

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.

Norish plc

Consolidated income statement

For the six months ended 30 June 2021

	Six months ended 30 June 2021 (Unaudited) £'000	Six months ended 30 June 2020 (Unaudited) £'000	Year ended 31 December 2020 (Audited) £'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	1,437
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

Norish plc
Interim balance sheet
As at 30 June 2021

	As at 30 June 2021 (Unaudited) £'000	As at 30 June 2020 (Restated) £'000	As at 31 December 2020 (Audited) £'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 capital £'000	Share premium £'000	Other Reserves £'000	Treasury shares £'000	Retained earnings £'000	Total £'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 Ended 30 June 2021 (Unaudited) £'000	Six months ended 30 June 2020 (Restated) £'000	Year Ended 31 December 2020 (Restated) £'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.

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