WYNNSTAY

INTERIM REPORT

AND ACCOUNTS 2021

Financial Calendar

Wednesday, 30 June 2021	Anouncement of Half Year Results
Friday, 1 October 2021	Interim Dividend Record Date
Friday, 29 October 2021	Payment of Interim Dividend
Sunday, 31 October 2021	Financial Year End
January 2022	Announcement of Full Year Results
March 2022	Dividend Record Date
March 2022	Annual General Meeting
Friday, 29 April 2022	Payment of Final Dividend

Chairman's Statement

INTRODUCTION

This is my first interim result statement since becoming Chairman in March 2021, and I am delighted to report record interim pre-tax profit. The Group generated underlying pre-tax profit of £5.53m[1] (2020: £4.51m), a 23% increase year-on-year, on revenues of £249.71m (2020: £229.29m), up 9%. Reported pre-tax profit increased 25% to £5.36m (2020: £4.30m).

Three factors helped to deliver this excellent result, improved farmgate prices, the EU settlement, and the UK Agricultural Bill, all of which have played a major part in removing uncertainty and improving farmer sentiment.

These results also demonstrate the resilient nature of our balanced business model and the benefits of recent growth and efficiency initiatives. The breadth of the Group's activities, supplying products into both livestock and arable farming enterprises, and the natural hedging this establishes provides significant advantages. In addition, over the last 12 months, we have been focusing on increasing our exposure to those activities where demand is typically more consistent year-on-year.

The health, safety and welfare of our colleagues, customers and communities remained priorities in the face of the ongoing coronavirus crisis. It is greatly encouraging that, in recent months, there has been some easing of government-imposed restrictions and I am extremely grateful to every member of our team for their efforts to ensure the continuity of our business. It has meant that our farmer customers have continued to be fully serviced throughout this still difficult period.

We made two strategic bolt-on acquisitions in the period in line with our growth strategy. They have expanded our footprint in the eastern side of the UK, and were of the agricultural division of the Armstrong Richardson Group, which supplies inputs to farmers in the North East of England, and the fertiliser manufacturing business and assets of HELM Great Britain Limited, which serves South Yorkshire and the surrounding area. Both bring new customers to the Group and staff with significant experience and local knowledge. I am pleased to welcome the teams, and to report that both acquisitions are integrating well.

In March 2021, we appointed Paul Jackson as Commercial Sales and Marketing Director, which marked the completion of the new management structure put in place at the end of the last financial year. Paul will take up his position on 5 July 2021, and this new structure allows for enhanced Group effectiveness, and supports our future growth and investment plans for the business.

As we emerge from a period of a significant level of general economic uncertainty, we are confident that Wynnstay is well positioned in a sector that is emerging from a prolonged period of inertia created by Brexit uncertainties. We expect to make good progress with our investment plans and growth initiatives in the second half of the financial year.

[1] Note 20. Explanation of Non GAAP measure

FINANCIAL RESULTS

Revenue for the six months to 30 April 2021 increased by 8.9% on the same period last year to £249.71m (2020: £229.29m). We estimate that commodity price inflation accounted for nearly 65% (c. £13.3m) of the overall increase, with the combined contribution from the two acquisitions completed in February and March contributing £5.5m. The contribution to Group revenue from the Agriculture Division increased by 8.6% to £180.72m (2020: £166.41m) and from the Specialist Agricultural Merchanting Division by 9.6% to £68.88m (2020: £62.83m). Other activity contributed revenue of £0.11m (2020: £0.05m).

Adjusted operating profit rose by 19% to £5.68m (2020: £4.78m before non-recurring costs, share-based payments and intangible amortisation). The Agricultural Division contributed operating profit of £2.20m (2020: £1.81m), up by 22% on last year, with this result reflecting improved manufactured feed volumes and incomes but lower contributions from the arable product categories following the exceptionally poor harvest last year. The Specialist Agricultural Merchanting division contributed operating profit of £3.40m (2020: £3.02m), up by 13%, reflecting a continuation of the improving trading conditions evident from the end of the previous financial year. Other activities incurred an operating loss of £0.12m (2020: loss of £0.09m). In line with prior years, the contribution from our Joint Ventures will be consolidated in the second half of our full year results.

There have been no non-recurring costs charged in the period (2019: £0.18m)[2], and net finance costs including IFRS 16 charges were £0.11m (2020: £0.26m), with this reflecting the improved average cash position. Share-based payment expenses for the period increased to £0.16m (2020: £0.03m), as a result of the launch of a successful all employee Save As You Earn option scheme in the second half of last year.

Reported profit before tax was higher at £5.36m (2020: £4.30m). While the effective tax rate for the period at 19.1% (2020:19.0%) was slightly higher, resulting in a charge of £1.03m (2020: £0.82m), it is lower than the 2020 full year effective tax rate of 20.7% as a result of the Government's 130% Super-deduction capital allowance on qualifying investment. Profit after tax increased by 25% to £4.34m (2020: £3.48m) and basic earnings per share increased by 24% to 21.62p (2020: 17.50p).

Net assets now exceed £100m, and at 30 April 2021 stood 4% higher year-on-year at £101.05m (2020: £96.84m). This equates to £5.04 per share (2020: £4.87 per share), based on the weighted average number of shares in issue during the period at 20.06m (2019: 19.90m).

Net cash on a pre IFRS 16 basis (excluding leases) increased significantly to £4.01m (2020: £1.28m), despite the commodity inflation experienced and the Group's cash requirements peaking during the spring months, particularly in April. Total lease liabilities amounted to £8.86m (2020: £10.24m). Strong cash generation from trading and tight working capital control remain priorities, and continue to provide a secure underpinning to the Group's growth plans.

DIVIDEND

The Board is pleased to declare an increased interim dividend of 5.00p per share (2020: 4.60p), up by 8.7% on the equivalent payment last year. The increased payment reflects the Directors continuing confidence in prospects for the business and the strong results.

The interim dividend will be paid on 29 October 2021 to shareholders on the register at the close of business on 1 October 2021. As in previous years, the Scrip Dividend alternative will continue to be available, with the last day for election for this scheme being 15 October 2021.

[2] Note 7

WYNNSTAY

REVIEW OF OPERATIONS

AGRICULTURE DIVISION

The improving sector sentiment experienced towards the end of the last financial year continued into the new year. It was supported by continuing strong farmgate prices for most commodities and the removal of some of the political uncertainty with the completion of the Brexit negotiations and clarity evolving over the details of the future support provisions contained in the new Agriculture Act.

FEED PRODUCTS

Manufactured feed volumes recovered strongly, up by 8.5% over the equivalent period last year, helped by the improvement in background trading conditions and a more normalised winter weather pattern. We continued to make progress in the free-range egg feed market and have further increased customer numbers and tonnage sold.

Rising commodity prices remain a challenge and careful raw materials management is required across our manufacturing and trading operations where margins are likely to come under pressure as prices continue to rise. Efficiencies in production are therefore essential. Our substantial three year investment programme currently under way at our Carmarthen mill will generate significant benefits, materially increasing our manufacturing capacity and improving manufacturing throughput.

ARABLE PRODUCTS

The weaker performance from our arable operations was expected, with the anticipated consequences of the poor harvest of 2020 and the carry-over of autumn seed from 2019, coming through in the period.

Grainlink, our grain marketing business, experienced a like-for-like 26% reduction in volumes available to trade. This was in line with the latest estimates of the overall reduction in UK wheat and barley production in 2020. However, margins improved and the positive contribution from the acquisition of the agricultural division of the Armstrong Richardson Group in February minimised the financial impact of the contraction in volumes.

Autumn seed plantings by farmers were significantly higher than the previous year, when many were unable to sow winter cereal seed due to the prolonged heavy rain. This bodes well for the forthcoming harvest where a return to more normal volumes is expected. Reflecting the good autumn planting season, spring cereal seed sales were lower.

Grass seed sales have been delayed following the dry April period and then excessive rain in May, but our strong market presence in this sector will enable us to capitalise once demand picks up in the later summer period. Demand for fertiliser was more subdued, reflecting a combination of higher prices and the adverse spring conditions restricting grass growth.

GLASSON GRAIN

Glasson Grain operates in three main areas, feed raw materials, fertiliser production and the manufacture of specialist animal feed products. The business performed strongly overall. Both the feed raw material and fertiliser activities delivered increased volumes. Specialist animal feed volumes experienced a reduction in tonnage as certain categories such as game bird and equine continued to be impacted by coronavirus-related restrictions. The fertiliser business was enlarged with the purchase in March 2021 of the HELM Great Britain Limited processing plant in South Yorkshire. The acquisition has exceeded its forecast contribution in the first two months of operation and has added new customers to the Group, which should benefit other areas of the Group.

SPECIALIST AGRICULTURAL MERCHANTING DIVISION

SPECIALIST AGRICULTURAL MERCHANTING AND YOUNGS ANIMAL FEEDS

The Group's chain of 54 depots cater for the needs of farmers and other rural dwellers and operates very closely with our Agricultural Division, providing a strong channel to market for our products.

Total sales increased 10% in the period although sales in the prior year were affected by the initial introduction of coronavirus-related trading protocols. Strong demand for our manufactured bagged feed in the depots was one of the main drivers of increased revenue and contribution in the period, together with hardware sales as farmers returned to investing in their businesses as confidence improved.

During the period, we initiated a major customer research project, which reviewed depot customer trading preferences and current habits. This was a major exercise and we were encouraged by the results, which underlined the valuable role Wynnstay plays within our rural communities. We will be using the results of our research to refine the decisions we make, including future investment in our channels to market and the ongoing roll-out of our digital trading portal.

Our specialist equine feeds business increased its operating contribution to Group results following the consolidation of its activities into three locations at the end of the last financial year. The re-launch of the Company's manufactured own fibre feed range under the 'Sweet Meadow' brand has also boosted volumes and contributed to the improved performance.

JOINT VENTURES

Results from the Group's joint ventures are not included in this half year report, and in accordance with established accounting policies will be consolidated into Wynnstay's full year results.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

In February 2021, we created a new management position with specific responsibility for leading the ongoing development and implementation of the Group's ESG strategy. We were pleased to appoint Lewis Davies to the position, and he is working with the senior management team to ensure our policies and objectives are effectively embedded across all areas of the Group's operations. He is also working with the Company's peers to promote increased sustainability throughout UK agriculture, including as a member of the sustainability committee of the agrisupply industry's leading trade association, the Agricultural Industries Confederation (AIC).

A key pillar in the Group's growth strategy is supporting customers with the advice, products, and services that are necessary to adapt to the new environmental and efficiency priorities set in the UK Agriculture Act. Our own focus on sustainability will strengthen our ability to support customers' environmental aims.

The Wynnstay Board is committed to the highest standards of appropriate corporate and commercial governance to support the delivery of long term shareholder value and produce positive outcomes for other stakeholder groups including colleagues, customers and suppliers.

BOARD CHANGES

Jim McCarthy stepped down as Chairman in March 2021 ahead of his forthcoming retirement from the Board in July. On behalf of everyone at Wynnstay, I would like to thank him for his tremendous service to the Group over 10 years, the last eight as Chairman. His insights and counsel have contributed significantly to Wynnstay's development, and we wish him well for the future.

In June 2021, we were very pleased to announce the appointment of Catherine Bradshaw as an independent Non-executive Director, which takes effect on 1 July 2021. A qualified chartered accountant, Catherine has over 20 years' experience in financial and general management roles, primarily in the food industry. She is Group Financial Controller of Greencore Group plc, a leading manufacturer of convenience food in the UK, having joined the FTSE 250 listed business in 2015. Prior to this, she worked in senior financial positions at Wm Morrison Supermarkets plc, the supermarket group, and Northern Foods plc, the food manufacturer. On appointment, Catherine will also assume the role of Chairman of the Audit and Risk Committee. We welcome Catherine to the Board and look forward to working with her.

OUTLOOK

Sentiment in the UK agricultural sector has greatly improved and trading conditions are very encouraging. Farmgate prices remain strong, immediate Brexit concerns appear behind us, although the potential for some trade disruptions still exist, and the coronavirus crisis has been considerably ameliorated with the onset of vaccination programmes. The Environmental Land Management Schemes ("ELMS"), published in March by the UK Government, has provided a framework for our farmer customers to properly plan for their businesses well into the medium term. We therefore anticipate sustainable incomes for most farmers in the near term, and that on-farm investment will be boosted.

Looking at growth prospects for the Group, we are confident that the business is well-positioned to make progress in this market-place. Our results for the period have once again demonstrated the advantages of our balanced business model, which provides a hedge that helps to smooth sector variations. Our strong balance sheet and cash flows also provide a robust platform to support our growth plans, and we will be continuing with our investment programmes to increase manufacturing capacity and improve efficiencies. We will also actively review appropriate acquisition opportunities in line with our growth strategy.

With the UK harvest on track to return to more normal yields and tonnage and trading conditions strong, we view prospects for the second half of the financial year very positively.

Steve Ellwood
Chairman

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Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 April 2021

	Note	**Unaudited six months ended 30 April 2021 £000**	Unaudited six months ended 30 April 2020 £000	Audited year ended 31 October 2020 £000
Revenue		**249,709**	229,288	431,398
Cost of sales		**(216,413)**	(197,781)	(370,630)
Gross profit		**33,296**	31,507	60,768
Manufacturing, distribution and selling costs		**(24,202)**	(23,333)	(46,033)
Administrative expenses		**(3,604)**	(3,561)	(6,945)
Other operating income	5	**185**	168	351
Adjusted operating profit[3]	6	**5,675**	4,781	8,141
Amortisation of acquired intangible assets and share-based payment expense	7	**(197)**	(44)	(132)
Non-recurring items	7	**-**	(185)	(1,194)
Group operating profit		**5,478**	4,552	6,815
Interest income		**51**	55	164
Interest expense		**(165)**	(310)	(436)
Share of profits in joint ventures accounted for using the equity method	2	**-**	-	538
Share of tax incurred by joint venture		**-**	-	(100)
Profit before taxation		**5,364**	4,297	6,981
Taxation	8	**(1,027)**	(817)	(1,448)
Profit for the period and other comprehensive income attributable to the equity holders		**4,337**	3,480	5,533
Basic earnings per ordinary share (pence)		**21.62**	17.50	27.73
Diluted earnings per ordinary share (pence)		**21.30**	17.43	27.57

[3] Adjusted operating profit is after adding back amortisation of acquired intangible assets, share-based payment expense and non-recurring items.

Condensed Consolidated Balance Sheet

For the six months ended 30 April 2021

Registered Number 2704051

	Note	**Unaudited six months ended 30 April 2021**	Unaudited six months ended 30 April 2020	Audited year ended 31 October 2020
		£000	£000	£000
ASSETS				
NON-CURRENT ASSETS				
Goodwill		**14,417**	14,968	14,367
Investment property		**2,372**	2,372	2,372
Property, plant and equipment		**17,654**	17,964	17,545
Right-of-use asset	10	**10,153**	11,264	11,240
Investments accounted for using the equity method		**3,613**	3,175	3,611
Intangibles		**327**	243	225
		48,536	49,986	49,360
CURRENT ASSETS				
Inventories		**44,221**	42,002	34,190
Trade and other receivables		**75,407**	75,501	55,850
Financial assets - loans to joint ventures		**3,865**	4,929	3,889
Cash and cash equivalents	11	**4,991**	3,452	19,980
		128,484	125,884	113,909
TOTAL ASSETS		**177,020**	175,870	163,269
LIABILITIES				
CURRENT LIABILITIES				
Financial liabilities - borrowings		**(979)**	(1,860)	(1,572)
Lease liabilities		**(3,173)**	(3,539)	(3,483)
Trade and other payables		**(64,551)**	(65,202)	(52,326)
Current tax liabilities		**(1,019)**	(991)	(784)
		(69,722)	(71,592)	(58,165)
NET CURRENT ASSETS		**58,762**	54,292	55,744
NON-CURRENT LIABILITIES				
Financial liabilities – borrowings		**-**	(313)	-
Lease liabilities		**(5,687)**	(6,701)	(6,509)
Trade and other payables		**(87)**	(199)	(141)
Deferred tax liabilities		**(474)**	(228)	(276)
		(6,248)	(7,441)	(6,926)
TOTAL LIABILITIES		**(75,970)**	(79,033)	(65,091)
NET ASSETS		**101,050**	96,837	98,178
EQUITY				
Share capital	14	**5,034**	5,002	5,013
Share premium		**30,998**	30,509	30,637
Other reserves		**3,686**	3,455	3,525
Retained earnings		**61,332**	57,871	59,003
TOTAL EQUITY		**101,050**	96,837	98,178

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 April 2021

	Share Capital £000	Share Premium £000	Other Reserves £000	Retained Earnings £000	Total Equity £000
Balance at 1 November 2019	4,974	30,284	3,429	56,261	94,948
Profit for the period	-	-	-	3,480	3,480
Total comprehensive income for the period	-	-	-	3,480	3,480
Transactions with owners:					
Shares issued during the period	28	225	-	-	253
Dividends	-	-	-	(1,870)	(1,870)
Equity settled share-based payment transactions	-	-	26	-	26
	28	225	26	(1,870)	(1,591)
At 30 April 2020	5,002	30,509	3,455	57,871	96,837
Profit for the period	-	-	-	2,053	2,053
Total comprehensive income for the period	-	-	-	2,053	2,053
Transactions with owners:					
Shares issued during the period	11	128	-	-	139
Dividends	-	-	-	(921)	(921)
Equity settled share-based payment transactions	-	-	70	-	70
	11	128	70	(921)	(712)
At 31 October 2020	5,013	30,637	3,525	59,003	98,178
Profit for the period	**-**	**-**	**-**	**4,337**	**4,337**
Total comprehensive income for the period	**-**	**-**	**-**	**4,337**	**4,337**
Transactions with owners:					
Shares issued during the period	**21**	**361**	**-**	**-**	**382**
Dividends	**-**	**-**	**-**	**(2,008)**	**(2,008)**
Equity settled share-based payment transactions	**-**	**-**	**161**	**-**	**161**
	21	**361**	**161**	**(2,008)**	**(1,465)**
At 30 April 2021	**5,034**	**30,998**	**3,686**	**61,332**	**101,050**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 April 2021

	Note	**Unaudited six months ended 30 April 2021**	Unaudited six months ended 30 April 2020	Audited year ended 31 October 2020
		£000	£000	£000
Cash flow from operating activities				
Cash (used in)/generated from operations	9	**(7,327)**	(1,062)	20,372
Interest received		**51**	55	164
Interest paid		**(165)**	(310)	(436)
Tax paid		**(594)**	(720)	(1,510)
Net cash (used in)/generated from operating activities		**(8,035)**	(2,037)	18,590
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)		**(1,844)**	(68)	(125)
Proceeds on sale of property, plant and equipment		**95**	6	194
Purchase of property, plant and equipment		**(1,009)**	(505)	(1,058)
Dividends received from Associates		**-**	-	2
Net cash used by investing activities		**(2,758)**	(567)	(987)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital		**382**	253	392
Lease payments		**(1,977)**	(2,066)	(4,362)
Repayments of loans		**(593)**	(869)	(1,470)
Dividends paid to shareholders		**(2,008)**	(1,870)	(2,791)
Net cash used in financing activities		**(4,196)**	(4,552)	(8,231)
Net decrease in cash and cash equivalents		**(14,989)**	(7,156)	9,372
Cash and cash equivalents at beginning of period		**19,980**	10,608	10,608
Cash and cash equivalents at end of period	11	**4,991**	3,452	19,980

Notes to the Condensed Consolidated Interim Financial Statements

GENERAL INFORMATION

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

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 29 June 2021.

The condensed financial statements for the six months to the 30 April 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting except as disclosed in note 2.

The financial information for the Group for the year ended 31 October 2020 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 2021 and for the six months ended 30 April 2020 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 2020, which have been prepared in accordance with IFRS as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 impact of the coronavirus crisis is discussed under 'Critical accounting estimates and judgements'.

2. CONSOLIDATION OF SHARE OF RESULTS IN JOINT VENTURES

The Group has a policy of using audited accounts for the consolidation of its share of the results of Joint Venture activities. No such consolidation has occurred during the six months to 30 April 2021. Although this is not in accordance with IFRS the impact on the financial statements is not material. Relevant results will be accounted for during the second half of the financial year.

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 2020.

The condensed consolidated interim financial statements for the six months to 30 April 2021 have been prepared on the basis of the accounting policies expected to be adopted for the year ending 31 October 2021 except for those highlighted in Note 2. These are anticipated to be consistent with those set out in the Group's latest annual financial statements for the year ended 31 October 2020. 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

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact 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. 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. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities with the next financial year are unchanged from those disclosed in the financial statements for the year ended 31 October 2020 except in relation to the outbreak of the coronavirus crisis.

As reported in the financial statements for the year ended 31 October 2020, the Group has traded resiliently through the Coronavirus pandemic operating under modified procedures to ensure the welfare and safety of colleagues, customers and the communities the business operates in. No significant impact on the financial statements of the Group have occurred as a result of the ongoing situation.

Consideration has been given to the assets and liabilities as at 30 April 2021 and an evaluation has been made that there are no coronavirus connected impairments to record at the time of authorising these financial statements. The situation continues to evolve and as more information becomes available it is possible that in the future actual experience may differ and hence these matters are key judgement for these financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

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 2021 and comparative periods are as follows:

	Agriculture	Specialist Agricultural Merchanting	Other	Total
Unaudited for the six months ended 30 April 2021:	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**180,716**	**68,884**	**109**	**249,709**
Segment results				
Group operating profit before non-recurring items	**2,197**	**3,398**	**(117)**	**5,478**
Share of result of joint ventures	**-**	**-**	**-**	**-**
	2,197	**3,398**	**(117)**	**5,478**
Non-recurring items (note 7)				**-**
Interest income				**51**
Interest expense				**(165)**
Profit before taxation				**5,364**
Taxation				**(1,027)**
Profit for the period attributable to shareholders				**4,337**

4. SEGMENTAL REPORTING continued

Unaudited for the six months ended 30 April 2020:	Agriculture £000	Specialist Agricultural Merchanting £000	Other £000	Total £000
Revenue from external customers	166,409	62,834	45	229,288
Segment results				
Group operating profit before non-recurring items	1,811	3,017	(91)	4,737
Share of result of joint ventures	-	-	-	-
	1,811	3,017	(91)	4,737
Non-recurring items (note 7)				(185)
Interest income				55
Interest expense				(310)
Profit before taxation				4,297
Taxation				(817)
Profit for the period attributable to shareholders				3,480

Audited for the year ended at 31 October 2020:	Agriculture £000	Specialist Agricultural Merchanting £000	Other £000	Total £000
Revenue from external customers	302,580	128,807	11	431,398
Segment results				
Group operating profit before non-recurring items	2,411	5,728	(130)	8,009
Share of result of joint ventures	471	53	14	538
	2,882	5,781	(116)	8,547
Non-recurring items (note 7)				(1,194)
Interest income				164
Interest expense				(436)
Profit before taxation				7,081
Taxation				(1,548)
Profit for the period attributable to shareholders				5,533

5. OTHER OPERATING INCOME

	Unaudited six months ended 30 April 2021 £000	Unaudited six months ended 30 April 2020 £000	Audited year ended 31 October 2020 £000
Rental Income	**185**	168	351

Notes to the Condensed Consolidated Interim Financial Statements

6. ALTERNATIVE PERFORMANCE MEASURES

On the Board's preferred alternative performance measures referred to as Adjusted operating profit and Underlying pre-tax profits which are respectively, Group operating profit adding back amortisation of acquired intangible assets, share-based payment expense and non-recurring items, and the Group profit before tax adding back share-based payment expense, non-recurring items and including the value of the share of tax incurred by joint ventures. On these measures the Group achieved Adjusted operating profit of £5.68m (2020: £4.78m) and Underlying pre-tax profits of £5.53m (2020: £4.51m).

Reconciliation with the reported income statement for this measure, Operating profit before non-recurring items and Underlying pre-tax profit and the Profit before tax shown on the Condensed Statement of Comprehensive Income, together with reasons for their use is given below.

	Note	**Unaudited six months ended 30 April 2021**	Unaudited six months ended 30 April 2020	Audited year ended 31 October 2020
		£000	£000	£000
Profit before tax		**5,364**	4,297	6,981
Share of tax incurred by joint ventures		**-**	-	100
Non-recurring items	7	**-**	185	1,194
Net finance costs		**114**	255	272
Share of results from joint ventures before tax		**-**	-	(538)
Operating profit before non-recurring items		**5,478**	4,737	8,009
Share of results from joint ventures before tax		**-**	-	538
Segment results plus share of results from joint ventures before tax	4	**5,478**	4,737	8,547
Share-based payments		**161**	26	96
Net finance charges		**(114)**	(255)	(272)
Underlying pre-tax profit		**5,525**	4,508	8,371
Profit before tax		**5,364**	4,297	6,981
Share of results from joint ventures		**-**	-	(538)
Share of tax incurred by joint ventures		**-**	-	100
Net finance charges		**114**	255	272
Share-based payments		**161**	26	96
Amortisation of intangibles		**36**	18	36
Non-recurring items	7	**-**	185	1,194
Adjusted operating profit		**5,675**	4,781	8,141

6. ALTERNATIVE PERFORMANCE MEASURES continued

The Board uses alternative performance measures as it believes the underlying commercial performance of the current trading activities is better reflected, and provides investors and other users of the accounts with an improved view of likely future performance by making adjustments to the IFRS results for the following reasons:

• Share of results from joint ventures
Provides a fuller understanding of activities directly under management control and those incorporated from joint ventures.

• The add back of tax incurred by joint ventures
The Board believes the incorporation of the gross result of these entities provides a fuller understanding of their combined contribution to the Group performance.

• Net finance charges
Provides an understanding of results before interest received and paid.

• Share-based payments
This charge is calculated using a standard valuation model, with the assessed non-cash cost each year varying depending on new scheme invitations and the number of leavers from live schemes. These variables can create a volatile non-cash charge to the income statement, which is not directly connected to the trading performance of the business.

• Amortisation of acquired intangible assets
This charge relates to intangible assets created from prior business combinations, hence provides a fuller understanding of current operating performance.

• Non-recurring items
The Group's accounting policies include the separate identification of non-recurring material items on the face of the income statement, which the Board believes could cause a misinterpretation of trading performance if not disclosed.

Notes to the Condensed Consolidated Interim Financial Statements

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

	Unaudited six months ended 30 April 2021	Unaudited six months ended 30 April 2020	Audited year ended 31 October 2020
	£000	£000	£000
Amortisation of acquired intangible assets and share-based payments			
Amortisation of intangibles	**36**	18	36
Cost of share-based reward	**161**	26	96
	197	44	132
Non-recurring items			
Business re-organisation costs	**-**	185	185
Goodwill and Investment impairment	**-**	-	601
Huyton depot closure costs	**-**	-	256
Decommission of Selby seed plant	**-**	-	152
	-	185	1,194

Business re-organisation costs relate to the redundancy related expenses of colleagues leaving the business as a result of re-organising operations. The goodwill impairment relates to the Grainlink cash generating unit, for additional information see note 13 in the financial statements 31 October 2020.

Huyton depot store closure costs comprise redundancy costs and costs associated with exiting the leased premises. Decommission of Selby seed plant relates to the costs of vacating a leased property and transferring the plant and machinery to a new location.

8. TAXATION

The tax charge for the six months ended 30 April 2021 and 30 April 2020 is based on an apportionment of the estimated tax charge for the full year.

The effective tax rate is 19.1% (6 months ended 30 April 2020: 19.0%) which is higher than the standard rate of 19.0% (2020: 19.0%).

9. CASH (USED IN)/GENERATED FROM OPERATIONS

	Unaudited six months ended 30 April 2021	Unaudited six months ended 30 April 2020	Audited year ended 31 October 2020
	£000	£000	£000
Profit for the period	**4,337**	3,480	5,533
Adjustments for:			
Taxation	**1,027**	817	1,448
Investment and goodwill impairment	**-**	-	601
Depreciation of tangible fixed assets	**1,042**	1,138	2,290
Amortisation of other intangible fixed assets	**36**	18	36
Amortisation of right-use-assets	**1,932**	1,856	3,888
(Profit) on disposal of property, plant and equipment	**(77)**	(6)	(142)
Loss on disposal of right-of-use asset	**-**	-	25
Investment revaluation	**(2)**	-	-
Interest income	**(51)**	(55)	(164)
Interest expense	**165**	310	436
Share of results of joint ventures	**-**	-	(438)
Share-based payment expense	**161**	26	96
Changes in working capital			
(excluding effects of acquisitions and disposals of subsidiaries)			
Increase/(decrease) in short term loan to joint venture	**24**	(516)	524
(Increase)/decrease in inventories	**(8,254)**	237	8,049
(Increase)/decrease in trade and other receivables	**(19,557)**	(11,596)	8,055
Increase/(decrease) in trade and other payables	**11,890**	3,229	(9,865)
Cash (used in)/generated from operations	**(7,327)**	(1,062)	20,372

During the six months to 30 April 2021, the Group purchased property, plant and equipment of £1,854,000 (2020: £1,839,000) of which £845,000 relates to right-of-use assets (2020: £1,334,000).

Notes to the Condensed Consolidated Interim Financial Statements

10. 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	Property, plant and equipment £000	Total £000
At 1 November 2019	7,684	4,638	12,322
Additions	241	1,093	1,334
Amortisation	(1,578)	(814)	(2,392)
At 30 April 2020	6,347	4,917	11,264
Additions	729	768	1,497
Amortisation	(785)	(711)	(1,496)
Disposal	(25)	-	(25)
At 31 October 2020	6,266	4,974	11,240
Additions	**400**	**445**	**845**
Amortisation	**(1,120)**	**(812)**	**(1,932)**
At 30 April 2021	**5,546**	**4,607**	**10,153**

Lease liabilities

	Land and buildings £000	Property, plant and equipment £000	Total £000
At 1 November 2019	7,684	3,839	11,523
Additions	241	1,093	1,334
Interest expense	171	71	242
Lease payments	(1,489)	(1,370)	(2,859)
At 30 April 2020	6,607	3,633	10,240
Additions	729	768	1,497
Interest expense	(19)	72	53
Lease payments	(1,001)	(772)	(1,773)
Disposal	(25)	-	(25)
At 31 October 2020	6,291	3,701	9,992
Additions	**424**	**238**	**662**
Interest expense	**71**	**67**	**138**
Lease payments	**(1,184)**	**(748)**	**(1,932)**
At 30 April 2021	**5,602**	**3,258**	**8,860**

Lease liabilities

	Within 1 year £000	1-2 years £000	2-5 years £000	Over 5 years £000	Total £000
Lease liabilities	**3,173**	**2,631**	**3,056**	**-**	**8,860**

11. NET CASH

	Unaudited six months ended 30 April 2021 £000	Unaudited six months ended 30 April 2020 £000	Audited year ended 31 October 2020 £000
Cash and cash equivalents per balance sheet	**4,991**	3,452	19,980
Cash and cash equivalents per cash flow	**4,991**	3,452	19,980
Bank loans due within one year or on demand	**(306)**	(1,176)	(897)
Loan capital	**(673)**	(684)	(675)
Net cash due within one year	**4,012**	1,592	18,408
Bank loans due after one year	**-**	(313)	-
Total net cash	**4,012**	1,279	18,408

12. FINANCIAL INSTRUMENTS

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

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk
- Liquidity risk

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

- Trade receivables
- Cash and cash equivalents
- Investments in quoted equity securities
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Forward currency contracts
- Lease liabilities

All financial instruments in 2021 and 2020 were denominated in Sterling. There is no significant foreign exchange risk in respect of these instruments. Further quantitative information in respect of these risks is presents in the Group's annual financial statements 31 October 2020.

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. The amount recognised relates to the ongoing profitability of the business acquired and criteria for this are set out in the sale and purchase agreements. Consequently, adjustments would only be made if the business did not perform as originally anticipated, and further sensitivity analysis is not considered to be required.

Transfers between levels are deemed to have occurred at the end of the reporting period. There were no transfers between levels in the above hierarchy in the period.

Notes to the Condensed Consolidated Interim Financial Statements

12. FINANCIAL INSTRUMENTS continued

	Fair value			Amortised cost		
	Unaudited six months ended 30 April 2021 £000	Unaudited six months ended 30 April 2020 £000	Audited year ended 31 October 2020 £000	**Unaudited six months ended 30 April 2021 £000**	Unaudited six months ended 30 April 2020 £000	Audited year ended 31 October 2020 £000
Financial assets						
Cash and cash equivalents	**-**	-	-	**4,991**	3,452	19,980
Trade and other receivables	**-**	-	-	**75,180**	75,316	55,757
Derivatives	**227**	185	93	**-**	-	-
	227	185	93	**80,171**	78,768	75,737
Financial labilities						
Trade and other payables	**-**	-	-	**63,029**	62,166	51,303
Loans and borrowing	**-**	-	-	**979**	2,173	1,572
Deferred and contingent consideration	**592**	286	229	**-**	-	-
Derivatives	**214**	79	263	**-**	-	-
	806	365	492	**64,008**	64,339	52,875

13. EARNINGS PER SHARE

Basic earnings per 25p ordinary share has 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 2021	Unaudited six months ended 30 April 2020
Weighted average number of shares in issue: basic	**20,055,501**	19,896,621
Earnings per share: basic	**21.62**	17.50
Weighted average number of shares in issue: diluted	**20,365,205**	19,978,002
Earnings per share: diluted	**21.30**	17.43

14. SHARE CAPITAL

	Number of shares '000	Total £000
Allotted and fully paid: ordinary shares 25p each		
Balance at 31 October 2019	19,896	4,974
Issue of shares	111	28
Balances at 30 April 2020	20,007	5,002
Issue of shares	44	11
Balances at 31 October 2020	**20,051**	**5,013**
Issue of shares	**86**	**21**
Balances at 30 April 2021	**20,137**	**5,034**

The shares issued in the period related to 24,000 company share options (2020: £nil) and 62,000 (2020: 111,000) 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 2021 a total of 20,137,000 shares are in issue (2020: 20,007,000).

15. DIVIDENDS

During the period ended 30 April 2021 an amount of £2,008,000 (2020: £1,870,000) was charged to reserves in respect of equity dividends paid. An interim dividend of 5.00p per share (2020: 4.60p) will be paid on 29 October 2021 to shareholders on the register on the 1 October 2021. New elections to receive Scrip Dividends should be made in writing to the Company's Registrars before 15 October 2021.

16. 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 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 2021, the ESOP Trust, which is consolidated within the Group financial statements, held 16,834 (2020: 16,834) Ordinary Shares in the Group.

Notes to the Condensed Consolidated Interim Financial Statements

17. GROUP FINANCIAL COMMITMENTS

During the period, the Group was released from a bank guarantee in relation to an Associate company, therefore as at the 30 April 2021, the Group did not have any contingent liabilities in respect of bank guarantees of its Associates (2020: £125,000).

18. CAPITAL COMMITMENTS

As at the 30 April 2021 the Group had capital commitments as follows:

	Unaudited six months ended 30 April 2021	Unaudited six months ended 30 April 2020	Audited year ended 31 October 2020
	£000	£000	£000
Contracts placed for future capital expenditure not provided in the financial statements	**20**	38	264

19. RELATED PARTIES

Transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its Joint Ventures are described below:

	Transaction value			**Balance outstanding**		
	Unaudited six months ended 30 April 2021	Unaudited six months ended 30 April 2020	Audited year ended 31 October 2020	**Unaudited six months ended 30 April 2021**	Unaudited six months ended 30 April 2020	Audited year ended 31 October 2020
	£000	£000	£000	**£000**	£000	£000
Sales of goods to joint ventures	**2,952**	2,786	5,467	**572**	1,019	427
Purchases of goods from joint ventures	**155**	35	(139)	**(44)**	6	(5)
Loans with joint ventures	**(24)**	1,840	(524)	**3,865**	4,929	3,889

20. BUSINESS COMBINATION NOTE

HELM Great Britain Limited
On 3 March 2021, Glasson Grain Limited entered into a business combination and acquired 100% of the Fertiliser manufacturing business and certain assets of HELM Group legally know as HELM Great Britain Limited.

The provisional consideration is £1,658,000 which is represented by £1,658,000 paid during the year for certain assets.

Amounts included in the Consolidated Statement of Comprehensive Income period to 30 April 2021 are revenues of £4,134,000 and profit before tax of £168,000.

Agricultural division of Armstrong Richardson & Co. Limited
On 12 February 2021, Wynnstay (Agricultural Supplies) Limited entered into a business combination and acquired 100% of the trade and certain assets of Armstrong Richardson & Co. Limited.

The provisional consideration is £548,000 which is represented by £154,000 paid during the year for certain assets and goodwill and contingent consideration of £50,000 relating to goodwill and deferred consideration of £344,000 for inventory, which is expected to be paid by 12 February 2023. The consideration payable is dependent on the employee retention and future product volume.

The fair value of the contingent consideration has been based on management expectation of future performance of the business and could range from £nil to £50,000.

Amounts included in the Consolidated Statement of Comprehensive Income period to 30 April 2021 are revenues of £1,401,000 and profit before tax of £14,000.

The goodwill represents future sales opportunities and is not expected to be deductible for tax purposes.

	HELM Great Britain Limited £000	Agricultural division of Armstrong Richardson & Co. Limited £000	Total £000
Provision for fair value of asset acquired			
Goodwill	-	50	**50**
Intangibles	-	138	**138**
Property, plant and equipment	225	16	**241**
Inventories	1,433	344	**1,777**
Provisional consideration	**1,658**	**548**	**2,206**
Contingent and deferred	-	(394)	**(394)**
Settled in cash at completion	**1,658**	**154**	**1,812**

Acquisition costs of £17,000 arose as a result of the above transactions, these have been recognised as part of administrative expenses.

Both acquisitions were parts of larger legal entities and therefore the historic sales, gross profit and profit before tax in the period prior to the acquisition is not publicly available.

The business combination accounting will be finalised 12 months from the date of acquisition.

Contingent and deferred considering of £32,000 was paid during the six-month period to 30 April 2021 relating to prior period acquisitions, resulting in a total outflow of £1,844,000 in the six month period to 30 April 2021.

WYNNSTAY

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Registered in Wales and England