**Norish plc**

**Interim results 2021**

# Results

Norish plc (AIM: NSH), is pleased to announce its interim results for the six months ended 30 June 2021.

**Financial Highlights**

* Sales increased by 19%, from £15.9m to £18.9m.
* Operating profit increased by 61%, from £0.94m to £1.51m.
* Pre-tax profit increased by 73%, from £0.78m to £1.35m.
* Fully diluted adjusted Eps increased by 74%, from 2.06p to 3.58p.
* Interest cover stood at 9.9x, at the half year stage.
* Net debt increased from £8.7m at December 2020 to £9.5m.

**Divisional Highlights**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **£’m** | **Cold Store** | | | **Sourcing** | | | **Dairy** | | |
|  | **Jun-21**  **£’000** | Jun-20  £’000 | % Growth | **Jun-21**  **£’000** | Jun-20  £’000 | % Growth | **Jun-21**  **£’000** | Jun-20  £’000 | % Growth |
| Revenue | **7,938** | 7,083 | 12% | **10,479** | 8,413 | 25% | **508** | 399 | 27% |
| Operating Profit | **1,755** | 1,374 | 28% | **121** | 101 | 20% | **32** | (143) |  |
| Operating Margin | **22.1%** | 19.4% |  | **1.2%** | 1.2% |  | **6.3%** | (36%) |  |

**Cold Stores**

Sales in the temperature-controlled division increased 12%, (+7% excluding Blast Freezing), from £7.1m to £7.9m. Costs increased by 8%, with power up 10% and employee costs up 3%.

Operating profits increased by 28% from £1.4m to £1.8m and operating margins improved, from 19.4% to 22.1%. EBITDA increased by 21% from £2.25m to £2.72m in the period under review.

At an operational level, pallets inbound were ahead by 9%, on the same period in the prior year while blast freezing volumes were ahead 32% on the same period. Occupancy was largely unchanged at 89% (90% in the first half of 2020). Stock turn improved from 8.2 weeks on average in H1 2020 to 7.6 weeks in H1 2021.

**Sourcing Division**

Sales at our sourcing division increased by 25%, compared with the same period in 2020, from £8.4m to £10.5m. Operating profit improved from £101,000 to £121,000.

Our product sourcing division was impacted by Covid-19 and Brexit in the first quarter of 2021. We have seen a strong recovery in the second quarter with the development of a protein export business to South Africa.

**Dairy Division**

Our subsidiary, Grass to Milk Company Ltd, continues to make progress; commercialising A2 protein, grass-fed, dairy products.

We are pleased to announce an exciting collaboration with Bright Dairy & Food Co Ltd and New Zealand Focus Group, jointly developing a new ultra-premium, A2-protein, grass-fed, Pure Milk UHT product for China, which will go on sale in the second half of the year.

Our operations team completed the development of a robust supply chain and quality system in the first half of 2021, which will act as a future growth platform; we were recently awarded an AA BRC audit score for Grass to Milk Ltd . Management built out a commercial team on the ground in China and are expanding into high growth retail channels such as Social Commerce, E-Commerce and High-End Retail.

Cantwellscourt Farm Ltd is providing A2 protein milk supply to Grass to Milk Ltd, in the first instance. Cantwellscourt Farm continues to improve operationally across key operating KPI’s. Milk production was 18% ahead year on year. Profits improved substantially from a loss of £143,000 in half one 2020, to a profit of £32,000 in the first half of 2021.

**Outlook**

We remain optimistic for continued growth in profitability at Norish Cold Stores for the balance of the year. Group occupancy at this juncture (at 85%) is 9% higher than the same time last year.

We are happy with the significant progress made with the development of our A2 protein milk supply via Cantwellscourt Farm. Grass to Milk Company will deliver its first sale in the second half of the year.

Our protein sourcing division is expected to have a strong second half to the year as markets continue to normalise.

**Strategic Review**

We announced in March 2021 that we would carry out a strategic review of our cold store operations. This process continues and we will provide an update in due course.

**Dividend**

The board does not recommend the payment of an interim dividend, unchanged from last year.

**Net Debt**

Net debt (post IFRS 16) increased to £9.5m at end June 2021, from £8.7m in December 2020. The increase in net debt reflects additional working capital requirements and ongoing investment. Cash generated from operations amounted to £1.3m. Investment of £1.9m was made in assets, comprising £0.7m in Grass to Milk and £1.2m in equipment at the cold store division.

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| **Norish plc** | | | | |  | |  | |  | | |  | | | | |
| **Consolidated income statement** | | | | |  | |  | |  | | |  | | | | |
| **For the six months ended 30 June 2021** | | | | |  | |  | |  | | |  | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
|  | | | | |  | | **Six months** | | Six months | | | Year | | | | |
|  | | | | |  | | **ended** | | ended | | | ended | | | | |
|  | | | | |  | | **30 June** | | 30 June | | | 31 December | | | | |
|  | | | | |  | | **2021** | | 2020 | | | 2020 | | | | |
|  | | | | |  | | **(Unaudited)** | | (Unaudited) | | | (Audited | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
|  | | | | |  | | **£’000** | | £’000 | | | £’000 | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| **Continuing operations** | | | | |  | |  | |  | | |  | | | | |
| Revenue | | | | |  | | **18,925** | | 15,895 | | | 33,361 | | | | |
| Cost of sales | | | | |  | | **(17,130)** | | (14,659) | | | (30,389) | | | | |
| **Gross profit** | | | | |  | | **1,795** | | 1,236 | | | 2,972 | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| Other income | | | | |  | | **113** | | 88 | | | 182 | | | | |
| Administrative expenses | | | | |  | | **(402)** | | (388) | | | (865) | | | | |
| **Operating profit from continuing operations** | | | | |  | | **1,506** | | 936 | | | 2,289 | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| Finance income - interest receivable | | | | |  | | **-** | | - | | | 1 | | | | |
| Finance expenses – lease interest | | | | |  | | **(87)** | | (94) | | | (117) | | | | |
| Finance expenses – interest on bank loans | | | | |  | | **(65)** | | (63) | | | (196) | | | | |
| **Profit on continuing activities before taxation** | | | | |  | | **1,354** | | 779 | | | 1,977 | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| Income taxes – Corporation tax | | | | |  | | **(277)** | | (160) | | | (224) | | | | |
| Income taxes – Deferred tax | | | | |  | | **-** | | - | | | (245) | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| **Profit for the period attributable to owners of the parent from continuing operations** | | | | |  | | **1,077** | | 619 | | | 1,508 | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| Loss from discontinued activities | | | | |  | | **(69)** | | - | | | (71) | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| **Profit for the period** | | | | |  | | **1,008** | | 619 | | | 1437 | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| Other comprehensive income | | | | |  | | **(228)** | | - | | | 162 | | | | |
|  | | | | |  | |  | |  | | |  | | | | |
| **Total comprehensive income for the year** | | | | |  | | **780** | | 619 | | | 1,599 | | | | |
| **Earnings per share expressed in pence per share:** | | | | |  | |  | |  | | |  | | | | |
| From continuing operations  - basic | | | | |  | | **3.58p** | | 2.06p | | | 5.02p | | | | |
| - diluted | | | | |  | | **3.58p** | | 2.06p | | | 5.02p | | | | |
| From discontinued operations  - basic | | | | |  | | **(0.23)p** | | 0p | | | (0.24)p | | | | |
| - diluted | | | | |  | | **(0.23)p** | | 0p | | | (0.24)p | | | | |
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| **Norish plc** | | | |  | |  | | | |  | | |
| **Interim balance sheet** | | | |  | |  | | | |  | | |
| **As at 30 June 2021** | | | |  | |  | | | |  | | |
|  | | | | **As at** | | As at | | | | As at | | |
|  | | | | **30 June** | | 30 June | | | | 31 December | | |
|  | | | | **2021** | | 2020 | | | | 2020 | | |
|  | | | | **(Unaudited)** | | (Restated) | | | | (Audited) | | |
|  | | | |  | |  | | | |  | | |
|  | | | | **£’000** | | £’000 | | | | £’000 | | |
| **ASSETS** | | | |  | |  | | | |  | | |
| **Non-current assets** | | | |  | |  | | | |  | | |
| Goodwill | | | | 2,338 | | 2,338 | | | | 2,338 | | |
| Intangible assets | | | | 1,906 | | 807 | | | | 1,269 | | |
| Biological assets | | | | 856 | | 700 | | | | 770 | | |
| Property, plant and equipment | | | | 22,960 | | 22,592 | | | | 22,898 | | |
|  | | | | **28,060** | | **26,437** | | | | **27,275** | | |
| **Current assets** | | | |  | |  | | | |  | | |
| Trade and other receivables | | | | 8,494 | | 4,838 | | | | 7,526 | | |
| Inventories | | | | 157 | | 1,025 | | | | 58 | | |
| Cash and cash equivalents | | | | 843 | | 1,501 | | | | 1,550 | | |
| Assets of disposal group classified as held for sale | | | | 270 | | 277 | | | | 381 | | |
|  | | | | **9,764** | | **7,641** | | | | **9,515** | | |
|  | | | |  | |  | | | |  | | |
| **TOTAL ASSETS** | | | | **37,824** | | **34,078** | | | | **36,790** | | |
|  | | | |  | |  | | | |  | | |
| **Equity attributable to equity holders of the parent**  **And non-controlling interest** | | | |  | |  | | | |  | | |
| Share capital | | | | 5,640 | | 5,640 | | | | 5,640 | | |
| Share premium account | | | | 7,321 | | 7,321 | | | | 7,321 | | |
| Other reserves | | | | (87) | | (21) | | | | 141 | | |
| Retained earnings | | | | 6,758 | | 4,932 | | | | 5,750 | | |
| **TOTAL EQUITY** | | | | **19,632** | | **17,872** | | | | **18,852** | | |
| **Non-current liabilities** | | | |  | |  | | | |  | | |
| Borrowings | | | | 5,052 | | 5,757 | | | | 5,514 | | |
| Deferred tax | | | | 1,244 | | 1,002 | | | | 1,244 | | |
|  | | | | **6,296** | | **6,759** | | | | **6,758** | | |
|  | | | |  | |  | | | |  | | |
| **Current liabilities** | | | |  | |  | | | |  | | |
| Trade and other payables | | | | 6,119 | | 5,526 | | | | 6,288 | | |
| Current tax liabilities | | | | 450 | | 442 | | | | 151 | | |
| Borrowings | | | | 5,327 | | 3,479 | | | | 4,741 | | |
|  | | | | **11,896** | | **9,447** | | | | **11,180** | | |
|  | | | |  | |  | | | |  | | |
| **TOTAL EQUITY AND LIABILITIES** | | | | **37,824** | | **34,078** | | | | **36,790** | | |
|  | | | |  | |  | | | |  | | |
|  | | | |  | |  | | | |  | | |
| **Norish plc** | | | | | | | | | | | | | | | | |
| **Consolidated statement of changes in equity**  **For the six months ended 30 June 2021** | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | |
|  |  |  |  | |  | | |  | | |  | | |  |  |
|  | **Share** | **Share** | **Other** | | **Treasury** | | | **Retained** | | |  | | |  |  |
|  | **capital** | **premium** | **Reserves** | | **shares** | | | **earnings** | | | **Total** | | |  |  |
|  | **£'000** | **£'000** | **£'000** | | **£’000** | | | **£'000** | | | **£'000** | | |  |  |
|  |  |  |  | |  | | |  | | |  | | |  |  |
| **At 1 January 2020** | **5,640** | **7,321** | **(21)** | | **-** | | | **4,313** | | | **17,253** | | |  |  |
|  |  |  |  | |  | | |  | | |  | | |  |  |
| Net profit for the financial period | - | - | - | |  | | | 619 | | | 619 | | |  |  |
| **Total comprehensive income for the period** | **-** | **-** | **-** | | **-** | | | **619** | | | **619** | | |  |  |
| Issue of share capital | - | - | - | | - | | | - | | | - | | |  |  |
| Equity dividends paid (recognised directly in equity) | - | - | - | | - | | | - | | | - | | |  |  |
| **Transactions with owners** | **-** | **-** | **-** | | **-** | | | **619** | | | **619** | | |  |  |
| **At 30 June 2020** | **5,640** | **7,321** | **(21)** | | **-** | | | **4,932** | | | **17,872** | | |  |  |
|  |  |  |  | |  | | |  | | |  | | |  |  |
| Net profit/(loss) for the financial period | - | - | - | |  | | | 818 | | | 818 | | |  |  |
| **Total comprehensive income for the period** | **-** | **-** | **-** | |  | | | **818** | | | **818** | | |  |  |
| Issue of share capital | - | - | - | | - | | | - | | | - | | |  |  |
| Equity dividends paid (recognised directly in equity) | - | - | - | |  | | | - | | | - | | |  |  |
| Foreign Exchange gain | - | - | 162 | | - | | | - | | | 162 | | |  |  |
| **Transactions with owners** | **-** | **-** | **162** | | **-** | | | **818** | | | **980** | | |  |  |
| **At 31 December 2020** | **5,640** | **7,321** | **141** | | **-** | | | **5,750** | | | **18,852** | | |  |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Net profit for the financial period | - | - | - | - | 1,008 | 1,008 |  |  |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **-** | **1,008** | **1,008** |  |  |
| Issue of share capital | - | - | - | - | - | - |  |  |
| Equity dividends paid (recognised directly in equity) | - | - | - | - | - | - |  |  |
| Foreign Exchange loss | - | - | (228) | - | - | (228) |  |  |
| **Transactions with owners** | **-** | **-** | **(228)** | **-** | **1,008** | **780** |  |  |
| **At 30 June 2021** | **5,640** | **7,321** | **(87)** | **-** | **6,758** | **19,632** |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Norish plc** |  |  |  |
| **Consolidated cash flow statement** |  |  |  |
| **For the six months ended 30 June 2021** |  |  |  |
|  | **Six months** | Six months | Year |
|  | **Ended** | ended | Ended |
|  | **30 June** | 30 June | 31 December |
|  | **2021** | 2020 | 2020 |
|  | **(Unaudited)** | (Restated) | (Restated) |
|  | **£’000** | £’000 | £’000 |
| Profit on continuing activities before taxation | **1,354** | 779 | 1,977 |
| Gain on biological assets | **(113)** | (88) | (182) |
| Foreign exchange loss/(gain) | **205** | (51) | (55) |
| Loss on discontinued activities | **(69)** | - | (71) |
| Finance expenses | **152** | 157 | 316 |
| Finance income | **-** | - | (1) |
| Depreciation – property, plant and equipment | **987** | 887 | 1,789 |
|  | **2,516** | 1,684 | 3,773 |
| **Changes in working capital:** |  |  |  |
| (Increase)/decrease in inventories | **(99)** | 80 | 1,047 |
| (Increase)/decrease in trade and other receivables | **(968)** | 2,019 | (669) |
| Increase/(decrease) in trade and other receivables for disposal | **111** | - | (104) |
| Increase/(decrease) in current liabilities held for sale | **-** | - | - |
| Decrease in payables | **(169)** | (1,038) | (276) |
| **Cash generated from operations** | **1,391** | 2,745 | 3,771 |
|  |  |  |  |
| Interest paid | **(152)** | (157) | (316) |
| Interest received | **-** | - | 1 |
| Taxation refund/(paid) | **22** | 51 | (304) |
| **Net cash from operating activities** | **1,261** | 2,639 | 3,152 |
| **Investing activities** |  |  |  |
| Investment in intangible assets | **(685)** | (243) | (705) |
| Purchase of biological assets | **(10)** | (5) | (65) |
| Sale of biological assets | **8** | 268 | 346 |
| Purchase of property, plant and equipment | **(1,177)** | (634) | (1,741) |
| **Net cash used in investing activities** | **(1,864)** | (614) | (2,165) |
| **Financing activities** |  |  |  |
| Dividends paid to shareholders | **-** | - | - |
| Invoice finance receipts/ (payments) | **475** | (1,225) | (150) |
| Finance lease capital repayments | **(623)** | (405) | (845) |
| Finance lease advance | **258** | 215 | 882 |
| Term loan advance | **-** | - | - |
| Term loan repayments | **(214)** | (163) | (378) |
| **Net cash used in financing activities** | **(104)** | (1,578) | (491) |
|  |  |  |  |
| **Net (decrease)/increase in cash and cash equivalents** | **(707)** | 447 | 496 |
| Cash and cash equivalents, at beginning of period | **1,550** | 1,054 | 1,054 |
|  |  |  |  |
| **Cash and cash equivalents end of period** | **843** | 1,501 | 1,550 |

**Note**: The accounting policies applied throughout the period are consistent with those applied for the year ended 31 December 2020, as set out in the 2020 Annual Report.

Enquiries:

|  |  |
| --- | --- |
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