WYNNSTAY

Delivering a sustainable farming future

Interim Report and **Accounts 2024**

[1] Note 6. Explanation of Non-GAAP measure.

Financial Calendar

Tuesday 25 June 2024	Announcement of Half Year Results
Friday 27 September 2024	Provisional Interim Dividend Record Date
Thursday 31 October 2024	Payment of Interim Dividend
Thursday 31 October 2024	Financial Year End
January 2025	Announcement of Full Year Results
Friday 28 March 2025	Dividend Record Date
March 2025	Annual General Meeting
Wednesday 30 April 2025	Payment of Final Dividend

Executive Chairmans Statement

INTRODUCTION

OVERVIEW

The difficult trading conditions that were experienced as the Group commenced the new financial year persisted over the first five months of the period and, as expected, Group profits are lower than last year's outcome.

The more challenging trading environment was driven by a combination of factors. The winter months were some of the wettest on record for the UK and the prolonged rains significantly disrupted the sowing season, affecting sales of winter and spring seed as well as fertiliser and other inputs. Farmer spending patterns were also reined in as a result of weaker farmgate prices for certain products, especially milk, and general uncertainty over new governmental support schemes. The impact was felt mostly by the Agriculture division. The Group's labour, distribution and packaging costs were also higher. However, management initiatives helped to mitigate much of their effects.

While first half revenue decreased significantly, this was principally the result of reduced soft commodity prices, including for fertiliser, after the previous sharp increases. This deflation accounted for an estimated 86% of the year-on-year revenue decrease.

The Group's balance sheet remains strong, and its net cash position is significantly higher than a year ago. This was helped by commodity input price deflation, which meant that working capital requirements were lower at a time when the annual cycle peaks.

Trading in April and May was ahead of the prior year and the outlook for farmgate prices, especially milk, looks more favourable.

FINANCIAL RESULTS

Revenue decreased by 19.7% to £328.5m (2023: £409.1m). An estimated £69.0m (c. 86%) of this reduction resulted from the normalisation of soft commodity prices, including for fertiliser, from their previously elevated levels. The remainder reflected lower activity levels, in line with market trends.

Gross profit, which is a better indicator of the Group's activity levels, given the effect of soft commodity prices on revenues, was down by 3.7%. Unit margins remained consistent on an aggregate basis across the Group's range of products.

Adjusted operating profit[1] reduced by 19.3% to £4.7m (2023: £5.8m). Labour, distribution and packaging costs rose, although efficiency initiatives offset much of the impact. Adjusted profit before tax[2] was lower at £4.8m (2023: £6.0m) and earnings per share were 14.3 pence per share (2023: 19.3 pence per share). Net assets increased by 2.9% year-on-year to £136.3m (2023: £132.4m), which equates to £5.91 per share (2023: £5.87 per share).

Net cash[3] at 30 April 2024 (typically the peak point in the Group's annual working capital cycle) increased to £18.5m (30 April 2023: net debt[3] of £7.3m). The £24.0m year-on-year decrease in working capital requirements was in line with reduced soft commodity prices. Lease liabilities totalled £13.2m (2023: £9.0m), with the increase on last year reflecting the renewal of certain property leases. Net cash including lease liabilities was £5.3m (2023: net debt of £16.3m). Net cash is expected to build over the second half, following the normal working capital cycle.

DIVIDEND

In line with its progressive dividend policy, the Board is pleased to declare an increased interim dividend of 5.6p per share (2023: 5.5p), up by 1.8% year-on-year. Dividend cover remains prudent at two times earnings.

The interim dividend will be paid in cash on 31 October 2024 to shareholders on the register at the close of business on 27 September 2024.

OPERATIONAL REVIEW

AGRICULTURE DIVISION

Revenue was £257.0m (2023: £333.6m) and adjusted operating profit[1] was £1.3m (2023: £2.3m).

Feed

Manufactured feed volumes were 2.3% lower compared to the first half of 2023, reflecting overall softer market demand. In particular, demand from dairy farmers was affected by weaker milk prices compared to the corresponding period last year. We are now seeing some improvement in farmgate prices, which we expect to boost feed demand in the second half of the year. Margins continued to be pressured by rising labour, distribution and packaging costs. However, we successfully mitigated these factors through efficiency initiatives. Our specialist teams of feed experts continue to assist our customers with advice on nutrition, particularly for dairy herds, calves, poultry and lamb.

We were pleased to complete the first phase of redevelopment at our multi-species feed mill at Carmarthen. This has added manufacturing capacity and improved efficiencies through faster vehicle loading. We are currently evaluating a second phase of development, which would add further capacity and reduce the need to outsource some manufacturing volumes. We continue to investigate options for poultry feed manufacturing in southern England. The redevelopment of the mothballed poultry feed mill at Calne in Wiltshire, acquired with the acquisition of the Humphrey Feeds business, is considered unlikely, given the significant rise in costs for such a project. In the interim, we continue to manufacture poultry feed at the Twyford mill in Hampshire.

Arable

Seed and fertiliser sales were significantly impacted by weather conditions. Prolonged wet weather disrupted the autumn and spring planting seasons, preventing sowing, damaging sown crops, and delaying sales of spring-sown cereal seed, fertiliser and other inputs. We estimate that the arable season has been delayed by approximately four weeks and, as a consequence, some sales are coming through in the second half of the year. Looking ahead, we anticipate an overall smaller UK harvest, reflecting the delayed spring planting and damage to winter planting.

As expected, last year's excellent performance at GrainLink, our grain marketing business, was not repeated. Traded volume was 4% lower and margins returned to longer-term average levels.

Our recent Arable Event, held on 19 June 2024, celebrated its tenth anniversary and was well attended, with over 1,000 visitors, including farmers and exhibitors. This annual event provides an opportunity for farmers to view extensive trial plantings grown by Wynnstay, access arable specialists and gain valuation information for the upcoming harvest and drilling season. It is part of our aim to ensure our customers are well-served, and that we continue to consolidate our position as a trusted and expert supplier.

Glasson Grain Limited ("Glasson")

Glasson's principal activity is blended fertiliser production, with feed raw materials trading and specialist animal feed production somewhat smaller operations.

Further deflation in fertiliser prices put pressure on margins in the first quarter. This is a reflection of Glasson's position as a manufacturer, carrying stocks of forward-bought raw materials. Margins recovered in the second quarter, but spring season sales were significantly delayed by the wet weather. These delayed sales are coming through, and we have a strong forward order book. Fertiliser blending was at full capacity in April and May, and we expect the operation to perform in line with management expectations for the remainder of the year.

Feed raw material trading performed in line with budgets, whilst the smaller specialist animal feed production facility showed an improvement on last year, although its performance remains a focus of management attention.

SPECIALIST AGRICULTURAL MERCHANTING DIVISION

The Division operates a chain of 53 depots (2023: 53), which cater for the needs of farmers and other rural dwellers. It operates very closely with the Agricultural Division, providing a strong channel to market for Wynnstay-manufactured products.

The Division delivered resilient results in a difficult trading environment. While total revenue across the depot network was 5.4% lower at £71.5m (2023: £75.6m), most of this reduction was due to price deflation. Adjusting for this, sales were broadly flat, down by just 0.8% year-on-year, although the sales mix showed lower spending on higher-margin product categories, such as bagged feed and hardware. The division also experienced inflation-driven increases in overheads, however these were managed effectively and adjusted operating profit[1] was in line with the prior year at £3.3m (2023: £3.4m).

We continued to develop our click-and-collect service and online portal activities as part of our plans to ensure that we evolve to meet the future needs of our farming customers.

Youngs, our small specialist equine feeds operation, delivered a profitable contribution.

JOINT VENTURES

The gross share of results of joint ventures was £0.5m (2023: £0.6m). Bibby Agriculture has continued to perform well although the comparison is against a record contribution in 2023. Wyro Developments and Total Angling have performed in line with expectations.

ESG

Our ESG approach encompasses both internal and customer-related initiatives. We are very well-placed to assist our farmer customers with solutions to their environmental goals, and our stated mission is to help farmers to feed the UK in a more sustainable way.

We continue to focus on expanding our environmental product offering and keep abreast of innovation and new approaches that may be relevant for our customers. This aspect of what we do is becoming increasingly important as farmers adjust to new governmental support schemes. These are replacing direct payments, as instituted under the EU's Common Agricultural Policy. The process of transition to the new support schemes - the Environmental Land Management Scheme in England and the Sustainable Farming Scheme in Wales - is under way. However, current uncertainties around these new schemes have dampened farmer confidence and inhibited investment decisions. Our work with farmers will help to drive farm efficiencies and the new environmental priorities. For example, our team of specialist advisors can offer customers environmentally-friendly seed mixtures that include pollinators, deep-rooted herbs and wildflowers. Demand for these products has grown strongly as farmers adjust cropping rotations in order to participate in the new support schemes. We are also involved with industry initiatives to influence Government policy and champion UK farming.

A key objective for the Group is to be carbon neutral by 2040. We have a number of programmes under way to reduce carbon emissions and energy consumption. These programmes encompass the Group's vehicle fleet, biofuel use and energy requirements. The first phase of our multi-million-pound solar panel arrays project was completed last year, and I am pleased to report that we are now beginning to capture the benefits, which are in line with our expectations and contributing to the reduction in manufacturing overheads. We also started the second phase of the project in the period.

Our 'Colleagues Forum' continues to be developed as well as initiatives to support the local communities in which we operate. As ever, our staff remain highly committed to charitable causes and we are also very pleased to provide support. Fundraising proceeds are distributed to nominated charities, principally Children with Cancer and The Royal Agricultural Benevolent Institution (RABI), the leading UK farmer charity, which provides local support to the farming community in England and Wales.

OUTLOOK

The first half of the year has been challenging against weaker farmer sentiment and record-breaking wet weather months. However, we have seen good performances in April and May, which were ahead of the prior year. Fertiliser sales held back by the wet weather conditions started to come through in late spring, and there was strong demand for spring seed, after the failure of the winter sowing season, although stock availability was limited. Further weather-deferred sales are materialising and should continue to do so in the second half of the year.

We expect farmgate prices to be more favourable, particularly for milk, which will help to support demand for feed products in the second half of the financial year. We also have favourable forward positions in grain and a strong fertiliser order book, both of which will benefit the second half performance.

Wynnstay's strong balance sheet, balanced business model, and good cash generation continue to provide significant advantages in the current market, and we remain focused on delivering our strategic growth ambitions. In light of recent improvements and a more positive short-term outlook, the Board believes that the Group remains positioned to deliver a full year performance in line with current market expectations, with a more second-half weighting than in FY23.

Steve Ellwood
Executive Chairman

[1]Adjusted operating profit excludes amortisation of acquired intangibles, share based payment expenses and non-recurring items.
[2]Adjusted profit before taxation excludes amortisation of acquired intangibles, share based payment expenses, non-recurring items and the share of tax incurred by joint ventures.
[3]Net cash / (debt) excluding IFRS 16 leases.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 April 2024

CONTINUING OPERATIONS:	Note	Unaudited six months ended 30 April 2024 £'000	Unaudited six months ended 30 April 2023 £'000	Audited year ended 31 October 2023 £'000
Revenue	4	**328,490**	409,139	735,877
Cost of sales		**(288,310)**	(367,411)	(656,829)
Gross profit		**40,180**	41,728	79,048
Manufacturing, distribution and selling costs		**(30,008)**	(30,982)	(60,060)
Administrative expenses		**(5,593)**	(5,198)	(10,020)
Other operating income	5	**83**	227	371
Adjusted operating profit[1]		**4,662**	5,775	9,339
Amortisation of intangible assets and share based payment expense	3, 6	**(249)**	(269)	(468)
Non-recurring items	3, 6	**-**	(28)	(82)
Operating profit		**4,413**	5,478	8,789
Interest income		**215**	200	528
Interest expense		**(615)**	(604)	(1,286)
Share of profits in joint ventures, accounted for using the equity method	8	**518**	599	865
Adjusted profit before taxation[2]		**4,780**	5,970	9,446
Amortisation of acquired intangibles and share based payment expense	3, 6	**(249)**	(269)	(468)
Non-recurring items		**-**	(28)	(82)
Share of tax incurred by joint ventures and associates	8	**(129)**	(133)	(192)
Profit before taxation		**4,402**	5,540	8,704
Taxation	7	**(1,113)**	(1,223)	(1,776)
Profit for the period	8	**3,289**	4,317	6,928
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified subsequently to profit or loss, net of deferred tax:				
- Net change in the fair value of cashflow hedges taken to equity		**(97)**	70	49
- Recycle cashflow hedge taken to income statement		**44**	(286)	(83)
Other comprehensive income for the period		**(53)**	(216)	(34)
Total comprehensive income for the period		**3,236**	4,101	6,894
Basic earnings per 25p share	12	**14.31p**	19.28p	30.75p
Diluted earnings per 25p share	12	**13.91p**	18.88p	30.31p

[1]Adjusted operating profit excludes amortisation of acquired intangibles, share based payment expenses and non-recurring items.
[2]Adjusted profit before taxation excludes amortisation of acquired intangibles, share based payment expenses, non-recurring items and the share of tax incurred by joint ventures.

Condensed Consolidated Balance Sheet

As at 30 April 2024
Registered Number 2704051

	Note	**Unaudited six months ended 30 April 2024**	Unaudited six months ended 30 April 2023 (As restated Note 16)	Audited year ended 31 October 2023
		£'000	£'000	£'000
ASSETS				
NON-CURRENT ASSETS				
Goodwill		**15,530**	15,530	15,530
Intangibles assets		**4,836**	5,046	4,960
Investments accounted for using the equity method		**4,796**	4,566	4,407
Investment property		**1,850**	1,850	1,850
Property, plant and equipment		**24,024**	22,728	24,598
Right-of-use assets	9	**14,559**	10,015	14,129
Derivative financial instruments		**101**	-	54
		65,696	59,735	65,528
CURRENT ASSETS				
Inventories		**53,554**	59,050	55,456
Trade and other receivables		**92,178**	108,710	81,276
Loans to joint ventures		**639**	1,059	639
Cash and cash equivalents	10	**24,897**	1,381	31,055
Derivative financial instruments		**750**	-	209
		172,018	170,200	168,635
TOTAL ASSETS		**237,714**	229,935	234,163
LIABILITIES				
CURRENT LIABILITIES				
Borrowings	10	**(2,595)**	(2,975)	(2,595)
Lease liabilities	9	**(3,864)**	(3,312)	(3,762)
Trade and other payables		**(78,523)**	(76,510)	(75,694)
Current tax liabilities		**(732)**	(918)	(257)
Derivative financial instruments		**(265)**	(137)	(432)
Provisions		**-**	(108)	-
		(85,979)	(83,960)	(82,740)
NET CURRENT ASSETS		**86,039**	86,240	85,895
NON-CURRENT LIABILITIES				
Borrowings	10	**(3,794)**	(5,691)	(4,743)
Lease liabilities	9	**(9,325)**	(5,706)	(9,213)
Trade and other payables		**(9)**	(35)	(9)
Derivative financial instruments		**(5)**	-	(8)
Deferred tax liabilities		**(2,290)**	(2,109)	(2,219)
		(15,423)	(13,541)	(16,192)
TOTAL LIABILITIES		**(101,402)**	(97,501)	(98,932)
NET ASSETS		**136,312**	132,434	135,231
EQUITY				
Share capital	13	**5,769**	5,639	5,739
Share premium		**43,873**	42,431	43,482
Other reserves	15	**4,152**	3,785	4,080
Retained earnings		**82,518**	80,579	81,930
TOTAL EQUITY		**136,312**	132,434	135,231

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 April 2024

	Share capital	Share premium	Other reserves	Cashflow hedge reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 October 2022	5,585	42,130	4,130	137	78,719	130,701
Profit for the period (as restated Note 16)	-	-	-	-	4,317	4,317
Net change in the fair value of cashflow hedges taken to equity, net of tax	-	-	-	70	-	70
Recycle cashflow hedge taken to income statement	-	-	-	(286)	-	(286)
Total comprehensive income for the period (as restated Note 16)	-	-	-	(216)	4,317	4,101
Shares issued during the period	54	301	-	-	-	355
Dividends	-	-	-	-	(2,608)	(2,608)
Own shares acquired by ESOP trust	-	-	(225)	-	-	(225)
Equity settled share based payment transactions	-	-	145	-	-	145
Recycling of equity remuneration reserves	-	-	(186)	-	151	(35)
Total contributions by and distributions to the owners of the Company	54	301	(266)	-	(2,457)	(2,368)
As at 30 April 2023 (as restated Note 16)	5,639	42,431	3,864	(79)	80,579	132,434
Profit for the period	-	-	-	-	2,611	2,611
Net change in the fair value of cashflow hedges taken to equity, net of tax	-	-	-	(21)	-	(21)
Recycle cashflow hedge taken to income statement	-	-	-	203	-	203
Total comprehensive income for the period	-	-	-	182	2,611	2,793
Shares issued during the period	100	1,051	-	-	-	1,151
Dividends	-	-	-	-	(1,260)	(1,260)
Equity settled share based payment transactions	-	-	113	-	-	113
Total contributions by and distributions to the owners of the Company	100	1,051	113	-	(1,260)	4
As at 31 October 2023	**5,739**	**43,482**	**3,977**	**103**	**81,930**	**135,231**
Profit for the period	**-**	**-**	**-**	**-**	**3,289**	**3,289**
Net change in the fair value of cashflow hedges taken to equity, net of tax	**-**	**-**	**-**	**(97)**	**-**	**(97)**
Recycle cashflow hedge taken to income statement	**-**	**-**	**-**	**44**	**-**	**44**
Total comprehensive income for the period	**-**	**-**	**-**	**(53)**	**3,289**	**3,236**
Shares issued during the period	**30**	**391**	**-**	**-**	**-**	**421**
Dividends	**-**	**-**	**-**	**-**	**(2,701)**	**(2,701)**
Equity settled share based payment transactions	**-**	**-**	**125**	**-**	**-**	**125**
Total contributions by and distributions to the owners of the Company	**30**	**391**	**125**	**-**	**(2,701)**	**(2,155)**
As at 30 April 2024	**5,769**	**43,873**	**4,102**	**50**	**82,518**	**136,312**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 April 2024

	Note	**Unaudited six months ended 30 April 2024**	Unaudited six months ended 30 April 2023	Audited year ended 31 October 2023
		£'000	**£'000**	**£'000**
Cash flows from operating activities				
Cash generated from / (used in) operations	8	**658**	(16,763)	20,272
Interest received		**215**	200	528
Interest paid		**(248)**	(433)	(822)
Tax paid		**(550)**	(1,599)	(2,763)
Net cash generated from / (used in) operating activities		**75**	(18,595)	17,215
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**204**	122	256
Purchase of property, plant and equipment		**(567)**	(2,836)	(5,761)
Acquisition of subsidiary undertakings net of cash acquired		**(37)**	(2,709)	(2,709)
Decrease in short term loans to joint ventures		**-**	8	428
(Increase) in loans to the ESOP trust		**-**	(195)	(195)
Dividends received from joint ventures and associates		**-**	-	367
Net cash generated used in investing activities		**(400)**	(5,610)	(7,614)
Cash flows from financing activities				
Proceeds from the issue of ordinary share capital		**421**	320	1,471
Proceeds from new loans		**-**	-	26
Lease payments	9	**(2,654)**	(2,263)	(5,042)
Repayment of borrowings	10	**(949)**	(1,423)	(2,371)
Dividends paid to shareholders	14	**(2,701)**	(2,608)	(3,868)
Net cash used in financing activities		**(5,883)**	(5,974)	(9,784)
Net (decrease) / increase in cash and cash equivalents		**(6,208)**	(30,179)	(183)
Effects of exchange rate changes		**50**	(23)	61
Cash and cash equivalents at the beginning of the period		**31,055**	31,177	31,177
Cash and cash equivalents at the end of the period	10	**24,897**	975	31,055

Notes to the Condensed Consolidated Interim Financial Statements

GENERAL INFORMATION

Wynnstay Group Plc has a number of operations. These are described in note 4 segment analysis.

Wynnstay Group Plc is a company incorporated and domiciled in the United Kingdom. The address of its registered office is shown in note 3.

1. BASIS OF PREPARATION

The Interim Report was approved by the Board of Directors on 24 June 2024.

The condensed financial statements for the six months to the 30 April 2024 have been prepared in accordance with International Accounting Standard (IAS) 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority, except disclosure in note 3.

The financial information for the Group for the year ended 31 October 2023 set out above is an extract from the published financial statements for that year which have been delivered to the Registrar of Companies. The auditor's report on those financial statements was not qualified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. The information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information for the six months ended 30 April 2024 and for the six months ended 30 April 2023 are unaudited. The consolidated financial statements are presented in sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 October 2023, which have been prepared in accordance with UK adopted International Accounting Standards.

2. GOING CONCERN

The Directors have prepared the condensed consolidated interim financial statements on a going concern basis, having satisfied themselves from a review of internal budgets and forecasts and current banking facilities that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has a sound financial base and forecasts that show profitable trading and sufficient cash flow and resources to meet the requirements of the business, including compliance with banking covenants and on-going liquidity. In assessing their view of the likely future financial performance of the Group, the Directors consider industry outlooks from a variety of sources, and various trading scenarios. This analysis showed that the Group is well placed to manage its business risks successfully.

In conclusion, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention other than shared-based payments, which are included at fair value and certain financial instruments which are explained in the annual consolidated financial statements for the year ended 31 October 2023.

The condensed consolidated interim financial statements for the six months to 30 April 2024 have been prepared on the basis of the accounting policies expected to be adopted for the year ending 31 October 2024. These are anticipated to be consistent with those set out in the Group's latest annual financial statements for the year ended 31 October 2023. A copy of these financial statements is available from the Company's Registered Office at Eagle House, Llansantffraid, Powys, SY22 6AQ.

3. SIGNIFICANT ACCOUNTING POLICIES continued

New standards and interpretations

New and amended standards adopted in the annual financial statements for the year ended 31 October 2023 did not have any significant impact on those results and changes implemented from the 1 January 2024 are similarly not having any material impact on the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. These estimates and judgements are continually evaluated based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. At 30 April 2024 management have not identified any indicators of impairment within the Group. In the future, actual experience may differ from these estimates and assumptions, however it is believed these are not significant nor likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Alternative performance measures

The Board believe that adjusted operating profit and adjusted profit before taxation better reflect the underlying commercial trends and performance of the Group and provides investors and other users of the accounts with useful information on these trends.

Adjusted operating profit is statutory operating profit after adding back non-recurring items, amortisation of acquired intangible assets and share based payment expenses. Adjusted profit before taxation is statutory profit before taxation after adding back non-recurring items, amortisation of acquired intangible assets, share based payment expenses and the share of tax incurred by joint ventures.

Non-recurring items

Non-recurring items are items that the Board believes are material and one-off or non-operating in nature and are better disclosed separately in the income statement. Events which may give rise to non-recurring items include, but are not limited to, gains or losses on the disposal of subsidiaries/businesses, gains or losses on the disposal or revaluation of properties, gains or losses on the disposal of investments, the restructuring of the business, the integration of new businesses, acquisition related costs, changes to estimates in relation to deferred and contingent consideration for prior period business combinations and asset impairments including impairment of goodwill.

4. SEGMENTAL REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal financial information about the components of the Group that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance.

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 Agriculture, Specialist Agricultural Merchanting, and Other.

The Board considers the business from a product/service perspective. In the Board's opinion, all of the Group's operations are carried out in the same geographical segment, namely the United Kingdom.

Agriculture – manufacturing and supply of animal feeds, fertiliser, seeds and associated agricultural products.

Specialist Agricultural Merchanting – supplies a wide range of specialist products to farmers, smallholders, and pet owners.

Other – miscellaneous operations not classified as Agriculture or Specialist Agricultural Merchanting.

The Board assesses the performance of the operating segments based on a measure of operating profit. Non-recurring costs and 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. No segment is individually reliant on any one customer.

The segment results for the period ended 30 April 2024 and comparative periods are as follows:

	Agriculture	Specialist Agricultural Merchanting	Other	Total
Unaudited for the six months ended 30 April 2024	**£'000**	**£'000**	**£'000**	**£'000**
Revenue from external customers	**257,001**	**71,489**	**-**	**328,490**
Segment results:				
Adjusted operating profit	**1,340**	**3,307**	**15**	**4,662**
Amortisation of intangible assets				**(124)**
Share based payments				**(125)**
Non-recurring items				**-**
Operating profit				**4,413**
Interest income				**215**
Interest expense				**(615)**
Share of result of joint ventures				**518**
Profit before taxation				**4,531**
Taxation				**(1,242)**
Profit for the period				**3,289**

There were no revenues from transactions in the year with individual customers which amount to 10% more of Group revenues. All results are from continuing operations.

4. SEGMENTAL REPORTING continued

Unaudited for the six months ended 30 April 2023	Agriculture £'000	Specialist Agricultural Merchanting £'000	Other £'000	Total £'000
Revenue from external customers	333,569	75,570	-	409,139
Segment results:				
Adjusted operating profit	2,347	3,444	(16)	5,775
Amortisation of intangible assets				(124)
Share based payments				(145)
Non-recurring items				(28)
Operating profit				5,478
Interest income				200
Interest expense				(604)
Share of result of joint ventures (as restated Note 16)				599
Profit before taxation				5,673
Taxation				(1,356)
Profit for the period				4,317

There were no revenues from transactions in the year with individual customers which amount to 10% more of Group revenues. All results are from continuing operations.

Audited for the year ended at 31 October 2023	Agriculture £'000	Specialist Agricultural Merchanting £'000	Other £'000	Total £'000
Revenue from external customers	584,313	151,475	89	735,877
Segment results:				
Adjusted operating profit	3,052	6,176	111	9,339
Amortisation of intangible assets				(210)
Share based payments				(258)
Non-recurring items				(82)
Operating profit				8,789
Interest income				528
Interest expense				(1,286)
Share of result of joint ventures				865
Profit before taxation				8,896
Taxation				(1,968)
Profit for the period				6,928

5. OTHER OPERATING INCOME

	Unaudited six months ended 30 April 2024 £'000	Unaudited six months ended 30 April 2023 £'000	Audited year ended 31 October 2023 £'000
Rental income	**82**	226	369
Government grant income	**1**	1	2
Total other operating income	**83**	227	371

Notes to the Condensed Consolidated Interim Financial Statements

6. AMORTISATION OF ACQUIRED INTANGIBLE ASSETS, SHARE BASED PAYMENTS AND NON-RECURRING ITEMS

	Unaudited six months ended 30 April 2024	Unaudited six months ended 30 April 2023	Audited year ended 31 October 2023
	£'000	£'000	£'000
Amortisation of acquired intangibles	**124**	124	210
Share based payments expense	**125**	145	258
Total	**249**	269	468
Non-recurring items:			
Business combination expenses	**-**	28	28
Business reorganisation expenses	**-**	-	54
Total	**-**	28	82

7. TAXATION

The tax charge for the six months periods ended 30 April 2024 and 30 April 2023 are based on the apportionment of the estimated tax charge for the respective full years.

The effective tax rate is 25.3% (6 months ended 30 April 2023: 22.1%), which is higher than the prior year following the Government's decision to raise the standard rate of Corporation Tax to 25.0% with effect from April 2023 (financial year rate 2023: 22.5%).

8. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	**Unaudited six months ended 30 April 2024**	Unaudited six months ended 30 April 2023 (as restated Note 16)	Audited year ended 31 October 2023
		£'000	£'000	£'000
Profit for the period		**3,289**	4,317	6,928
Adjustments for:				
Taxation		**1,113**	1,223	1,776
Depreciation of tangible fixed assets		**1,111**	1,163	2,312
Depreciation of right of use assets		**2,029**	2,024	4,189
Amortisation of intangible assets	6	**124**	124	210
(Profit) on disposal of tangible fixed assets		**(134)**	(31)	(121)
Loss on disposal of right of use assets		**-**	-	2
Derivative hedge at fair value through profit and loss		**(854)**	434	809
Hedge ineffectiveness		**25**	(118)	(50)
Government grants	5	**(1)**	(1)	(2)
Movement in provisions		**-**	(237)	(345)
Interest on right of use assets		**367**	171	464
Net interest expense		**33**	233	294
Share of result of post-tax results of joint ventures		**(389)**	(466)	(673)
Share based payments	6	**125**	145	258
ESOP trust revaluation		**-**	(31)	(31)
Changes in assets and liabilities:				
Decrease in inventories		**1,902**	12,998	16,592
(Increase) / decrease in trade and other receivables		**(10,902)**	(11,074)	16,360
Increase / (decrease) in trade and other payables		**2,820**	(27,637)	(28,700)
Cash generated from / (used in) operations		**658**	**(16,763)**	**20,272**

During the six months to 30 April 2024, the Group entered new land and building leases creating right-of-use assets of £519,000 (2023: £2,417,000), and purchased property, plant and equipment of £2,561,000 (2023: £3,776,000) of which £1,995,000 relates to right-of-use assets (2023: £940,000).

Notes to the Condensed Consolidated Interim Financial Statements

9. LEASES

The following tables shows the movement in right-of-use assets and lease liabilities, along with the aging of the lease liabilities.

Right-of-use assets	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Total £'000
As at 31 October 2022	3,919	4,283	8,202
Additions	2,417	940	3,357
Additions – Business combination	307	217	524
Disposals	-	(12)	(12)
Reclassification	54	(86)	(32)
Depreciation	(1,175)	(849)	(2,024)
As at 30 April 2023	5,522	4,493	10,015
Additions	3,745	2,674	6,419
Disposals	-	(6)	(6)
Reclassification	-	(134)	(134)
Depreciation	(1,202)	(963)	(2,165)
As at 31 October 2023	**8,065**	**6,064**	**14,129**
Additions	**519**	**1,995**	**2,514**
Disposals	**-**	**(13)**	**(13)**
Reclassification	**-**	**(42)**	**(42)**
Depreciation	**(999)**	**(1,030)**	**(2,029)**
As at 30 April 2024	**7,585**	**6,974**	**14,559**

Lease liabilities	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Total £'000
As at 31 October 2022	4,052	3,291	7,343
Additions	2,417	940	3,357
Additions – Business combination	307	147	454
Disposals	-	(44)	(44)
Interest expense	92	79	171
Lease payment	(1,245)	(1,018)	(2,263)
As at 30 April 2023	5,623	3,395	9,018
Additions	3,745	2,674	6,419
Disposals	-	23	23
Interest expense	156	137	293
Lease payment	(1,256)	(1,522)	(2,778)
As at 31 October 2023	**8,268**	**4,707**	**12,975**
Additions	**519**	**1,995**	**2,514**
Disposals	**-**	**(13)**	**(13)**
Interest expense	**161**	**206**	**367**
Lease payment	**(1,100)**	**(1,554)**	**(2,654)**
As at 30 April 2024	**7,848**	**5,341**	**13,189**

Lease liability ageing	Within 1 year £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	Total £'000
As at 30 April 2024					
Lease liability	**3,864**	**3,166**	**3,993**	**2,166**	**13,189**
As at 30 April 2023					
Lease liability	3,312	2,997	1,652	1,057	9,018

10. NET CASH

	Unaudited six months ended 30 April 2024 £'000	Unaudited six months ended 30 April 2023 £'000	Audited year ended 31 October 2023 £'000
Cash and cash equivalents per balance sheet	**24,897**	1,381	31,055
Bank overdrafts repayable on demand	**-**	(406)	-
Cash and cash equivalents per cash flow	**24,897**	975	31,055
Bank loans due within one year or on demand	**(1,897)**	(1,897)	(1,897)
Loan stock (unsecured)	**(698)**	(672)	(698)
Net cash / (debt) due within one year	**22,302**	(1,594)	28,460
Bank loans due after one year	**(3,794)**	(5,691)	(4,743)
Total net cash / (debt) excluding leases	**18,508**	(7,285)	23,717

11. FINANCIAL INSTRUMENTS

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Financial Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group's principle financial instruments (other than derivatives) compromise loans, cash and short -term deposits; the main purpose of these instruments is to raise finance for the Group's operations; and additionally include trade and other receivables, trade and other payables and lease liabilities.

The Group also enters derivative transactions, principally foreign exchange contracts and wheat futures to manage commodity price and currency risks arising from the Group's operations.

The Group's policy does not permit use of derivatives for speculative purposes. However, some derivatives do not qualify for hedge accounting, or are specifically not designated as a hedge where gains and losses on the hedging instrument and the hedged item naturally offset in the Group's income statement. Treasury operates on a centralised basis, where Derivatives are only used for economic hedging purposes and not as speculative investments and are classified as 'held for trading', other than designated and effective hedging instruments and are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period, otherwise they are classified as non-current.

The principal financial instruments used by the Group, from which risk arises, are as follows:

- Cash and cash equivalents
- Trade receivables
- Trade and other payables
- Borrowings
- Forward currency contracts
- Wheat futures contracts

The following financial instruments have been recognised in the Group's respective financial statements:

	Unaudited six months ended 30 April 2024 £'000	Unaudited six months ended 30 April 2023 £'000	Audited year ended 31 October 2023 £'000
Cash and cash equivalents per balance sheet (note 10)	**24,897**	1,381	31,055
Trade receivables, net of loss allowance	**87,643**	106,854	78,241
Loan to joint venture	**639**	1,059	639
Derivative financial instruments	**851**	-	263
Financial assets	**114,030**	109,294	110,198
Bank loans and other borrowings (note 10)	**6,389**	8,666	7,338
Lease liabilities (note 9)	**13,189**	9,018	12,975
Trade and other payables	**77,681**	76,205	74,389
Deferred and contingent consideration	**67**	199	199
Derivative financial instruments	**270**	137	440
Financial liabilities	**97,596**	94,225	95,341

11. FINANCIAL INSTRUMENTS continued

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, loans and borrowings, and lease liabilities. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

IFRS 13 requires financial instruments that are measured at fair value to be classified according to the valuation technique used:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs, other than level 1 inputs, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices)
- Level 3 - unobservable inputs

All derivative financial assets and liabilities are classified as Level 1 instruments as they are quoted market prices. Contingent consideration is measured at fair value using Level 3 inputs such as entity projections of future probability.

	Fair value			Amortised cost		
	30 April 2024	30 April 2023	31 October 2023	**30 April 2024**	30 April 2023	31 October 2023
	£'000	£'000	£'000	**£'000**	£'000	£'000
Trade receivables, net of loss allowance	**-**	-	-	**87,643**	106,854	78,241
Loan to joint venture	**-**	-	-	**639**	1,059	639
Derivative financial instruments (level 1)	**851**	-	263	**-**	-	-
Financial Assets	**851**	-	263	**88,282**	107,913	78,880
Bank loans and other borrowings	**-**	-	-	**6,389**	8,666	7,338
Lease liabilities	**-**	-	-	**13,189**	9,018	12,975
Trade and other payables	**-**	-	-	**77,681**	76,205	74,389
Deferred and contingent consideration	**67**	199	199	**-**	-	-
Derivative financial instruments (level 1)	**270**	137	440	**-**	-	-
Financial Liabilities	**337**	336	639	**97,259**	93,889	94,702

The Group is exposed through its operation to the following financial risks:

- Credit risk;
- Foreign exchange risk;
- Commodity market price risk;
- Interest rate risk;
- Liquidity risk; and
- Capital management risk.

The policies and processes for managing each of these risks are summarised in the Group's annual report for the year ended 31 October 2023 and are available on the Company's website.

12. EARNINGS PER SHARE

Basic earnings per 25p ordinary share have been calculated by dividing profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. For diluted earnings per share the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares (share options and warrants) taking into account their exercise price in comparison with the actual average share price during the year.

	Unaudited six months ended 30 April 2024 £'000	Unaudited six months ended 30 April 2023 (as restated Note 16) £'000
Basic:		
Weighted average number of shares in issue	**22,979,700**	22,388,625
Earnings per share	**14.31p**	19.28p
Diluted:		
Weighted average number of shares in issue	**23,646,262**	22,869,576
Earnings per share	**13.91p**	18.88p

13. SHARE CAPITAL

	Number of shares '000	**Total £'000**
As at 31 October 2022	22,340	5,585
Issue of shares	215	54
As at 30 April 2023	22,555	5,639
Issue of shares	400	100
As at 31 October 2023	**22,955**	**5,739**
Issue of shares	**122**	**30**
As at 30 April 2024	**23,077**	**5,769**

The shares issued in the period related to 31,417 in relation to Performance Share Plan options (2023: 141,766) and 90,837 (2023: 72,372) shares allotted to shareholders exercising their rights to receive dividends under the Company's scrip dividend scheme. No other shares were allocated during the current or prior period.

As at 30 April 2024 a total of 23,077,417 shares are in issue (2023: 22,554,586).

14. DIVIDENDS

During the period ended 30 April 2024 an amount of £2,701,000 (2023: £2,608,000) was charged to reserves in respect of equity dividends paid. An interim dividend of 5.6p per share (2023: 5.5p) will be paid on 31 October 2024 to shareholders on the register on the 27 September 2024. New elections to receive Scrip Dividends should be made in writing to the Company's Registrars before 17 October 2024.

15. OTHER RESERVES

Included in Other reserves are share based payments; as the Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of the 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. The cashflow hedge reserve, which represents the IFRS9 fair values realised through other comprehensive income.

The Group operates a number of share option and 'Save As You Earn' schemes and fair value is measured by use of a recognised valuation 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.

At the 30 April 2024 the ESOP Trust, which is consolidated within the Group financial statements, held 82,000 (2023: 127,000) Ordinary Shares in the Group.

Notes to the Condensed Consolidated Interim Financial Statements

16. RESTATEMENT OF PRIOR PERIODS

There is no impact on the audited full year financial statements for the years ending 31 October 2023.

To ensure consistency with year-end accounting policies and stated results, the Directors have made certain limited restatements to previously reported interim results for the period to 30 April 2023. These are summarised as follows:

- Item 1: The Group's gross share of the results of its joint ventures and associates for the six month period to 30 April 2023 of £599,000 have been included in the consolidated income statement, as have the Group's proportion of joint venture related tax of £133,000. Inclusion is in line with the Group's accounting policy and better reflects the net profit earned in the interim period;
- Item 2: Certain haulage costs of £1,783,000 incurred in the six month period to 30 April 2023 are now allocated to distribution costs. Previously, these were reported as cost of sales. This restatement makes their classification consistent with the audited results of the year ended 31 October 2023.

The impact on the condensed consolidated statement of comprehensive income for the period ended 30 April 2023 is summarised as follows:

	Unaudited six months ended 30 April 2023 (as reported)	Item 1	Item 2	Unaudited six months ended 30 April 2023 (as restated)
	£'000	£'000	£'000	£'000
Revenue	409,139	-	-	409,139
Cost of sales	(369,194)	-	1,783	(367,411)
Gross profit	39,945	-	1,783	41,728
Manufacturing distribution and selling costs	(29,199)	-	(1,783)	(30,982)
Operating profit	5,478	-	-	5,478
Share of profits in joint ventures	-	599	-	599
Share of tax incurred by joint ventures	-	(133)	-	(133)
Profit before taxation	5,074	466	-	5,540
Profit for the period	3,851	466	-	4,317
Total comprehensive income for the period	3,635	466	-	4,101
Basic Earnings per 25p share	17.20p	2.08p	-	19.28p
Diluted Earnings per 25p share	16.84p	2.04p	-	18.88p
Effective tax rate	24.1%	(2.0%)	-	22.1%

The impact on the condensed consolidated balance sheet at 30 April 2023 is as follows:

	Unaudited six months ended 30 April 2023 (as reported)	Item 1	Item 2	Unaudited six months ended 30 April 2023 (as restated)
	£'000	£'000	£'000	£'000
Investments accounted for using the equity method	4,100	466	-	4,566
Non-current assets	59,269	466	-	59,735
Total assets	229,469	466	-	229,935
Net assets	131,968	466	-	132,434
Retained earnings	80,113	466	-	80,579
Total equity	131,968	466	-	132,434

There is no impact on the condensed consolidated cash flow statement for the period ended 30 April 2023.

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