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NWF Group plc

Fuels Acquisition

NWF Group plc ("NWF" or the "Group"), the specialist distributor, announces it has acquired 100 per cent. of the issued share capital of Northern Energy Oil Limited ("Northern"). This is in line with the Group's strategy to grow its fuels distribution business through consolidation, which represents the third largest operation in the United Kingdom.

Acquisition rationale and background

Northern is a 42 million litre fuel distributor operating five sites in North Yorkshire, Northumbria and Lincolnshire, with a largely domestic customer base. The acquisition increases the Group's presence in the North-East of England, where NWF is currently underrepresented. Northern will increase NWF's total fuel volumes by about six per cent. on a pro forma basis.

The total consideration for Northern is £8.3 million, which comprises £7.3 million paid in cash on completion from NWF's existing cash resources, with the remaining £1.0 million being held on retention to be released in three tranches, subject to the vendors complying with certain post-completion conditions, which are expected to be met within the next 18 months.

In the 12 months to 31 August 2024, Northern generated revenue of £35.1 million, EBITDA of £0.6 million, profit before tax of £0.1 million and had period end net assets of £2.7 million. These results included costs of approximately £0.6 million relating to other business activities of the owners of Northern which will not be incurred following completion of the transaction. Northern is expected to be immediately earnings accretive and to benefit from margin expansion once fully integrated into the Group's existing infrastructure.

Commenting on the acquisition, Chris Belsham, CEO of NWF Group, said:

"We are delighted to announce the acquisition of Northern, which represents an excellent example of NWF's strategy at play to consolidate the highly fragmented fuels distribution market. This acquisition, our first since Geoff Boorman in 2023, demonstrates our intent to pursue attractive, earnings accretive transactions, consistent with our strong and established track record. Our pipeline of potential fuels acquisitions remains active, supported by our robust financial position. I would like to welcome our new Northern colleagues to the Group."

Chris Belsham, Chief Executive
Officer
Katie Shortland, Chief Financial
Officer
NWF Group plc
Tel: 01829 260 260

Reg Hoare
Veronica Farah
MHP
Communications
nwf@mhpgroup.com
Tel: 07711 191 518

Mike Bell
Ed Allsopp
Peel Hunt LLP (Nominated adviser and
broker)
Tel: 020 7418 8900

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