

*Strictly embargoed until 22 December 2017*

**Real Good Food plc**  
("the Group" or "Real Good Food")  
**Interim results for the six months ending 30 September 2017**  
**Further funding agreed by the major shareholders and Board role changes**

Real Good Food plc (AIM: RGD) today announces interim results for the six months ending 30 September 2017.

**Financial Highlights**

- Revenue up 30% on previous year to £63.6m (2016: £49.0m)
  - o Revenue up 13.2% excluding Brighter Foods acquired in April 2017.
- EBITDA loss prior to significant items for the period (£1.4m) (2016: +£1.2m)
- Operating loss of £(6.0m) (2016: £(0.6m))
- Total loss before tax of £(6.7m) (2016: £(0.9m))
- Loss per share of 9.56p (2016: loss per share of 1.34p)
- Cash outflow from operations of £6.0m (2016: outflow of £3.3m)
- Net debt at 30 September 2017 stood at £35.8m (30 September 2016: £14.3m)

**Operational Highlights**

- Major investment programmes at Renshaw and Haydens implemented following new debt and equity financing arrangements
- Several Board changes implemented in August 2017
- Review of corporate governance underway

**Post period event - further funding**

As part of a re-forecasting exercise the Board has identified that further substantial additional funding will be required over the coming twelve months for working capital and investment purposes in order to implement the Group's business plan as it continues to grow. The Board is currently exploring its options as to how this additional funding will be financed, which include, inter alia, the issuance of new equity.

The Group's three major shareholders, NB Ingredients Ltd, Omnicane International Investors Ltd, and certain funds managed by Downing LLP have continued to express and demonstrate their support for the Group. They have executed a term sheet, to that end, to provide an initial tranche of additional funds to support the Company's working capital requirements, in the form of loan notes of £3.0m in aggregate (the "Loan Notes"), with Omnicane and NB Ingredients Ltd each providing £1.285m and certain funds of Downing LLP providing £0.430m. The provision of these funds is designed to relieve pressure on cash availability over the coming months whilst longer term funding arrangements are put in place, and helps support the Board's preparation of the Group's interim results on a going concern basis. Completion of the Loan Notes is subject to documentation and execution of an intercreditor agreement with the Group's lending bankers, expected in early January 2018.

The Loan Notes, which are intended to be refinanced by the issuance of new convertible loan notes or on the future capital restructuring of the Company, currently anticipated to be in the form of an equity raise comprise £3.0m in aggregate at an interest rate of 10% payable quarterly in arrears. Further details of the terms and associated undertakings are disclosed in the section on Banking agreements and debt position.

The Board considered alternative forms of funding and reviewed the other options that may be available from other debt providers; it concluded however that these would take too long to arrange for the Company's short-term requirements and that the Loan Notes provide the most appropriate and flexible option to meet the Company's short-term cash requirements.

Christopher Thomas, Harveen Rai and Hugh Cawley, the Independent Directors of the Company, having consulted with the Company's Nominated Adviser, finnCap Ltd, consider the terms of the Loan Notes to be fair and reasonable insofar as the Company's shareholders are concerned.

**Board role changes**

- Christopher Thomas, Executive Director, will step down from 1 January 2018 and assume the role of Non-Executive Deputy Chairman. Hugh Cawley, currently Non-Executive Director will assume the role of Executive Director from 1 January 2018.

**Pat Ridgwell, Interim Chairman commented:**

*"This has been an extremely difficult period for the Company. The acquisition of Brighter Foods and investments in new capacity and greater efficiency at both Renshaw and Haydens were pursued in advance of suitable financing arrangements being completed leading to cash shortages and delays in the implementation of these projects. Serious failings in corporate governance under the previous regime also became apparent as announced in September 2017, have required significant resources and costs to rectify and resulted in a number of key Board changes in order to strengthen the efficacy of the Board and improve the Company's internal processes.*

*Although we saw a strong sales performance across all divisions, profits were significantly below last year as a result of increased costs associated principally with the delays in the major investment projects, but also the need to react swiftly and professionally to provide the Group with an adequate corporate governance structure. A series of new lending arrangements to secure the business, including the Loan Notes agreed today, have been put in place by the Group's three major shareholders, who have again stated and demonstrated their full, continuing support for the business.*

*I would like to thank Chris Thomas for his work over the past six months; Chris has been appointed to the role of Non- Executive Deputy Chairman from 1 January 2018 and I am pleased to announce that Hugh Cawley has agreed to take on the Executive role from that date."*

**Commenting on outlook and current trading he added:**

*"The critical Christmas trading period has been largely satisfactory, although we continue to anticipate, as announced on 23 October, that EBITDA for FY2018 will be materially below our previous expectation at that time. We expect EBITDA for FY2018 as a whole to be in the region of break-even, with a consequential overall loss before tax for the period. We have implemented a number of overhead and other cost savings initiatives and are developing plans to ensure that revenue growth starts to translate into increased profits and shareholder value. We have sound businesses in the Group with good management teams and we anticipate the recent investments starting to deliver in FY 2019."*

\*-ends-\*

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

**ENQUIRIES:**

**Real Good Food plc** Tel: 020 3857 3900  
 Chris Thomas, Executive Director  
 Harveen Rai, Finance Director  
 Andrew Brown, Marketing Director

**finnCap Limited (Nomad and Joint Broker)** Tel: 020 7220 0500  
 Matt Goode (Corporate Finance)  
 Carl Holmes

**Belvedere Communications (PR)** Tel: 020 3567 0510  
 John West  
 Kim van Beeck

**About Real Good Food**

Real Good Food plc is a diversified food business serving a number of market sectors including retail, manufacturing, wholesale, foodservice and export. The Group focuses on three main markets: Cake Decoration (Renshaw and Rainbow Dust Colours), Food Ingredients (Garrett Ingredients, R&W Scott and Brighter Foods) and Premium Bakery (Haydens and Chantilly Patisserie). The Company makes the majority of its profits in the second half of the year which includes the important Q3 trading period for Cake Decoration and Premium Bakery in particular in the run up to Christmas.

**REAL GOOD FOOD PLC****INTERIM RESULTS FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2017****Overview**

This has been an extremely difficult period for the Company. The acquisition of Brighter Foods and investments in new capacity and greater efficiency at both Renshaw and Haydens were pursued in advance of suitable financing arrangements having been completed leading to cash shortages and delays in the implementation of these projects. Serious past failings in corporate governance also became apparent and have required significant resources and costs to rectify.

A strong sales performance across all divisions did not translate into profits. EBITDA prior to significant items, at a loss of £1.4m, was significantly behind prior year by £2.6m as a result of margin mix, increased costs associated principally with the delays in the major investment projects, but also the need to react swiftly and professionally to the corporate governance failings. Administrative expenses increased by £2.6m and significant items increased by £2.3m over the previous year. A breakdown of significant items is detailed later in this announcement.

**Divisional Business Reviews****Cake Decoration**

*Renshaw and Rainbow Dust Colours manufacture and sell cake decoration products and ingredients for the baking sector across the UK and abroad. Renshaw Europe and Renshaw Americas sell these products in their respective territories.*

£'000s	Six months ending	30 September 2017	30 September 2016
Revenue		22,460	21,039
EBITDA prior to significant items		1,317	3,145

Total sales were up 6.8% on the previous year with growth in both America and Europe. EBITDA fell by £(1.8m) due to adverse gross margin. Several factors contributed to the dilution in margin mix including under recovery on unfavourable commodity price increases, currency impact and a one-off gain for a claim settlement.

Delays to the implementation of new investments in an automated icing disc line and frostings capacity caused both cost overruns and constraints on sales. The new lines, both of which target sales of the growing number of 'novice' consumers, are due to be fully commissioned during Q4 and the benefits should be seen from the next fiscal year. A major relaunch of the Rainbow Dust brand is also planned at the start of FY 2019.

**Food Ingredients**

*Garrett Ingredients supplies a range of food ingredients including bagged sugars and dairy ingredients to food manufacturers. R&W Scott manufactures and supplies chocolate coatings, jams, fruit fillings and sauces to food manufacturers, wholesalers and retailers. Brighter Foods manufactures snack bars, both branded and own label, targeted at the growing health and 'healthy lifestyle' markets.*

£'000s	Six months ending	30 September 2017	30 September 2016
Revenue		24,020	12,347
EBITDA prior to significant items		991	(477)

Garrett Ingredients saw both volumes and revenues grow as dairy prices increased. R&W Scott's sales were in line with the previous year though the business suffered a number of operational difficulties which led to lower gross margins. However, it gained a major private label jam contract late in the period and has now implemented a new management structure to streamline its operation. The acquisition of Brighter Foods has contributed significantly to favourable YOY revenue & EBITDA performance for the division and continues to benefit from growth in health markets.

**Premium Bakery**

*Haydens and Chantilly Patisserie manufacture, sell and distribute added value bakery and dessert products to UK retailers and foodservice customers*

£'000s	Six months ending	30 September 2017	30 September 2016
--------	-------------------	-------------------	-------------------

Revenue	17,160	15,568
EBITDA prior to significant items	(219)	571

Sales revenue grew by 10% on the previous year, however EBITDA in the period suffered as a consequence of adverse operational costs the business adapted to the new product mix and the site underwent significant reconfiguration. The dramatic increase in the price of butter has again reduced gross margins with delays in price recovery. The new, automated Yum Yum line came into operation in September and full commissioning is expected to be completed during Q4 of the current financial year.

The business is increasingly focusing on three main product categories: tarts, Danish and croissants, and Yum Yums. The business gained two major new retail customers from the third quarter so the year on year sales trend is anticipated to continue to be strongly positive. Meanwhile the focus will be on operational costs following the completion of what has been a transformational site investment plan.

#### **Head Office and Consolidation**

*The Group functions of Finance, Human Resources, Information Services, Technical, Marketing and the Innovation Centre provide support to all the businesses on specific strategic projects as well as promoting best practice.*

£'000s	Six months ending	30 September 2017	30 September 2016
EBITDA prior to significant items		(3,479)	(2,054)

Underlying Head Office costs for the period remained broadly in line with the prior year at £3.5m. The prior year costs were adjusted to take account of anticipated capitalised development costs which were subsequently removed in the second half of the year.

#### **Banking agreements and debt position**

Lloyds Banking Group ("LBG") has confirmed its intention to agree the resetting of the financial covenants on the Group's term debt by 28 February 2018, subject to LBG being satisfied of the Group's funding position. LBG has also agreed the deferral of the Groups financial covenant tests due to be completed as at 31 December 2017.

Net Debt at 30 September 2017 was £35.8m (2016: £14.3m) made up principally from loans from shareholders of £16.1m, asset financing of £7.0m, revolving credit facilities of £11m and a term loan of £2.25m offset by unrestricted cash balances of £0.8m.

The Group's financial instruments as at 30 September 2017 comprised cash, a term loan, hire purchase and finance leases, a revolving credit facility and an overdraft.

- The Group has an invoice finance facility of £20m
- A Term loan of which £2.25m remains outstanding as at 30 September 2017; this is repayable in quarterly instalments of £250k per quarter
- Facilities secured against specific items of plant and machinery with Lloyds and ABN Amro Lease nv bank totalling £10.2m
- An overdraft facility of up to £2.0m with two major shareholders (Napier Brown Holdings and Omnicane Limited) each putting £1.0m into an account as security.

In addition, as previously noted, the Group's three major shareholders, NB Ingredients Ltd, Omnicane International Investors Ltd, and certain funds managed by Downing LLP have today agreed to provide additional Loan Notes of £3.0m in aggregate, with Omnicane and NB Ingredients Ltd each providing £1.285m and certain funds of Downing LLP providing £0.430m. The provision of these funds is designed to relieve pressure on cash availability over the coming months whilst longer term funding arrangements are put in place, and helps support the Board's preparation of the Group's interim results on a going concern basis. Shareholders' attention is drawn to note 2 to the financial statements in this regard.

The terms and conditions of the Loan Notes are as follows:

**Principal:** £3.0m in aggregate

**Interest:** 10% per annum, payable quarterly in arrears

**Redemption :** Redemption of the Loan Notes will be 30 September 2019 or earlier upon the occurrence of certain events of default.

**Transferability** The Loan Notes shall be transferable.

:

**Undertakings :** The Company undertakes to use all reasonable endeavours to refinance the Loan Notes with new equity or convertible loan notes on such terms as to be agreed at the date of redemption and to obtain grant of a waiver from The Panel on Takeovers and Mergers from any obligation that might arise under Rule 9 of the City Code from the raising of new equity or the conversion of the new convertible loan notes by the Subscribers ("Whitewash").

In the event that the Loan Notes are not refinanced with new equity or convertible loan notes as a result of the Whitewash not being received, the Company will be responsible for the costs associated with the Whitewash procedure and the Subscribers shall be entitled to payment of a penalty rate of interest, in cash, equivalent to 20% of the principal and interest due.

The Company undertakes to use all reasonable endeavours to obtain such authorisations as may be necessary from shareholders in due course to facilitate the refinance of the Loan Notes via new equity or convertible loan notes.

The Company undertakes to use all reasonable endeavours to agree with the Subscribers a future capital restructuring (the "Capital Restructuring"). The Capital Restructuring will be in a form such that the Directors will be in a position to make a working capital statement in form set out in Schedule Two (c) of the AIM Rules for Companies.

#### **Financial Review**

Group revenue for the 6 months ending 30 September 2017 was £63.6 million (2016: £49.0 million) which is an increase of 30% on the revenue to 30 September 2016. This is as a result of the growth in the Food Ingredients business of £11.7m, Premium Bakery £1.6m and Cake Decorations £1.4m. The increase of revenue in Food Ingredients includes a six month effect of acquisition of Brighter Foods which amounted to £8.2m in the six months.

Gross profit on the continuing business for the overall group was £12.4m (2016: £13m). At 19.5% of revenue, gross margin was lower than the 26.7% reported in the six months to September 2016. Gross Margin for the six months to September 2017 is however broadly in line with prior financial year ending March 2017 which was reported at 19.8%. This reduction in margin compared to the prior year period reflects higher than anticipated commodity ingredient costs and currency volatility, compounded in some cases by a later than expected price recovery from customers following the increase in raw materials.

Total Group Administrative Expenses increased by £2.6m to £12.8m (2016: £10.2m) and significant costs increased by £2.3m to £3.0m (2016: £0.7m), of which £1.7m relates to impairment of goodwill in the Food Ingredients division. The Board recognised the previously poor financial control of costs and corporate governance which led to a number of corrective actions being taken resulting in additional significant costs of £0.6m while acquisitions costs amounted to £0.4m in the period.

The Operating loss for the six months to 30 September 2017 was £(6.0m) which is £(5.3m) adverse to the prior year loss (2016: Loss £(0.6m)).

Given the factors described above, the significant capital investments made totalling £11.2m in the period and the Brighter Foods acquisition, insufficient cash was generated and further borrowings were secured. Net Debt at 30 September 2017 was £35.8m (2016: £14.3m) made up principally from loans from shareholders of £16.1m, asset financing of £7.0m, revolving credit facilities of £11m and a term loan of £2.25m offset by

unrestricted cash balances of £0.8m.

### **Dividend**

No dividend is proposed for the six months ended 30 September 2017 (2016: 0.04 pence per share paid in January 2017).

### **Pension Scheme**

In common with most UK pension schemes the continuing reduction in Government and corporate bond rates has had an effect on the NBF Pension deficit. However, in the 6 months to September 2017 the deficit in the scheme reduced by £196k compared to March 2017 mainly due to higher than expected returns on the assets and contributions made into the scheme.

### **Board Changes**

Christopher Thomas, Executive Director, will step down from 1 January 2018 and assume the role of Non-Executive Deputy Chairman. Hugh Cawley, currently Non-Executive Director, will assume the role of Executive Director from 1 January 2018.

### **Outlook and Current Trading**

Prospects for the second half of the year are much improved and we are setting about stabilising the company's debt position. The critical Christmas trading period has been satisfactory though we continue to anticipate, as we announced on 23 October, that EBITDA for FY 2018 will be materially below previous expectations at that time. We anticipate that this year will see EBITDA close to break-even for the period, with a consequential loss before tax. We have implemented a number of overhead savings initiatives and are developing plans designed to ensure that strong revenue growth is translated into increased profits and shareholder value. We have sound businesses, with good management teams and we see the recent investments starting to deliver in FY 2019.

### **Pat Ridgwell**

Interim Chairman

---

**REAL GOOD FOOD PLC  
INDEPENDENT REVIEW REPORT TO REAL GOOD FOOD PLC FOR THE  
SIX MONTHS TO 30 SEPTEMBER 2017**

---

#### **· Introduction**

We have been engaged by the company to review the condensed set of financial statements in the six monthly interim financial report for the six months ended 30 September 2017, which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cashflows and the related notes. We have read the other information contained in the six monthly interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company, as a body, in accordance with our instructions. Our review has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

#### **· Directors' Responsibilities**

The six monthly interim financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this six monthly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

#### **· Our Responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the six monthly interim financial report based on our review.

#### **· Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **· Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the six monthly interim financial report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

#### **· Material uncertainty related to going concern**

We draw attention to Note 2 which set out conditions related to going concern.

These conditions indicate the existence of a material uncertainty and may cast doubt on the Group and Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter. The financial statements do not include adjustments that would result if the Group and Company were unable to continue as a going concern.

Crowe Clark Whitehill LLP  
Chartered Accountants  
Riverside House  
40-46 High Street  
Maidstone  
Kent

**REAL GOOD FOOD PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDING**  
**30 SEPTEMBER 2017**  
**(UNAUDITED)**

<b>CONTINUING OPERATIONS</b>	<b>Notes</b>	<b>30 Sept 2017 £'000</b>	<b>30 Sept 2016 £'000</b>
<b>REVENUE</b>		<b>63,639</b>	<b>48,954</b>
Cost of sales		(51,253)	(35,878)
<b>GROSS PROFIT</b>		<b>12,386</b>	<b>13,076</b>
Distribution costs		(2,596)	(2,796)
Administration expenses		(12,798)	(10,234)
Significant items	9	(2,985)	(694)
<b>OPERATING LOSS</b>		<b>(5,993)</b>	<b>(648)</b>
Finance costs		(583)	(193)
Other finance costs		(82)	(108)
<b>LOSS BEFORE TAXATION</b>		<b>(6,658)</b>	<b>(949)</b>
Taxation		(231)	7
<b>LOSS ATTRIBUTABLE TO:</b>			
Owners of the Company		(7,065)	(942)
Non-Controlling Interest		176	-
		<b>(6,889)</b>	<b>(942)</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
Foreign exchange differences on translation		27	-
Actuarial gains/(losses) on defined benefit plans		112	(3,307)
Income tax relating to components of other comprehensive income		(21)	628
		118	(2,679)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:</b>			
Owners of the Company		(6,947)	(3,621)
Non-Controlling Interest		176	-
		<b>(6,771)</b>	<b>(3,621)</b>
<b>EARNINGS PER SHARE</b>			
Basic	4	(9.56)p	(1.34)p
Diluted	4	(9.56)p	(1.34)p

**REAL GOOD FOOD PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2017**  
**(UNAUDITED)**

	<b>Notes</b>	<b>30 Sept 2017 £'000</b>	<b>30 Mar 2017 £'000</b>	<b>30 Sept 2016 £'000</b>
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Goodwill	12	75,564	69,416	71,005
Other Intangible Assets		1,133	1,155	1,088
Investments		82	-	-
Property, plant and equipment		35,557	23,932	20,886
Deferred tax asset		1,471	1,435	2,324
		<u>113,807</u>	<u>95,938</u>	<u>95,303</u>
<b>CURRENT ASSETS</b>				
Inventory		16,620	13,323	14,749
Trade and other receivables		19,890	16,016	17,377
Current tax assets		-	233	-

Cash held as Security	10	2,000	-	-
Cash and cash equivalents		1,423	464	1,460
		39,933	30,036	33,586
<b>TOTAL ASSETS</b>		<b>153,740</b>	<b>125,974</b>	<b>128,889</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Bank Overdraft		669	619	196
Trade and other payables		21,054	15,243	12,301
Borrowings	10	13,999	11,375	14,015
Financial Instrument		-	146	-
Current tax liabilities		28	-	128
		35,750	27,383	26,640
<b>NON CURRENT LIABILITIES</b>				
Borrowings	10	22,587	4,701	36
Deferred tax		1,736	1,278	2,055
Contingent Consideration	11	4,520	-	-
Retirement benefit obligations	7	5,698	5,894	9,346
		34,541	11,873	11,437
<b>NET ASSETS</b>		<b>83,449</b>	<b>86,718</b>	<b>90,812</b>
<b>SHAREHOLDERS' EQUITY</b>				
Issued share capital		1,568	1,411	1,402
Share premium account		2,721	122	103
Share option reserve		415	415	607
Foreign exchange		(21)	(48)	-
Retained earnings		77,844	84,818	88,700
<b>Equity Attributable to Owners of the Company</b>		<b>82,527</b>	<b>86,718</b>	<b>90,812</b>
Non controlling interest		922	-	-
<b>TOTAL EQUITY</b>		<b>83,449</b>	<b>86,718</b>	<b>90,812</b>

**REAL GOOD FOOD PLC**  
**STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2017**  
**(UNAUDITED)**

	ATTRIBUTABLE TO THE OWNERS OF REAL GOOD FOOD PLC						Non Controlling Interest £'000s	Total Equity £'000s
	Issued Share Capital £'000s	Share Premium Account £'000s	Share Option Reserve £'000s	Foreign Exchange £'000s	Retained Earnings £'000s	Total £'000s		
Balance at 1 April 2016	1,402	71,375	592	-	21,049	94,418	-	94,418
Loss for the period	-	-	-	-	(942)	(942)	-	(942)
Other comprehensive loss for the period	-	-	-	-	(2,679)	(2,679)	-	(2,679)
<b>Total comprehensive loss for the period</b>	-	-	-	-	<b>(3,621)</b>	<b>(3,621)</b>	-	<b>(3,621)</b>
Shares issued in period	-	-	-	-	-	-	-	-
Shares to be issued (net of deferred tax)	-	-	15	-	-	15	-	15
Capital Reduction Transfer	-	(71,272)	-	-	71,272	-	-	-
<b>Balances as at 30 September 2016</b>	<b>1,402</b>	<b>103</b>	<b>607</b>	<b>-</b>	<b>88,700</b>	<b>90,812</b>	<b>-</b>	<b>90,812</b>

ATTRIBUTABLE TO THE OWNERS OF REAL GOOD FOOD PLC								
	Issued Share Capital £'000s	Share Premium Account £'000s	Share Option Reserve £'000s	Foreign Exchange £'000s	Retained Earnings £'000s	Total £'000s	Non Controlling Interest £'000s	Total Equity £'000s
Balance at 1 April 2017	1,411	122	415	(48)	84,818	86,718	-	86,718
Loss for the period	-	-	-	-	(7,065)	(7,065)	176	(6,889)
Other comprehensive income for the period	-	-	-	27	91	118	-	118
<b>Total comprehensive loss for the period</b>	-	-	-	<b>27</b>	<b>(6,974)</b>	<b>(6,947)</b>	<b>176</b>	<b>(6,771)</b>
Shares issued in the period	157	2,599	-	-	-	2,756	-	2,756
Acquisition of non controlling interest	-	-	-	-	-	-	746	746
<b>Balances as at 30 September 2017</b>	<b>1,568</b>	<b>2,721</b>	<b>415</b>	<b>(21)</b>	<b>77,844</b>	<b>82,527</b>	<b>922</b>	<b>83,449</b>

**REAL GOOD FOOD PLC**  
**STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2017**  
**(UNAUDITED)**

	6 months to 30 Sept 2017 £'000	6 months to 30 Sept 2016 £'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	(6,658)	(949)
<b>Adjusted for:</b>		
Finance costs	583	193
Other finance cost	82	108
Depreciation of property, plant & equipment	1,502	1,031
Amortisation of intangibles	117	108
Impairment charge	1,724	-
Unrealised currency translation (gains)/losses	27	-
<b>Operating Cash Flow</b>	<b>(2,623)</b>	<b>491</b>
(Increase)/decrease in inventories	(2,248)	(2,389)
(Increase)/decrease in receivables	(2,747)	(439)
Pension contributions	(366)	(150)
(Decrease)/increase in payables	1,936	(826)
<b>Cash outflow from operations</b>	<b>(6,048)</b>	<b>(3,313)</b>
Income tax received/(paid)	(100)	-
Interest paid	(583)	(193)
<b>Net cash used in operating activities</b>	<b>(6,731)</b>	<b>(3,506)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of intangible assets	(93)	(362)
Purchase of property, plant & equipment	(11,227)	(3,851)
Net cash outflow on acquisition of subsidiaries	(1,782)	-
<b>Net cash used in investing activities</b>	<b>(13,102)</b>	<b>(4,213)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Shares issued	2,756	-
Repayment of loans	(627)	-
Proceeds from borrowings	20,870	-
Repayment of borrowings	(3,658)	-
Net movements on revolving credit facilities	1,585	6,962
Increase in obligations under finance leases	1,816	24
<b>Net cash used in financing activities</b>	<b>22,742</b>	<b>6,986</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH</b>		

<b>EQUIVALENTS</b>	<b><u>2,909</u></b>	<b><u>(733)</u></b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	(155)	1,997
Net movement in cash and cash equivalents	<u>2,909</u>	<u>(733)</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>2,754</u></b>	<b><u>1,264</u></b>
<b>Cash and cash equivalents comprise:</b>		
Cash And Cash Equivalents	1,423	1,460
Cash Held in Escrow	2,000	-
Bank Overdrafts	<u>(669)</u>	<u>(196)</u>
	<b><u>2,754</u></b>	<b><u>1,264</u></b>

**REAL GOOD FOOD PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2017**

**1. General Information**

Real Good Food Plc is a public limited company ("company") incorporated in the United Kingdom under the Companies Act (registration number 4666282). The company is domiciled in the United Kingdom and its registered address is International House, 1 St Katharine's Way, London, E1W 1XB. The company's shares are traded on the Alternative Investment Market ("AIM").

The principal activities of the Group are the sourcing, manufacture, marketing and distribution of food and industrial ingredients.

The interim report will be posted on the company's website and will be released via the Stock Exchange. Further copies of the interim report and Annual Report and Accounts may be obtained from the address above.

**2. Basis of preparation**

These condensed consolidated financial statements are presented on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been prepared in accordance with AIM rules and the Companies Act 2006, as applicable to companies reporting under IFRS.

The same accounting policies and methods of computation are followed within these interim financial statements as adopted in the most recent annual financial statements.

As part of a re-forecasting exercise we have identified that substantial further funding will be required over the coming twelve months for working capital and investment purposes as the business continues to grow. The Board is currently exploring its options as to how the funding shortfall will be financed, which include inter alia the issuance of new equity. An additional £3m funding agreed to be provided by NB Ingredients Ltd, Omnicane International Investors Ltd and certain funds managed by Downing LLP on 22 December 2017 will ensure that the Group remains a going concern until the end of the first quarter based upon current forecasts and the Board believes this will provide sufficient time to source the additional funding. In the event that the Board is unable to source this additional finance, and in the unlikely event that the major shareholders, whose support has thus far been strong and continuing, decide not to provide further support, then the Directors cannot be certain that the Group will be able to continue as a going concern.

**New IFRS standards and interpretations adopted**

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not been adopted by the European Union.

The Directors have assessed the potential impact of IFRS 15 and do not expect that the adoption of this standard will have a material impact on the financial statements of the Group in future periods. IFRS 16 may have an impact on the measurement and treatment of operating leases and the related disclosures. As at 30 September 2017 the estimated impact of the transition to IFRS 16 would be to increase tangible fixed assets and liabilities by approximately £1.9m. The impact on the profit and loss account is not expected to be material to the financial statements.

**REAL GOOD FOOD PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2017**

**3. Segment analysis**

**Business segments**

The divisional structure reflects the management teams in place and also ensures all aspects of trading activity have the specific focus that they need in order to achieve our growth plans.

The following table shows the Group's revenue and results for the period under review analysed by operating segment. Segment profit represents the trading profit after depreciation and amortization but before significant items.

Notes	<b>CAKE DECORATION £'000</b>	<b>FOOD INGREDIENTS £'000</b>	<b>PREMIUM BAKERY £'000</b>	<b>UNALLOCATED £'000</b>	<b>TOTAL £'000</b>
TOTAL INCOME	26,604	26,422	17,160	-	70,186
Intercompany Sales	(4,144)	(2,402)	-	-	(6,546)
<b>EXTERNAL REVENUE</b>	<b>22,460</b>	<b>24,020</b>	<b>17,160</b>	<b>-</b>	<b>63,640</b>
<b>OPERATING (LOSS)/PROFIT BEFORE HEAD OFFICE AND</b>					



<b>SIGNIFICANT COSTS</b>	<b>881</b>	<b>569</b>	<b>(726)</b>	<b>-</b>	<b>724</b>
Head office and unallocated Significant Items	-	-	-	(3,733)	(3,733)
	-	(1,724)	(252)	(1,008)	(2,985)
<b>OPERATING (LOSS)/PROFIT</b>	<b>881</b>	<b>(1,155)</b>	<b>(978)</b>	<b>(4,741)</b>	<b>(5,993)</b>
Net Finance Costs	(110)	(65)	(112)	(296)	(583)
Pension Finance Costs	-	-	-	(82)	(82)
<b>Profit/(Loss) before tax</b>	<b>771</b>	<b>(1,220)</b>	<b>(1,090)</b>	<b>(5,119)</b>	<b>(6,658)</b>
Tax	(173)	(5)	(23)	(30)	(231)
<b>(Loss)/Profit after tax as per statement of comprehensive income</b>	<b>598</b>	<b>(1,225)</b>	<b>(1,113)</b>	<b>(5,149)</b>	<b>(6,889)</b>

Inter-segment sales are charged at prevailing market rates.

**REAL GOOD FOOD PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2017**

**3. Segment reporting (continued)**

	<b>CAKE DECORATION £'000</b>	<b>FOOD INGREDIENTS £'000</b>	<b>PREMIUM BAKERY £'000</b>	<b>UNALLOCATED £'000</b>	<b>TOTAL £'000</b>
<b>SEGMENT ASSETS</b>	<b>92,970</b>	<b>30,301</b>	<b>23,871</b>		<b>147,142</b>
<b>UNALLOCATED ASSETS</b>					
Other Intangible Assets				241	241
Property, plant and equipment				2,196	2,196
Deferred tax asset				3,041	3,041
Trade and other receivables				522	522
Cash held in security				2,000	2,000
Cash and cash equivalents				169	169
<b>TOTAL ASSETS</b>	<b>92,970</b>	<b>30,301</b>	<b>23,871</b>	<b>8,169</b>	<b>155,311</b>
<b>SEGMENT LIABILITIES</b>	<b>14,976</b>	<b>11,972</b>	<b>11,237</b>		<b>38,185</b>
<b>UNALLOCATED LIABILITIES</b>					
Trade and other payables				3,166	3,166
Borrowings				18,304	18,304
Deferred tax				1,989	1,989
Deferred Consideration				4,520	4,520
Retirement benefit obligations				5,698	5,698
<b>TOTAL LIABILITIES</b>	<b>14,976</b>	<b>11,972</b>	<b>11,237</b>	<b>33,677</b>	<b>71,862</b>
<b>NET OPERATING ASSETS</b>	<b>77,994</b>	<b>18,329</b>	<b>12,634</b>	<b>(25,508)</b>	<b>83,449</b>

Corporation tax asset in Head Office which nets off to become a corporation tax liability for the group overall

**REAL GOOD FOOD PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2017**

**3. Segment reporting (continued)**

**Business segments**

**Geographical Segments**

The Group earns revenue from countries outside the United Kingdom, this amounts to 12.3% of the total revenue of the group, but as no individual country is considered to be material, segmental reporting of a geographical nature is not considered necessary in accordance with the provisions of IFRS 8.

**4. Earnings per ordinary share**

Earnings per share is calculated on the basis of the profit for the period after tax, divided by the weighted average number of shares in issue for the six-month period of 73,882,759 (2016: 70,066,903).

The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of all outstanding share options. The potential ordinary shares are considered antidilutive as they decrease the loss per share. Therefore diluted EPS is the same as basic EPS.

	6 months to 30 Sept 2017			6 months to 30 Sept 2016		
	Basic	Significant Items	Adjusted	Basic	Significant Items	Adjusted
<b>BASIC EARNINGS PER SHARE</b>						
Loss attributable to owners of the company	(7,065)	2,985	(4,080)	(942)	694	(248)
Weighted average number of shares in issue	73,883		73,883	70,067		70,067
<b>Basic loss per share</b>	<b>(9.56)p</b>		<b>(5.52)p</b>	<b>(1.34)p</b>		<b>(0.35)p</b>

As the group is loss making in the period under review the diluted earnings per share is the same as basic earnings per share

**5. Dividends**

The Board is not recommending an interim dividend: (2016: 0.04 pence per share paid in January 2017).

**REAL GOOD FOOD PLC**  
**NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2017**

**6. Taxation**

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made in full for taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences. Deferred tax is not discounted.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**7. Pension arrangements**

The Group operates a defined benefit pension scheme, the Napier Brown Retirement Benefits Scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The contributions made by the employer over the six month period have been £366,000.

**Assumptions**

The assets of the scheme have been included at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	30 September 2017 % per annum	31 March 2017 % per annum	30 September 2016 % per annum
Rate of increase in pensions in payment	3.00	3.10	2.90
Discount rate	2.85	2.85	2.55
Inflation assumption	3.10	3.20	3.00
Revaluation rate for deferred pensions	2.10	2.20	2.00

The fair value of the assets in the scheme and the present value of the liabilities in the scheme are:

	30 September 2017 £'000s	31 March 2017 £'000s	30 September 2016 £'000's
Total fair value of assets	13,870	13,946	15,527
Present value of scheme liabilities	(19,568)	(19,840)	(24,873)
<b>(Deficit) in the scheme</b>	<b>(5,698)</b>	<b>(5,894)</b>	<b>(9,346)</b>

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

## 8. Seasonality

Most of the trading divisions of RGF are seasonal, creating a large proportion of their EBITDA in the October to December period.

## REAL GOOD FOOD PLC NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2017

---

### 9. Significant Items

During the period the group incurred significant additional costs from; professional advisors as a result of needing to respond to its Corporate Governance and regulatory shortcomings, acquisition costs for Brighter Foods, one time costs of capital projects and impairment of Goodwill in the Food Ingredients division

	<b>6 months ended 30 September 2017</b>
Goodwill impairment	1,724
Capital projects	253
Brighter Foods acquisition costs	369
Corporate governance & professional advisors	639
Total Significant items	<u>2,985</u>

### 10. Borrowings

During the period, the Company entered into the following arrangements:

- The company secured two £2.0m one year term loan facilities from existing shareholders of the company, Napier Brown Holdings Ltd and Omnicane Ltd.
- Lloyds Bank agreed to provide the Company with an overdraft facility of up to £2.0m with two major shareholders (Napier Brown Holdings and Omnicane Limited) each putting £1.0m into an account, as security.
- £4.0m additional short term debt facilities were secured from the Group's major shareholders (NB Ingredients Ltd, Omnicane International Investors Ltd and certain funds managed by Downing LLP). Each of the shareholders participated equally. The facility and the loan notes are secured on unencumbered chattel assets of the company with a 10% coupon. A premium of 10% payable on redemption if not repaid on or before 30 September 2018.
- A new injection of capital was raised by way of the issue of a secured loan note instrument of up to £8.75m from certain funds managed and controlled by Downing LLP. The Loan notes are redeemable after three years.
- The Company continued to secure funds from ABN Amro Lease nv bank against investment assets.

Post period end, the Company entered into the following arrangement:

- The three major shareholders, NB Ingredients Ltd, Omnicane International Investors Ltd, and certain funds managed by Downing LLP have executed a term sheet to provide an initial tranche of additional funds in the form of loan notes of £3.0m in aggregate (the "Loan Notes"), with Omnicane and NB Ingredients Ltd each providing £1.285m and certain funds of Downing LLP providing £0.430m.

## REAL GOOD FOOD PLC NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2017

---

### 11. Acquisitions

Real Good Food plc (AIM: RGD) and Tywyn based Brighter Foods announced on 5 April 2017 a new partnership to build on the success of the Wales based food manufacturing company, with Robin Williams remaining as CEO. Real Good Food plc acquired an 84.33% interest in Brighter Foods for total consideration of up to £9 million, on a cash and debt free basis, to be paid in two equal instalments, 50% on completion and 50% upon finalisation of the Company's 2017/18 audited accounts. The consideration will be satisfied from the Group's existing debt facilities. The acquisition is expected to be immediately earnings enhancing to the Group.

	<b>£'000</b>
<b>NON CURRENT ASSETS</b>	
Tangible Assets	1,899
Investments	<u>82</u>
	<u>1,981</u>
<b>CURRENT ASSETS</b>	
Inventories	1,048
Trade and Other Receivables	<u>1,127</u>
	<u>2,175</u>
<b>CURRENT LIABILITIES</b>	
Trade and Other Payables	(4,076)
Income tax	(361)
Amounts Falling Due After One Year	(377)
Provision of Liabilities	(167)
	<u>(825)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(825)</u>

**GOODWILL ARISING ON ACQUISITION**

Cash Paid	7,338
Less cash balances acquired	<u>(5,557)</u>
Net cash outflow on acquisition of subsidiaries	1,781
Contingent Consideration (payable upon completion of 17/18 audited accounts)	4,520
Non Controlling Interests	746
Add fair value of identifiable net liabilities acquired	<u>825</u>
<b>Goodwill arising on acquisition</b>	<b><u>7,872</u></b>

The Directors consider that the value of assets and liabilities is equal to the fair value of these items and that all receivables are fully recoverable. Senior management of Brighter Foods has retained 15.67% stake in the business. The value of this non-controlling stake on completion was £746k. The Group has also entered into a separate shareholder agreement regarding the Management Stake whereby the senior management of Brighter Foods can elect to sell 50 per cent of the Management Stake to the Group after March 2020 and 50 per cent after March 2021. The consideration for the entire Management Stake will be based upon an agreed valuation formula, linked to profit before interest and tax of Brighter Foods in the years ending 31 March 2020 and 31 March 2021 respectively, and is capped at £8 million in aggregate. Additionally the Group can elect to acquire the Management Stake after March 2021 based upon the same valuation formula. The deferred consideration is payable after 12 months of trading and will be in range of £Nil to £4.5 million and is based on performance of the company. Costs incurred in acquiring this company amount to £369k which has been included in these accounts as part of significant items (note 9).

**12. Goodwill**

	<b>Notes</b>	<b>£'000s</b>
Carried forward 31 March 2017		69,416
Additions	11	7,872
Impairment	9	(1,724)
		<u>75,564</u>
Carried forward 30 September 2017		<u>75,564</u>

Following a reforecast exercise, an impairment review was conducted which indicated an impairment of £1,724k in relation to the Food Ingredients division.

This information is provided by RNS  
The company news service from the London Stock Exchange

END

IR EAAAAASFXXXX