimated fair values of the awards at 31 May 2023 shown above is £2.1 million (31 May 2022: £2.4 million), before taking into account the likelihood of achieving non-market-based performance conditions.

27. Share-based payments continued

Long-Term Incentive Plan ('the Plan') continued

For awards granted in the current and prior years, the inputs into the Black Scholes model are as follows:

	2023	2022	2021	2020
Share price at grant date	**£2.30**	£2.17	£2.05	£1.66
Black Scholes fair value	**£1.88**	£1.96	£1.83	£1.49
Exercise price	**£Nil**	£Nil	£Nil	£Nil
Expected volatility	**31.53%**	30.40%	31.09%	25.13%
Expected life	**2.33 years**	2.83 years	2.82 years	2.84 years
Expected dividend yield	**3.36%**	3.57%	4.03%	3.91%
Risk-free interest rate	**3.26%**	0.10%	(0.13)%	0.38%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

28. Net cash generated from operating activities

	2023 £m	2022 £m
Profit before tax	**18.9**	12.0
Adjustments for:		
Depreciation of property, plant and equipment	**4.8**	4.6
Depreciation of right of use assets	**9.9**	8.9
Amortisation of other intangible assets	**0.6**	0.5
(Profit)/loss on disposal on property, plant and equipment	**(0.5)**	—
Impairment of intangible assets	**—**	7.9
Impairment of property, plant and equipment	**—**	0.5
Finance costs	**1.7**	1.2
Fair value profit on financial derivative	**(0.1)**	(0.1)
Share-based payment expense	**0.5**	0.8
Value of employee services	**(0.7)**	(0.1)
Contribution to pension scheme not recognised in income statement	**(2.2)**	(1.8)
Operating cash flows before movements in working capital and provisions	**32.9**	34.4
Movements in working capital:		
Decrease/(increase) in inventories	**2.4**	(3.2)
Decrease/(increase) in trade and other receivables	**8.7**	(23.9)
(Decrease)/increase in trade and other payables	**(7.0)**	26.4
Net cash generated from operations	**37.0**	33.7

29. Analysis of cash and cash equivalents and reconciliation to net debt

	1 June 2022 £m	Cash flow £m	Other non-cash movements £m	**31 May 2023 £m**
Cash and cash equivalents (note 18)	9.1	7.2	—	**16.3**
Borrowings (note 20)	—	—	—	**—**
Hire purchase obligations[1]	(0.1)	0.1	—	**—**
Total Group (excluding lease liabilities)	9.0	7.3	—	**16.3**
Lease liabilities (excluding hire purchase obligations transferred)	(28.2)	10.5	(12.1)	**(29.8)**
Total Group (including lease liabilities)	(19.2)	17.8	(12.1)	**(13.5)**

1 Following the adoption of IFRS 16 'Leases', hire purchase obligations are now recognised within lease liabilities, shown here for comparative purposes only.

30. Related party transactions

Key management compensation

The remuneration of key management personnel of the Group, who are the Executive and Non-Executive Directors of the Company, the Executive Directors of its subsidiaries and certain key managers of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures':

	2023 **£m**	2022 £m
Short-term employee benefits (salary and bonus)	**4.2**	4.3
Post-employment benefits	**0.3**	0.3
Share-based payments	**0.6**	1.1
	5.1	5.7

Further information on remuneration of Directors can be found in the Directors' Remuneration Report.

Directors' transactions

T P Acton purchased, in the normal course of business and under normal terms and conditions, goods to the value of £4,820 as a customer of the Group in the year ended 31 May 2023 (2022: £2,574). At 31 May 2023, the amount outstanding was £815 (2022: £Nil). During the year, the highest amount outstanding totalled £1,574 (2022: £713).

R A Whiting purchased, in the normal course of business and under normal terms and conditions, goods to the value of £3,765 as a customer of the Group in the year ended 31 May 2023 (2022: £3,211). At 31 May 2023, the amount outstanding was a credit balance of £822 (2022: £681 outstanding). During the year, the highest amount outstanding totalled £263 (2022: £1,517).

S R Andrew purchased, in the normal course of business and under normal terms and conditions, goods to the value of £Nil as a customer of the Group in the year ended 31 May 2023 (2022: £1,265). At 31 May 2023, the amount outstanding was £Nil (2022: £150). During the year, the highest amount outstanding totalled £Nil (2022: £380).

D S Downie purchased, in the normal course of business and under normal terms and conditions, goods to the value of £1,005 as a customer of the Group in the year ended 31 May 2023 (2022: £4,284). At 31 May 2023, the amount outstanding was £Nil (2022: £105). During the year, the highest amount outstanding totalled £Nil (£1,474).

M Adcock purchased, in the normal course of business and under normal terms and conditions, goods to the value of £479 as a customer of the Group in the year ended 31 May 2023 (2022: £2,739). At 31 May 2023, the amount outstanding was a credit balance of £121 (2022: £300). During the year, the highest amount outstanding was a credit balance of £121 (2022: £150).

M Nicholls purchased, in the normal course of business and under normal terms and conditions, goods to the value of £2,614 as a customer of the Group in the year ended 31 May 2023 (2022: £1,856). At 31 May 2023, the amount outstanding was £Nil (2022: £265). During the year, the highest amount outstanding £Nil (2022: £329).

G Franks purchased, in the normal course of business and under normal terms and conditions, goods to the value of £1,247 as a customer of the Group in the year ended 31 May 2023 (2022: £1,051). At 31 May 2023, the amount outstanding was £Nil (2022: £Nil). During the year, the highest amount outstanding totalled £767 (2022: £548).

31. Commitments for capital expenditure

	2023 **£m**	2022 £m
Authorised and contracted but not provided for	**6.3**	9.9

32. Contingent liabilities

The Group's bank facilities are provided under an arrangement with NatWest Group. The Group has pledged security in favour of the bank over certain freehold land and buildings with a carrying value at 31 May 2023 of £20.6 million (2022: £20.9 million). This is secured by way of unscheduled mortgage debentures which incorporate a fixed charge over specified property including land, plant and machinery and goodwill and a floating charge over all other property, assets and rights owned now or in the future which are not subject to an effective fixed charge.

The Group has an arrangement with the bank under which cash balances are offset against borrowings. The Company has given a guarantee in respect of the net bank borrowings within the Group under this arrangement amounting to £Nil at 31 May 2023 (2022: £Nil). The Group has an intercompany cross-guarantee arrangement with the bank under which the Company and various subsidiaries provide security for each other.

32. Contingent liabilities continued

The Company and certain subsidiaries have granted a fixed and floating charge in favour of the trustees of a defined benefit pension scheme ('the NWF Group Benefits Scheme'). This security, which is subordinated to the bank, creates a fixed charge over certain freehold land and buildings, subject to a maximum value of £5.0 million (2022: £5.0 million), and a floating charge over all other assets.

The Company has also given certain guarantees to third parties in respect of operating lease and supply agreement commitments due from various subsidiary companies.

No loss is expected to result from these arrangements.

33. Contingent assets

There are no contingent assets recognised by the Group as at 31 May 2023 (2022: £Nil).

34. Post-balance sheet events

On 7 July 2023, the Group acquired 100% of the trade and assets of Geoff Boorman Fuels LLP, a 19 million litre fuel distributor based in Edenbridge in Kent, supplying mainly domestic customers across the South West to the borders of Kent, Sussex and Surrey. The net cash consideration of £2.6 million on a debt and cash-free basis was settled at completion.

Parent Company balance sheet
as at 31 May 2023

	Note	2023 £m	2022 £m
Non-current assets			
Property, plant and equipment	3	**0.3**	0.4
Investment property	4	**21.8**	22.0
Investments	5	**15.3**	15.3
Finance lease receivables	6	**2.3**	3.4
Reimbursement asset	7	**0.4**	0.4
		40.1	41.5
Current assets			
Trade and other receivables	9	**5.8**	5.4
Finance lease receivables	6	**1.2**	1.1
Cash and cash equivalents		**4.5**	6.7
		11.5	13.2
Current liabilities			
Trade and other payables	10	**(3.3)**	(3.3)
Lease liabilities	11	**(1.3)**	(1.3)
Provision for liabilities	12	**–**	(0.2)
Net current assets		**6.9**	8.4
Total assets less current liabilities		**47.0**	49.9
Non-current liabilities			
Borrowings		**–**	–
Lease liabilities	11	**(2.5)**	(3.8)
Provision for liabilities	12	**(0.5)**	(0.4)
Deferred tax liabilities	8	**(0.6)**	(0.6)
Retirement benefit obligations		**(9.6)**	(9.3)
Net assets		**33.8**	35.8
Capital and reserves			
Share capital	13	**12.4**	12.3
Share premium		**0.9**	0.9
Retained earnings		**20.5**	22.6
Total shareholders' funds		**33.8**	35.8

The Company's profit for the year was £3.2 million including dividends received (2022: £8.3 million).

The Parent Company financial statements on pages 113 to 124 were approved by the Board of Directors on 1 August 2023 and were signed on its behalf by:

R A Whiting
Director

C J Belsham
Director

The notes on pages 115 to 124 form part of these Parent Company financial statements.

Parent Company statement of comprehensive income
for the year ended 31 May 2023

	2023 £m	2022 £m
Profit for the year attributable to equity shareholders	**3.2**	8.3
Items that will never be reclassified to income statement:		
Actuarial (loss)/gain on defined benefit pension scheme	**(2.3)**	4.0
Tax on items that will never be reclassified to income statement	**1.0**	(1.0)
Total other comprehensive (expense)/income	**(1.3)**	3.0
Total comprehensive income for the year	**1.9**	11.3

The notes on pages 115 to 124 form part of these Parent Company financial statements.

Parent Company statement of changes in equity
for the year ended 31 May 2023

	Called up share capital £m	Share premium account £m	Retained earnings £m	Total shareholders' funds £m
Balance at 1 June 2021	12.3	0.9	14.3	27.5
Profit for the year	–	–	8.3	8.3
Items that will never be reclassified to income statement:				
Actuarial gain on defined benefit pension scheme	–	–	4.0	4.0
Tax on items that will never be reclassified to income statement	–	–	(1.0)	(1.0)
Total comprehensive income for the year	–	–	11.3	11.3
Transactions with owners:				
Dividends paid	–	–	(3.5)	(3.5)
Value of employee services	–	–	(0.1)	(0.1)
Credit to equity for equity-settled share-based payments	–	–	0.6	0.6
Total transactions with owners	–	–	(3.0)	(3.0)
Balance at 31 May 2022	12.3	0.9	22.6	35.8
Profit for the year	**–**	**–**	**3.2**	**3.2**
Actuarial gain on defined benefit pension scheme	**–**	**–**	**(2.3)**	**(2.3)**
Tax on items that will never be reclassified to income statement	**–**	**–**	**1.0**	**1.0**
Total comprehensive income for the year	**–**	**–**	**1.9**	**1.9**
Transactions with owners:				
Issue of shares	**0.1**	**–**	**(0.1)**	**–**
Dividends paid	**–**	**–**	**(3.7)**	**(3.7)**
Value of employee services	**–**	**–**	**(0.5)**	**(0.5)**
Credit to equity for equity-settled share-based payments	**–**	**–**	**0.3**	**0.3**
Total transactions with owners	**0.1**	**–**	**(4.0)**	**(3.9)**
Balance at 31 May 2023	**12.4**	**0.9**	**20.5**	**33.8**

The notes on pages 115 to 124 form part of these Parent Company financial statements.

1. Significant accounting policies

Basis of preparation

The company is registered in England and Wales. The registered office address is Wardle, Nantwich, Cheshire CW5 6BP.

The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'), on the going concern basis and under the historical cost convention, and in accordance with the Companies Act 2006 (as applicable to companies using FRS 101) and applicable accounting standards in the UK.The principal accounting policies, which have been applied consistently to all the years presented, are set out below.

These financial statements and accompanying notes have been prepared in accordance with the reduced disclosure framework for all years presented.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- the following paragraphs of IAS 1 'Presentation of Financial Statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 11 (cash flow statement information);
  - 134 – 136 (capital management disclosures);
  - 38A (requirement for minimum of two primary statements, including cash flow statements); and
  - 38B - D (additional comparative information);
- IFRS 7 'Financial Instruments: Disclosures';
- IAS 7 'Statement of Cash Flows';
- IAS 24 (paragraphs 17 and 18a) 'Related Party Disclosures' (key management compensation);
- IAS 24 'Related Party Disclosures' – the requirement to disclose related party transactions between two or more members of a group;
- IAS 16 'Property, Plant and Equipment' (paragraph 73(e)) – reconciliations between the carrying amount at the beginning and end of the period; and
- IAS 38 'Intangible Assets' (paragraph 118(e)) – reconciliations between the carrying amount at the beginning and end of the period.

As the Group financial statements include the equivalent disclosures, the Company has taken the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 2 'Share-based Payments' in respect of Group equity-settled share-based payments; and
- certain disclosures required by IFRS 13 'Fair Value Measurement' and disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

Adoption of new and revised standards

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 June 2022.

The Company has adopted the following new standards, amendments and interpretations now applicable. None of these standards and interpretations have had any material effect on the Company's results or net assets.

Standard or interpretation	Content	Applicable for financial year beginning on
IFRS 4	Insurance Contracts	1 June 2022

The following standards, amendments and interpretations are not yet effective and have not been adopted early by the Company:

Standard or interpretation	Content	Applicable for financial year beginning on
Amendments to IAS 1	Presentation of Financial Statements	1 June 2023
Amendments to IAS 8	Accounting Policies	1 June 2023
Amendments to IAS 12	Income Taxes	1 June 2023
Amendments to IFRS 17	Insurance Contracts	1 June 2023
IFRS Practice Statement 2	Making Materiality Judgements	1 June 2023
Amendments to IFRS 16	Leases on Sale and Leaseback	1 June 2024

These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Parent Company profit and loss account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit for the year was £3.2 million including dividends received (2022: £8.3 million). The profit for the year is shown in the statement of changes in equity and on the face of the balance sheet. There are no material differences between the profit for the year in the current and prior year and its historical cost equivalent. Accordingly, no note of historical cost profits and losses has been presented.

1. Significant accounting policies continued

Going concern

Based on financial performance to date and forecasts along with the available banking facilities, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Board has prepared cash flow forecasts for the period to 31 May 2025. Under this base case scenario, the Company 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 Company would still expect to have sufficient headroom in its financing facilities.

The Company therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividend distribution

The distribution of a dividend to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which it is approved by the Company's shareholders (please refer to note 9 of the Group financial statements).

Property, plant and equipment

Property, plant and equipment are stated at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of property, plant and equipment over their useful economic life on a straight-line basis as follows:

Plant and machinery	3 – 10 years

Assets under construction are not depreciated until they are put into use.

Borrowing costs that are directly attributable to the construction of qualifying assets are capitalised.

Investment properties

Owner-occupied land and buildings owned by the Company and which are rented to subsidiary companies are treated as investment properties in accordance with IAS 40 'Investment Property'. Investment properties are valued using the cost model. Investment properties are stated at cost, which includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the investment property over its useful economic life on a straight-line basis over 10 – 50 years.

Investment in subsidiary undertakings

Investments in Group undertakings are stated at cost, unless their value has been impaired in which case they are valued at the lower of their realisable value or value in use.

Finance lease receivables and lease liabilities

The Company holds the head lease on a property which is occupied by a subsidiary company under a sub-lease arrangement. The Company recognises both a finance lease receivable and a lease liability in respect of this arrangement.

The finance lease receivable is measured initially at the amount of the net investment in the lease, which is the gross investment in the lease discounted using the implicit interest rate in the lease, in accordance with IFRS 16. The gross investment in the lease is the aggregate of the lease payments receivable. Each lease payment received is allocated between the receivable and finance income. The finance income is credited to the income statement over the lease period so as to produce a constant periodic recognition of interest on the remaining balance of the asset for each period.

At the inception of a contract, the Company performs an assessment to determine whether the contract is, or contains, a lease. Key aspects of this determination are the specific identification of an asset that is subject to the lease, and that the lease conveys the right to direct and control the use of the identified asset for a period of time.

Where a contract is determined to contain a lease, the lease liability is recognised from the commencement date of the lease, the commencement date being defined as the date at which the lessor makes the underlying asset available for use. The lease liability is recognised at an amount equal to the present value of the future lease payments during the lease term.

Lease payments are discounted using the Company's incremental borrowing rate at the time of the inception of the lease.

Reimbursement assets

The Company recognises a reimbursement asset where it has virtual certainty that an economic inflow of resources will be received.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board. The deferred tax assets and liabilities are not discounted.

1. Significant accounting policies continued

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under IFRS 9, effective from 1 June 2018, the Group elected to use the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. Under the new accounting standard, the Group continues to establish a provision for impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. In addition, IFRS 9 requires the Group to consider forward-looking information and the probability of default when calculating expected credit losses.

The measurement of expected credit losses reflects an unbiased and probability weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The Group considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision for receivables impairment, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectable, it is written off against the provision for receivables impairment. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. The Company recognises cash when it is within its control, and in accordance with IFRS 9, when it has the contractual right to obtain cash from the bank. The Company's cash recognition policies are aligned with the IFRIC Committee tentative agenda decision in September 2021.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Retirement benefit costs

The Company operates various pension schemes, including defined contribution and defined benefit schemes.

Defined contribution schemes

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense in the income statement when they are due. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

Defined benefit scheme

The Company is the sponsoring employer in a funded Group-operated defined benefit pension scheme, the NWF Group Benefits Scheme, and has therefore recognised the defined liability, in full, on the Company balance sheet.

The liability recognised in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The net pension finance cost is determined by applying the discount rate, used to measure the defined benefit pension obligation at the beginning of the accounting period, to the net pension obligation at the beginning of the accounting period taking into account any changes in the net pension obligation during the period as a result of cash contributions and benefit payments.

Pension scheme expenses are charged to the income statement within administrative expenses.

The Company has considered the recognition requirements of IFRIC 14 and determined that they do not apply to the scheme.

Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Net defined benefit pension scheme deficits before tax relief are presented separately on the balance sheet within non-current liabilities. The attributable deferred income tax asset is included within the deferred income tax asset in the balance sheet and is subject to the recognition criteria as set out in the accounting policy on deferred income tax.

1. Significant accounting policies continued

Share-based payments

In the year ended 31 May 2023, the Company operated one (2022: one) equity-settled share-based payment plan. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant.

The fair value determined at the grant date of equity-settled share-based payments issued to the Company's employees is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The fair value determined at the grant date of equity-settled share-based payments issued to employees of subsidiary undertakings is recognised as an addition to the cost of investment in subsidiary undertakings on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by the use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Employer social security contributions payable in connection with the grant of share awards are considered an integral part of the grant itself and the charge is treated as a cash-settled transaction.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of issue.

Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension scheme – valuation assumptions

The balance sheet carrying values of defined benefit pension scheme surpluses or deficits are calculated using independently commissioned actuarial valuations. These valuations, including the impact of GMP, are based on a number of assumptions, including the most appropriate mortality rates to apply to the profile of scheme members and the financial assumptions regarding discount rates and inflation. All of these are estimates of future events and are therefore uncertain. Further details can be found in note 26 of the Group financial statements.

Assessment of impairment

The Company tests annually for impairment of investments and fixed asset balances, which involves using key judgements including estimates of future business performance and cash generation, discount rates and long-term growth rates.

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 2024 and four years of divisional strategic plans thereafter.

These value in use calculations are subject to a series of sensitivity analyses using reasonable assumptions concerning the future performance of the CGUs and assessing the impact of a 1% increase in the discount rate.

From a completeness perspective, the Directors are not aware of any other critical judgements within the Group that give rise to a significant risk of material adjustment within the next financial year.

2. Remuneration of Directors and auditors

Details of Directors' remuneration are shown in the Directors' Remuneration Report on page 66. Details of auditors' remuneration are shown in note 5 of the Group financial statements.

3. Property, plant and equipment

	Plant and machinery £m	Total £m
Cost		
At 1 June 2022	1.1	1.1
Additions	—	—
At 31 May 2023	**1.1**	**1.1**
Accumulated depreciation		
At 1 June 2022	0.7	0.7
Charge for the year	—	—
At 31 May 2023	**0.7**	**0.7**
Carrying amount		
At 31 May 2023	**0.4**	**0.4**
At 31 May 2022	0.4	0.4

4. Investment property

	Investment property £m	Total £m
Cost		
At 1 June 2022	34.4	34.4
Additions	0.4	0.4
Disposals	(0.1)	(0.1)
At 31 May 2023	**34.7**	**34.7**
Accumulated depreciation		
At 1 June 2022	12.4	12.4
Charge for the year	0.6	0.6
Disposals	(0.1)	(0.1)
At 31 May 2023	**12.9**	**12.9**
Carrying amount		
At 31 May 2023	**21.8**	**21.8**
At 31 May 2022	22.0	22.0

The fair value of the investment property at 31 May 2023 was £42.0 million (2022: £47.6 million). The valuation is based on a market valuation by an independent RICS valuer with recent experience in the location and category of the asset being valued. Rental income of £2.7 million (2022: £2.7 million) and direct operating expenses of £2.3 million (2022: £2.2 million) arising from investment property have been recognised in the income statement.

5. Investments

	£m
Cost and carrying amount	
At 1 June 2022	15.3
At 31 May 2023	**15.3**

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

5. Investments continued

The Company directly owns the whole of the issued ordinary shares of the following subsidiary undertakings:

Company	Business activity
NWF Agriculture Holdings Limited	Holding company – Feeds operations
NWF Distribution Holdings Limited	Holding company – Food operations
NWF Fuels Holdings Limited	Holding company – Fuels operations
Dragon Petroleum Limited	Dormant
North Western Farmers Limited	Dormant
NWF Limited	Dormant

All of the above companies are registered and operate in England and Wales. The registered office for all directly owned subsidiary undertakings is Wardle, Nantwich, Cheshire CW5 6BP.

The Company also indirectly owns all of the issued ordinary shares of the following subsidiary undertakings:

Company	Business activity
NWF Agriculture Limited	Supplier of animal feedstuffs and seeds
New Breed (UK) Limited	Supplier of animal feedstuffs and seeds
Boughey Distribution Limited	Warehousing and food distribution
NWF Fuels Limited	Fuel distribution
Consols Oils Limited	Dormant
Caldo Fuel Oil Limited (formerly Figaro Number Two Limited)	Dormant
David Hermon Hodge Group Limited	Dormant
David Hermon Hodge Limited	Dormant
Hermon Hodge Limited	Dormant
Preston Fuels Limited	Dormant
Ron Darch & Sons Co Limited	Dormant
Midland Fuel Oil Supplies Limited	Dormant
Staffordshire Fuels Limited	Dormant
Swan Petroleum Limited	Dormant
Browns of Burwell Limited	Dormant
Broadland Fuels Limited	Dormant
Knutsford Domestic Fuel Oil Company Limited	Dormant
Figaro Number One Limited	Dormant
Sweetfuels Limited	Dormant

All of the above companies are registered and operate in England and Wales. The registered office for all indirectly owned subsidiary undertakings is Wardle, Nantwich, Cheshire CW5 6BP.

As required, the Company guarantees all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above are liable in respect of those liabilities.

6. Finance lease receivables

Finance lease receivables are comprised of the following balance sheet amounts:

	2023 £m	2022 £m
Current		
Amounts receivable within one year	**1.2**	1.1
Non-current		
Amounts receivable after more than one year	**2.3**	3.4
Total	**3.5**	4.5

6. Finance lease receivables continued

Lease receivables are as follows:

	2023 £m	2022 £m
Not more than one year		
Minimum lease receivables	**1.3**	1.3
Interest element	**(0.1)**	(0.2)
Present value of minimum lease receivables	**1.2**	1.1
Between one and five years		
Minimum lease receivables	**2.4**	3.6
Interest element	**(0.1)**	(0.2)
Present value of minimum lease receivables	**2.3**	3.4

7. Reimbursement asset

The Company recognises a reimbursement asset of £0.5 million (2022: £0.4 million) in respect of certain future lease dilapidations costs receivable from subsidiary companies occupying property under a sub-lease arrangement with the Parent Company.

8. Deferred income tax

The following are the principal categories of deferred tax assets and liabilities recognised by the Company and the movements thereon:

	Accelerated tax depreciation £m	Retirement benefit obligations £m	Other £m	Total £m
Deferred income tax liabilities/(assets) at 1 June 2022	3.3	(2.3)	(0.4)	0.6
Debit to income statement	—	—	0.1	0.1
Credit to equity	—	(0.1)	—	(0.1)
Deferred income tax liabilities/(assets) at 31 May 2023	**3.3**	**(2.4)**	**(0.3)**	**0.6**

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 the deferred income taxes relate to the same fiscal authority. The deferred income tax assets disclosed above are deemed to be recoverable.

9. Other receivables

	2023 £m	2022 £m
Amounts owed by Group undertakings	**0.5**	1.1
Prepayments	**0.7**	0.6
Corporation tax recoverable	**4.4**	3.5
VAT recoverable	**0.2**	0.2
	5.8	5.4

All of the amounts owed by Group undertakings shown above are repayable on demand.

10. Trade and other payables

	2023 £m	2022 £m
Trade payables	**0.7**	1.1
Accruals	**2.5**	2.1
Other taxation and social security	**0.1**	0.1
	3.3	3.3

The Group has a net bank overdraft facility amounting to £1.0 million, none of which has been utilised by the Company at 31 May 2023 (2022: none utilised). This facility is secured by way of unscheduled mortgage debentures provided by the Company and certain subsidiaries within the Group to NatWest Group which incorporate a fixed charge over trade receivables and floating charges over all their other assets.

11. Lease liabilities

	Property £m	Total £m
Cost		
At 1 June 2021	6.3	6.3
Lease liability payments (including finance costs)	(1.3)	(1.3)
Finance costs	0.1	0.1
At 31 May 2022	5.1	5.1
Lease liability payments (including finance costs)	(1.4)	(1.4)
Finance costs	0.1	0.1
At 31 May 2023	**3.8**	**3.8**

Lease liabilities are comprised of the following balance sheet amounts:

	2023 £m	2022 £m
Current		
Amounts due within one year	**1.3**	1.3
Non-current		
Amounts due after more than one year	**2.5**	3.8
Total	**3.8**	5.1

Lease liabilities are as follows:

	2023 £m	2022 £m
Not more than one year		
Minimum lease payments	**1.4**	1.4
Interest element	**(0.1)**	(0.1)
Present value of minimum lease payments	**1.3**	1.3
Between one and five years		
Minimum lease payments	**2.6**	3.9
Interest element	**(0.1)**	(0.1)
Present value of minimum lease payments	**2.5**	3.8

12. Provision for liabilities

The Company recognises a current liability for provisions of £Nil (2022: £0.2 million) and a non-current liability in respect of a provision for dilapidations on leased properties of £0.5 million (2022: £0.4 million).

13.Called Up Share capital

	Number of shares '000	Total £m
Authorised: ordinary shares of 25p each		
Balance at 1 June 2022, 31 May 2022 and 31 May 2023	80,000	20.0

	Number of shares '000	Total £m
Allotted and fully paid: ordinary shares of 25p each		
Balance at 1 June 2021	49,004	12.3
Issue of shares (see below)	130	—
Balance at 31 May 2022	49,134	12.3
Issue of shares (see below)	274	0.1
Balance at 31 May 2023	**49,408**	**12.4**

During the year ended 31 May 2023, 273,800 shares (2022: 130,198 shares) with an aggregate nominal value of £68,450 (2022: £32,550) were issued under the Group's conditional Performance Share Plan.

The maximum total number of ordinary shares, which may vest in the future in respect of conditional Performance Share Plan awards outstanding at 31 May 2023, amounted to 1,257,976 (31 May 2022: 1,386,289). These shares will only be issued subject to satisfying certain performance criteria (see the Directors' Remuneration Report and note 27 of the Group financial statements).

14. Employee benefit expense

	2023 £m	2022 £m
Wages and salaries	**2.3**	2.1
Social security costs	**0.4**	0.4
Share-based payments	**0.3**	0.5
Other pension costs	**0.1**	0.1
	3.1	3.1

The average monthly number of persons (including Directors) employed in the Company during the year was 20 (2022: 18).

15. Related party transactions

The Company has taken advantage of the exemption included in IAS 24 'Related Party Disclosures' to not disclose details of transactions with Group undertakings, on the grounds that it is the Parent Company of a group whose financial statements are publicly available.

Directors' transactions

T P Acton purchased, in the normal course of business and under normal terms and conditions, goods to the value of £4,820 as a customer of the Group in the year ended 31 May 2023 (2022: £2,574). At 31 May 2023, the amount outstanding was £815 (2022: £Nil). During the year, the highest amount outstanding totalled £1,574 (2022: £713).

R A Whiting purchased, in the normal course of business and under normal terms and conditions, goods to the value of £3,765 as a customer of the Group in the year ended 31 May 2023 (2022: £3,211). At 31 May 2023, the amount outstanding was a credit balance of £822 (2022: £681 outstanding). During the year, the highest amount outstanding totalled £263 (2022: £1,517).

S R Andrew purchased, in the normal course of business and under normal terms and conditions, goods to the value of £Nil as a customer of the Group in the year ended 31 May 2023 (2022: £1,265). At 31 May 2023, the amount outstanding was £Nil (2022: £150). During the year, the highest amount outstanding totalled £Nil (2022: £380).

D S Downie purchased, in the normal course of business and under normal terms and conditions, goods to the value of £1,005 as a customer of the Group in the year ended 31 May 2023 (2022: £4,284). At 31 May 2023, the amount outstanding was £Nil (2022: £105). During the year, the highest amount outstanding totalled £Nil (2022: £1,474).

Details of the Directors' interests in the ordinary share capital of the Company are provided in the Directors' Report.

16. Share-based payments

The Performance Share Plan ('the LTIP')

The Company operates a Performance Share Plan for senior executives, further details of which can be found in the Directors' Remuneration Report in the Group financial statements.

Under the LTIP, the Company has made awards of conditional shares to certain Directors and employees, details of which can be found in note 27 of the Group financial statements.

The Company recognised total expenses of £0.5 million (including NI) in respect of the LTIP's equity-settled share-based payment transactions in the year ended 31 May 2023 (2022: £0.7 million).

17. Pensions

The Company is the sponsoring employer in the NWF Group Benefits Scheme, a pension arrangement providing benefits based on final pensionable pay. Details of the NWF Group Benefits Scheme, its liabilities and assets, together with the principal assumptions used in the valuation of its liabilities, are given in note 26 to the Group financial statements.

Contributions into the scheme and amounts charged to the profit and loss account during the year were £2.2 million (2022: £2.2 million). There were no outstanding or prepaid contributions at the balance sheet date (2022: £Nil).

The Company also operated a money purchase scheme during the year and contributions during the year amounted to £0.1 million (2022: £0.1 million). There were no outstanding or prepaid contributions at the balance sheet date (2022: £Nil).

18. Contingent liabilities

The Company's bank facilities are provided under an arrangement with NatWest Group. The Company has pledged security in favour of the bank over certain freehold land and buildings with a carrying value at 31 May 2023 of £20.6 million (2022: £20.9 million). This is secured by way of unscheduled mortgage debentures which incorporate a fixed charge over specified property including land, plant and machinery and goodwill and a floating charge over all other property, assets and rights owned now or in the future which are not subject to an effective fixed charge.

The Company has an arrangement with the bank under which cash balances are offset against borrowings. The Company has given a guarantee in respect of the net bank borrowings within the Group under this arrangement amounting to £Nil at 31 May 2023 (2022: £Nil).

The Company and certain subsidiaries have granted a fixed and floating charge in favour of the trustees of a defined benefit pension scheme ('the NWF Group Benefits Scheme'). This security, which is subordinated to the bank, creates a fixed charge over certain freehold land and buildings, subject to a maximum value of £5.0 million (2022: £5.0 million), and a floating charge over all other assets.

The Company has also given certain guarantees to third parties in respect of operating lease and supply agreement commitments due from various subsidiary companies.

No loss is expected to result from these arrangements.

19. Contingent assets

There are no contingent assets recognised by the Company as at 31 May 2023 (2022: £Nil).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ('the Meeting') of NWF Group plc ('the Company') will be held at Wychwood Park Hotel, Weston, Crewe CW2 5GP, on Thursday 28 September 2023 at 10.30a.m. to transact the business as specified below.

As Ordinary Business: to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions.

1. To receive, adopt and approve the Company's Annual Report and Accounts for the financial year ended 31 May 2023 together with the Directors' Report and Auditors' Report thereon.
2. To declare a final dividend of 6.8p per share for the financial year ended 31 May 2023 payable on 8 December 2023 to shareholders who are on the register of members of the Company at the close of business on 3 November 2023.
3. To re-elect Philip Acton as a Director of the Company.
4. To re-elect Richard Whiting as a Director of the Company.
5. To re-elect Chris Belsham as a Director of the Company.
6. To re-elect Richard Armitage as a Director of the Company.
7. To re-elect Dawn Moore as a Director of the Company.
8. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next Meeting of the Company at which the Company's accounts are laid before the Company.
9. To authorise the Directors or Audit Committee of the Company to set the auditors' remuneration.
10. To approve the Directors' Remuneration Report (excluding the Directors' remuneration policy contained within that report) as set out in the Company's Annual Report and Accounts for the financial year ended 31 May 2023.

As Special Business: to consider and, if thought fit, pass the following resolutions which will be proposed as Special Resolutions except for Resolution 11 which will be proposed as an Ordinary Resolution.

Directors' authority to allot shares

11. That the Board of Directors of the Company ('the Board') be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 ('the Act') to allot Relevant Securities (as hereinafter defined):

    11.1 up to an aggregate nominal amount of £4,117,330 (the equivalent of 16,469,321 ordinary shares); and

    11.2 comprising equity securities (as defined by Section 560 of the Act) up to an aggregate nominal amount of £8,234,660 (the equivalent of 32,938,642 ordinary shares) (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 11.1 above) in connection with an offer by way of a rights issue:

    (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective existing holdings; and

    (b) to holders of other equity securities as required by the rights of those securities,

    but subject to such limits, exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange,

    provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months after the date of the Meeting or, if earlier, the date of the next Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Board may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

    This Resolution 11 revokes and replaces all unexercised authorities previously granted to the Board to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

    For the purposes of this Resolution 11, 'Relevant Securities' means:

    - shares in the Company other than shares allotted pursuant to:
        - an employee share scheme (as defined by Section 1166 of the Act);
        - a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security;
        - a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; or
        - any right to subscribe for, or to convert any security into, shares in the Company other than rights to subscribe for, or convert any security into, shares allotted pursuant to an employee share scheme (as defined by Section 1166 of the Act). References to the allotment of Relevant Securities in this Resolution 11 include the grant of such rights.

General disapplication of pre-emption rights

12. That, subject to the passing of Resolution 11 on page 125, the Board be and it is hereby empowered, pursuant to Section 570 and Section 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11 on page 125 or to sell treasury shares as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

12.1 the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of equity securities (but in the case of the authority granted under paragraph 11.2 of Resolution 11 on page 125, by way of a rights issue only) where the equity securities respectively attributable to the interests of all those persons at such record dates as the Board may determine are proportionate (as nearly as may be) to the respective numbers of equity securities then held by them subject to such limits, exclusions or other arrangements as the Board may consider necessary or expedient to deal with treasury shares, fractional entitlements, record dates, practical or legal difficulties under the laws of any territory or the requirements of any regulatory body or stock exchange or by virtue of equity securities being represented by depositary receipts or any other matter whatsoever;

12.2 the allotment (otherwise than pursuant to paragraph 12.1 above) of equity securities up to an aggregate nominal amount of £1,235,199; and

12.3 in each case such power shall expire upon the expiry of the general authority conferred by Resolution 11 on page 125, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the Board may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

All previous unutilised authorities under Sections 570 and 573 of the Act shall cease to have effect (save to the extent that they are exercisable by reason of any offer or agreement made prior to the date of this Resolution 12 which would or might require shares to be allotted on or after that date).

By order of the Board

Rob Andrew
Company Secretary
1 August 2023

Registered office
Wardle
Nantwich
Cheshire
CW5 6BP

Notes to the Notice of Annual General Meeting

These notes are important and require your immediate attention.

1. To attend the Meeting in person, please arrive at the venue for the Meeting by 10.15a.m. to enable your shareholding to be checked against the register of members of the Company and your attendance recorded.
2. Shareholders are encouraged to email any questions in respect of the Company's Annual Report and Accounts for the financial year ended 31 May 2023 or the Meeting to investor.relations@nwf.co.uk in advance of the Meeting. Responses to questions will be provided as soon as reasonably possible, following receipt.
3. A shareholder entitled to vote at the Meeting is entitled to appoint another person of his/her choice as that shareholder's proxy to exercise all or any of that shareholder's rights to attend, speak and vote at the Meeting on his/her behalf. A shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

4. A proxy or proxies can be appointed by:
   - submitting a form of proxy electronically by accessing the shareholder portal at www.signalshares.com. To submit a form of proxy electronically, you will require your username and password. If you have not previously registered to use the shareholder portal then this can be done using your investor code ('IVC') (which can be found on your share certificate or by contacting Link Group as detailed in paragraph 12 below), along with your surname and postcode. Once the portal has been accessed, click on 'vote online' on the home page and follow the instructions. All electronic proxy appointments must be made by no later than 10.30a.m. on 26 September 2023 (or, in the event that the Meeting is adjourned, no later than 48 hours before the time appointed for the adjourned meeting);
   - CREST members using the CREST electronic proxy appointment service (as detailed in paragraph 6); or
   - completing and returning a paper form of proxy (which is enclosed with the document of which this Notice forms part). To appoint more than one proxy, the form of proxy should be photocopied and all completed forms returned together to Link Group in accordance with the instructions in paragraph 5 below.
5. If a paper form of proxy is used to appoint a proxy or proxies, the form of proxy must be completed, signed and returned, together with any power of attorney or any other authority under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL, so that it is received no later than 10.30a.m. on 26 September 2023. In the event of a conflict between a blank paper form of proxy and a form of proxy which states the number of shares to which it applies, the specific form of proxy shall be counted first, regardless of whether it was sent or received before or after the blank form of proxy, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank form of proxy.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting to be held at 10.30a.m. on 28 September 2023 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message ('a CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Group (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the Meeting (or, in the event that the Meeting is adjourned, no later than 48 hours before the time appointed for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

   CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. If you wish to change your proxy instructions, you should submit a new proxy appointment using the methods detailed above. Your attention is particularly drawn to the deadline for receipt of proxy appointments (as detailed in paragraphs 4, 5 and 6 above) as these are applicable to amended proxy instructions. In the event that more than one valid proxy appointment is received for the same share or shares, the appointment received last before the deadline for receipt of proxy appointments will take precedence.
8. Only those shareholders entered on the register of members of the Company at the close of business on 26 September 2023 or, in the event that the Meeting is adjourned, on the register of members as at the close of business on the day two working days before the date of any adjourned meeting, shall be entitled to attend and vote at the Meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 26 September 2023 or, in the event that the Meeting is adjourned, on the register of members after the close of business on the day two working days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
9. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
10. Copies of the following documents will be available for inspection at the Company's registered office during normal working hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this Notice until the date of the Meeting and at the place of the Meeting for 15 minutes prior to and during the Meeting:
    - copies of all service agreements or letters of appointment under which the Directors of the Company are employed by the Company.
11. Addresses (including electronic addresses) in this document are included strictly for the purposes specified and not for any other purpose.
12. Except as provided above, shareholders who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
    - calling Link Group on +44 (0)371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00a.m. and 5.30p.m. (UK time), Monday to Friday, excluding public holidays in England and Wales.

Explanatory notes to the Notice of Annual General Meeting

Ordinary Business

Each resolution will be proposed as an Ordinary Resolution. This means that, for each of the resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

The Ordinary Resolutions are routine and deal with the presentation of the Annual Report and Accounts for the financial year ended 31 May 2023, the declaration of a final dividend, the reappointment of Philip Acton, Richard Whiting, Chris Belsham, Richard Armitage and Dawn Moore as Directors of the Company, and the reappointment of PricewaterhouseCoopers LLP as auditors as well as the authorisation of the Directors to set the auditors' remuneration and the approval of the Directors' Remuneration Report (excluding the Directors' remuneration policy contained within that report). The vote in respect of Resolution 10 will be 'advisory' only, which means that it is not binding on the Company and the Directors' entitlement to remuneration is not conditional on it.

Biographical details of the Directors standing for re-election can be found on pages 52 and 53.

Special Business

Resolution 11 will be proposed as an Ordinary Resolution and Resolution 12 will be proposed as a Special Resolution. In order for a Special Resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 11 – authority to allot shares (Ordinary Resolution)

The authority conferred on the Directors at last year's Meeting to allot the share capital of the Company expires at the conclusion of the forthcoming Meeting. The Board recommends that this authority be renewed.

Paragraph 11.1 of Resolution 11 will, if passed, authorise the Directors to allot the Company's unissued shares up to a maximum nominal amount of £4,117,330, which represents an amount which is equal to one-third of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company (excluding treasury shares) as it was at close of business on 31 July 2023, the latest practicable date before the publication of this Notice. As at close of business on 31 July 2023, the Company did not hold any treasury shares.

Paragraph 11.2 of Resolution 11 will, if passed, authorise the Directors to allot unissued shares in connection with a rights or other issue in favour of holders of equity securities (which would include ordinary shareholders) as required by the rights of those securities, up to a maximum aggregate nominal amount of £8,234,660, which represents an amount which is equal to two-thirds of the aggregate nominal value of the issued and unconditionally allotted ordinary share capital of the Company as it was at close of business on 31 July 2023 (such amount to be reduced by the nominal amount of any Relevant Securities issued under the authority conferred by paragraph 11.1 of Resolution 11).

The authorities sought in Resolution 11 are in substitution for all existing authorities, granted in the Company's Articles of Association or otherwise, and without prejudice to previous allotments made under such existing authorities. The authorities will each expire 15 months after the date of the Meeting or, if earlier, at the conclusion of the next Meeting of the Company. The Directors have no present intention of exercising these authorities but believe that it is in the best interests of the Company to have the authorities available so that the Board has the flexibility to take advantage of business opportunities as they arise.

Resolution 12 – disapplication of pre-emption rights (Special Resolution)

Resolution 12, which will be proposed as a Special Resolution, seeks to renew the authority conferred on the Directors at last year's Meeting to issue equity securities of the Company for cash without application of the pre-emption rights provided by Section 561 of the Act. The authority being sought provides for non-pre-emptive allotments of equity securities: (i) to ordinary shareholders in proportion to their shareholdings then existing; (ii) to holders of other equity securities as required by, or subject to (as the Directors consider necessary), the rights of those securities, and to deal with treasury shares, fractional entitlements and legal and practical problems in any territory, for example on a rights issue or other similar share issue; and (iii) for cash up to an aggregate nominal value of £1,235,199, which represents 10% of the issued ordinary share capital of the Company as it was at close of business on 31 July 2023, the latest practicable date before the publication of this Notice.

The authority being sought is in substitution for all existing authorities, granted in the Company's Articles of Association or otherwise, and without prejudice to previous allotments made under such authorities, and will expire 15 months after the date of the Meeting or, if earlier, at the conclusion of the next Meeting of the Company. The Directors have no present intention of exercising these authorities but believe that it is in the best interests of the Company to have the authorities available so that the Board has the flexibility to take advantage of business opportunities as they arise.

The authority sought and the limits set by this resolution will also disapply the application of Section 561 of the Act from a sale of treasury shares to the extent also specified in this resolution.

Financial calendar

Annual General Meeting	28 September 2023
Dividend:	
– Ex-dividend date	2 November 2023
– Record date	3 November 2023
– Payment date	8 December 2023
Announcement of half year results	Early February 2024
Publication of Interim Report	Early February 2024
Interim dividend paid	May 2024
Financial year end	31 May 2024
Announcement of full year results	Early August 2024
Publication of Annual Report and Accounts	Late August 2024

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