INTERIM REPORT
AND ACCOUNTS
2022

Financial Calendar

Tuesday 28 June 2022	Announcement of Half Year Results
Friday 30 September 2021	Provisional Interim Dividend Record Date
Monday 31 October 2022	Payment of Interim Dividend
Monday 31 October 2022	Financial Year End
January 2023	Announcement of Full Year Results
March 2023	Dividend Record Date
March 2023	Annual General Meeting
Friday 28 April 2023	Payment of Final Dividend

INTRODUCTION

We are pleased to report record interim results, with underlying pre-tax profit up by 85% to £10.21m* (2021: £5.53m) and revenue up 34% to £335.66m (2021: £249.71m). Reported pre-tax profit increased by 78% to £9.56m (2021: £5.36m).

These excellent results are ahead of our original expectations, and reflect a strong trading backdrop, supported by buoyant farmgate prices across most categories, which boosted farmer sentiment and farm investment. There were also unexpected one-off gains at our fertiliser blending activity at Glasson. This was created by sharply rising fertiliser prices as a result of the significant increases in the world price of natural gas, which is used in the production of ammonium nitrate fertiliser. Fertiliser prices have fallen slightly from their high point in March, and we do not anticipate these one-off gains to be repeated.

There was widespread inflationary pressure in the period, which was exacerbated by the Russian invasion of Ukraine in late February and the ensuing sanctions imposed on Russia. Certain energy and soft commodity prices reached levels not seen globally for several decades. In the UK, wheat and fertiliser prices reached record levels in March. While this dampened some demand, the effect of inflation on Group revenues has been significant.

Operational conditions in the period continued to be affected by the Coronavirus pandemic, in particular the high infection rates associated with the Omicron variant and the inconsistency of supply of certain products. Thanks to the efforts of our teams and wide sourcing network, this did not affect customer service levels or product provision. The working environment has now largely normalised following the lifting of Government restrictions, and we remain ready to react to any new guidance.

A major highlight in the first half was the acquisition in March 2022 of Humphrey Feeds Ltd, a manufacturer and supplier of poultry feed, and Humphrey Pullets Ltd, which supplies point-of-lay pullets ("Humphrey"). Both businesses are based in Hampshire and mainly supply farmers in the South of England, as well the Midlands and South Wales. The provisional assessed consideration for the acquisition was £13.2 million, with an initial £9.5 million paid in cash at completion. This highly complementary acquisition is in line with the Board's strategic plans to expand the Group's poultry feed manufacturing capacity for the free range egg sector, a growing market, and extend the Group's geographic trading area. As previously reported, we expect the Humphrey acquisition to enhance earnings this financial year. In order to fund the acquistion, the Company entered into a new £12.5m revolving credit facility. Further details about the business and our plans to develop the opportunities it brings are provided further on in the report. We are delighted to welcome our new colleagues and customers to the Group, and are pleased to report that the business is bedding in well, as expected.

These trading results continue to demonstrate the benefits of our balanced business model, supplying products to both livestock and arable farming enterprises. Our investment programmes across the Group are progressing, with substantial projects under way in our feed and seed operations. The trading outlook for the second half remains very positive and we expect to make further good progress in the second half.

[1] Note 20. Explanation of Non GAAP measure

Chairman's Statement continued

FINANCIAL RESULTS

First half results for the six months ended 30 April 2022 have been significantly affected by rising commodity prices, which have increased revenues and created one-off raw material gains in fertiliser blending.

Revenue increased by 34% on the same period last year to £335.66m (2021: £249.71m), with commodity price inflation accounting for an estimated £80.00m of the overall increase. The Humphrey acquisition, completed in mid-March 2022, contributed £6.4m to Group revenues. Revenue generated by the Agriculture Division increased by 45% to £263.03m (2021: £180.72m) while the Specialist Agricultural Merchanting Division generated a 5% increase at £72.63m (2021: £68.88m).

Adjusted operating profit, which is before non-recurring costs, share-based payments and intangible amortisation, rose by 84% to £10.43m (2021: £5.68m). The Agricultural Division contributed operating profit of £6.06m (2021: £2.20m), up by 176% by comparison with the same period last year. This result included the one-off stock profits from fertiliser blending. The Specialist Agricultural Merchanting division contributed operating profit of £4.28m (2021: £3.40m). This 26% increase mainly reflected improved margins, driven partly by efficiencies. Other activities incurred a slight operating loss of £0.07m (2021: loss of £0.12m). As in prior years, the contribution from our Joint Ventures will be consolidated in the second half of our full year results.

Non-recurring costs charged in the period amounted to £0.52m and related to the transaction and funding costs of the Humphrey acquisition (2021: Nil). Net finance costs, including IFRS 16 charges, totalled £0.19m (2021: £0.11m), and reflected the new loans drawn to fund the acquisition. Share-based payment expenses for the period decreased to £0.13m (2021: £0.16m).

Underlying pre-tax profit, which excludes share-based payments and non-recurring items, increased by 85% to £10.21m* (2021: £5.53m). Reported profit before tax increased by 78% to £9.56m (2021: £5.36m). The effective tax rate for the period was higher than the same period last year at 21.4% (2021: 19.1%). This was because deferred tax rates were adjusted to recognise the future increase in the Corporation Tax rate to 25% from April 2023, and has resulted in a charge of £2.05m (2021: £1.03m). Profit after tax increased by 73% to £7.51m (2021: £4.34m), and basic earnings per share increased by 71% to 36.99p (2021: 21.62p).

Net assets at 30 April 2022 stood 10.5% higher year-on-year at £111.68m (30 April 2021: £101.05m), and equates to £5.50 per share (30 April 2021: £5.04 per share), based on the weighted average number of shares in issue during the period at 20.31m (2021: 20.06m).

Net debt on a pre IFRS 16 basis (excluding property leases) increased to £7.62m at 30 April 2022 from a 2021 equivalent position of £0.75m net cash. The rise reflected both acquisition funding and significantly higher working capital requirements resulting from the substantial commodity price inflation. Working capital in any given year typically peaks around the April interim period end, reducing over the second half. Total Right of Use property lease liabilities amounted to £5.13m (2021: £5.60m) resulting in reported accounting net debt of £12.75m (2021: £4.85m).

DIVIDEND

The Board is pleased to declare an increased interim dividend of 5.40p per share (2021: 5.00p), up by 8.0% on the equivalent payment last year. The increased payment reflects both the strong results and the Directors continuing confidence in growth prospects.

The interim dividend will be paid on 31 October 2022 to shareholders on the register at the close of business on 30 September 2022. As in previous years, the Scrip Dividend alternative will continue to be available, with the last day for election for this scheme being 14 October 2022.

Review Of Operations

AGRICULTURE DIVISION

Strong farmgate prices for most agricultural produce has continued to underpin sector sentiment despite farm costs also rising, particularly for fuel and energy. Prices for beef, lamb, and especially grain in the first half were significantly ahead of the same period last year, with milk prices also firm. Egg prices were generally flat, although they have been increasing since April.

FEED PRODUCTS

Feed volumes rose on a like-for-like basis by 3.25% over the same period last year and were above the average growth rate in the sector. We increased volumes in key target areas, including dairy, poultry and sheep feed, supported by our strategy of increasing the number of our on-farm sales specialists.

Rising raw material and operating costs, including labour, energy and packaging, continued to put pressure on margins. Nonetheless, the feed division performed well, although its operating margin was slightly lower than the same period last year.

The acquisition of the Humphrey business opens up significant future growth opportunities for the Group. While it immediately adds additional poultry feed manufacturing capacity from a leased facility in Twyford in Hampshire, there is scope to redevelop its currently moth-balled freehold site at Calne in Wiltshire to create a modern, multi-species mill, manufacturing both poultry and ruminant feed. This would give us a strategically well-located feed manufacturing facility and enable us to extend our trading footprint in the South of England, including in the South West. In addition, once operational, the Calne mill would also enable us to efficiently develop local growth opportunities at Llansantffraid and Carmarthen by transferring some production capacity at these feed mills to the Calne facility. We also plan to extend sales of other Wynnstay products and services to the new farmer customer base that we have gained with the acquisition. The Humphrey business made a first time contribution to poultry feed sales in line with our expectations.

ARABLE PRODUCTS

The Arable operations have been the most affected by the geopolitical factors that have driven raw material prices higher and increased operating costs. Nonetheless, these have been managed well.

The volume of grain traded by GrainLink, our grain marketing business, was substantially ahead of the same period in the last financial year, increasing by 50%. This increase largely reflected a return to more normal harvest tonnages and yields in 2021 compared with the exceptionally poor harvest in 2020, and volume gains made in our Eastern operations, following new business wins generated by the expansion of dedicated resource in this area. One impact of rising crop prices has been the need to meet very significant margin calls on forward grain hedging contracts. We use these contracts to provide an effective hedge between our grain purchases from farmers and subsequent sales to food manufacturers. Forward positions will unwind over the course of the next six months as the physical grain is delivered and these contracts unwind.

The Autumn seed planting season was strong, and good growing conditions since then bode well for the forthcoming 2022 harvest and grain trading volumes. With a good Autumn planting season, the spring-sown cereal crops acreage was reduced, and grass seed sales were also lower than the comparative period last year partly due to the very dry weather in March and April 2022. However, both our spring cereal and grass seed sales are in line with sector averages.

The volume of fertiliser traded within Wynnstay Agriculture Supplies decreased by some 26% compared with the equivalent period last year, a reflection of elevated fertiliser prices. This compares with industry contraction of about a third, and improved margins have more than balanced the reduced tonnage.

GLASSON GRAIN LIMITED ("GLASSON")

Glasson operates in three main areas; feed raw materials, fertiliser production and the manufacture of specialist animal feed products. As discussed earlier, the contribution to Group results from Glasson significantly exceeded our original expectations. This was driven by our fertiliser blending activity, which experienced one-off stock price gains as the price of fertiliser rose, reflecting the highly-disrupted natural gas (a key ingredient) market. We have developed the fertiliser manufacturing business and assets of HELM Great Britain Limited, purchased in March 2021, building up its book of customers and establishing a good working relationship with our existing fertiliser facility in nearby Goole. The feed raw materials activity performed in line with expectations. Volumes in Glasson's smallest activity, specialist feed manufacturing, decreased reflecting more difficult end-markets.

SPECIALIST AGRICULTURAL MERCHANTING DIVISION

SPECIALIST AGRICULTURAL MERCHANTING AND YOUNGS ANIMAL FEEDS

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

The operating profit contribution from this activity was well ahead of last year, helped by positive farmer confidence, a favourable mix of sales, and the cumulative benefits of the efficiency improvements that have been implemented across the business. The depots saw strong sales of higher margin bagged feed, animal health care products and the more discretionary items in the hardware categories, although total sales, excluding inflation, were slightly down on the same period in the prior financial year.

We continued to develop our digital offering and some 1,800 accounts are now signed up to our customer portal, which enables customers to access their Wynnstay account and place orders online.

Youngs, our specialist equine feeds operation, delivered a profitable contribution to this division, although like the rest of the equine sector, it experienced volume and margin pressures.

JOINT VENTURES

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

In February 2021, we created a new management position, which carried specific responsibility for leading the ongoing development and implementation of the Group's ESG strategy. Our policies and objectives are being effectively embedded across all of the Group's operations. We are also working with our peers in the industry 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). We are now seeking to establish an ESG Advisory Board with external members in order to support future policy and planning.

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.

OUTLOOK

World politics and the UK economy have become much more volatile and less predictable in recent months, and we are very aware of increasing cost pressures and international supply chain challenges. We will continue to navigate these challenges as effectively as possible, and our balanced business model remains a major strength. Recent world events have also sharpened the focus on the importance of national food security, and this should help to strengthen the position of UK agriculture. We believe we have a significant role to play in helping to ensure that UK farmers are able to feed the population sustainably and efficiently.

Our programme of investment at our Astley seed plant and at the Carmarthen feed mill continues, and planning is under way for a new multi-species feed mill at Calne, which will service farmers in the South and West of the country.

As we look ahead and consider prospects for the second half of the financial year, we remain very confident. The trading environment for farmers remains well-supported by strong farmgate prices, which will help to underpin ongoing farmer confidence and investment. However, we do not expect the significant one-off gains experienced in the first half of the financial year to be repeated.

We remain focused on growth opportunities, including acquisitions, and look to the future with confidence.

Steve Ellwood
Chairman

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

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 April 2022

CONTINUING OPERATIONS	Note	**Unaudited six months ended 30 April 2022** £000	Unaudited six months ended 30 April 2021 £000	Audited year ended 31 October 2021 £000
Revenue		**335,661**	249,709	500,386
Cost of sales		**(294,399)**	(216,413)	(432,493)
Gross profit		**41,262**	33,296	67,893
Manufacturing, distribution and selling costs		**(27,059)**	(24,202)	(50,072)
Administrative expenses		**(3,962)**	(3,604)	(7,096)
Other operating income	5	**193**	185	361
Adjusted operating profit[3]	6	**10,434**	5,675	11,086
Amortisation of acquired intangible assets and share-based payment expense	7	**(165)**	(197)	(477)
Non-recurring items	7	**(523)**	-	-
Group operating profit		**9,746**	5,478	10,609
Interest income		**25**	51	193
Interest expense		**(211)**	(165)	(383)
Share of profits in joint ventures and associate accounted for using the equity method	2	**-**	-	677
Share of tax incurred in by joint venture and associate		**-**	-	(105)
Profit before taxation		**9,560**	5,364	10,991
Taxation	8	**(2,047)**	(1,027)	(2,057)
Profit for the period		**7,513**	4,337	8,934
Other comprehensive income				
Items that will reclassified subsequently to profit or loss:				
• net change in the fair value of cash flow hedges taken to equity, net of tax		**42**	-	263
Other comprehensive income for the period		**42**	-	263
Total comprehensive income for the period		**7,555**	4,337	9,197
Basic earnings per ordinary share (pence)		**36.99**	21.62	44.40
Diluted earnings per ordinary share (pence)		**36.07**	21.30	43.53

[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

As at 30 April 2022
Registered Number 2704051

	Note	**Unaudited six months ended 30 April 2022**	Unaudited six months ended 30 April 2021	Audited year ended 31 October 2021
		£000	£000	£000
ASSETS				
NON-CURRENT ASSETS				
Goodwill		**17,465**	14,417	14,322
Investment property		**2,372**	2,372	2,372
Property, plant and equipment		**18,340**	17,654	16,746
Right-of-use assets	10	**9,861**	10,153	11,043
Investments accounted for using the equity method		**3,430**	3,613	3,433
Intangibles		**4,940**	327	236
Derivative financial instruments		**-**	-	5
		56,408	48,536	48,157
CURRENT ASSETS				
Derivative financial instruments		**359**	227	320
Inventories		**63,721**	44,221	50,550
Trade and other receivables		**103,254**	75,180	72,511
Financial assets - loans to joint ventures		**2,090**	3,865	3,319
Cash and cash equivalents	11	**6,112**	4,991	19,641
		175,536	128,484	146,341
TOTAL ASSETS		**231,944**	177,020	194,498
LIABILITIES				
CURRENT LIABILITIES				
Financial liabilities - borrowings		**(2,569)**	(979)	(672)
Lease liabilities		**(3,685)**	(3,173)	(3,995)
Derivative financial instruments		**(825)**	(214)	(53)
Trade and other payables		**(96,761)**	(64,551)	(76,212)
Current tax liabilities		**(1,793)**	(1,019)	(1,218)
Provisions		**(351)**	-	(243)
		(105,984)	(69,722)	(82,393)
NET CURRENT ASSETS		**69,552**	58,762	63,948
NON-CURRENT LIABILITIES				
Financial liabilities – borrowings		**(7,588)**	-	-
Lease liabilities		**(5,025)**	(5,687)	(5,731)
Trade and other payables		**(37)**	(87)	(38)
Deferred tax liabilities		**(1,629)**	(474)	(474)
Derivative financial instruments		**-**	-	(140)
		(14,279)	(6,248)	(6,383)
TOTAL LIABILITIES		**(120,263)**	(75,970)	(88,776)
NET ASSETS		**111,681**	101,050	105,722
EQUITY				
Share capital	14	**5,094**	5,034	5,075
Share premium		**31,989**	30,998	31,600
Other reserves		**4,303**	3,686	4,131
Retained earnings		**70,295**	61,332	61,916
TOTAL EQUITY		**111,681**	101,050	105,722

Condensed Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 April 2022

	Share Capital	Share Premium	Other Reserves	Cashflow Hedge Reserve	Retained Earnings	Total Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 November 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 of the Company, recognised directly in equity						
Shares issued during the period	21	361	-	-	-	382
Dividends	-	-	-	-	(2,008)	(2,008)
Equity settled share-based payment transactions	-	-	161	-	-	161
Total contributions by and distributions to the owners of the Group	21	361	161	-	(2,008)	(1,465)
At 30 April 2021	5,034	30,998	3,686	-	61,332	101,050
Profit for the period	-	-	-	-	4,597	4,597
Total comprehensive income for the period	-	-	-	263	4,597	4,860
Transactions with owners of the Company, recognised directly in equity:						
Shares issued during the period	41	602	-	-	-	643
Dividends	-	-	-	-	(1,013)	(1,013)
Equity settled share-based payment transactions	-	-	182	-	-	182
Total contributions by and distributions to owners of the Group	41	602	182	-	(1,013)	(188)
At 31 October 2021	**5,075**	**31,600**	**3,868**	**263**	**64,916**	**105,722**
Profit for the period	**-**	**-**	**-**	**-**	**7,513**	**7,513**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**7,513**	**7,513**
Transactions with owners of the Company, recognised directly in equity						
Shares issued during the period	**19**	**389**	**-**	**-**	**-**	**408**
Dividends	**-**	**-**	**-**	**-**	**(2,134)**	**(2,134)**
Change in the fair value of cash flow hedges taken to equity, net of tax during period	**-**	**-**	**-**	**287**	**-**	**287**
Recycle cash flow hedge to Income Statement	**-**	**-**	**-**	**(245)**	**-**	**(245)**
Equity settled share-based payment transactions	**-**	**-**	**130**	**-**	**-**	**130**
Total contributions by and distributions to owners of the Group	**19**	**389**	**130**	**42**	**(2,134)**	**(1,554)**
At 30 April 2022	**5,094**	**31,989**	**3,998**	**305**	**70,295**	**111,681**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 April 2022

	Note	Unaudited six months ended 30 April 2022 £000	Unaudited six months ended 30 April 2021 £000	Audited year ended 31 October 2021 £000
Cash flow from operating activities				
Cash (used in)/generated from operations	9	**(9,316)**	(7,351)	10,554
Interest received		**25**	51	193
Interest paid		**(84)**	(165)	(102)
Settlement of provision		**-**	-	(96)
Tax paid		**(1,311)**	(594)	(1,462)
Net cash (used in)/generated from operating activities		**(10,686)**	(8,059)	9,087
Cash flows from investing activities				
Acquisition of subsidiaries and other businesses and their assets (net of cash acquired)	17	**(8,572)**	(1,844)	(2,238)
Proceeds of sale of property, plant, and equipment & ROU assets		**492**	95	340
Purchase of property, plant and equipment		**(1,418)**	(1,009)	(1,563)
Decrease in short term loans to joint ventures		**1,229**	24	570
Receipt of Dividend from Unlisted Investment		**2**	-	-
Dividends received from joint ventures		**-**	-	753
Net cash used by investing activities		**(8,267)**	(2,734)	(2,138)
Cash flows from financing activities				
Net proceeds from the issue of ordinary share capital		**408**	382	1,025
Lease payments		**(2,335)**	(1,977)	(4,392)
New borrowings		**9,485**	–	–
Repayments of loans		**-**	(593)	(900)
Dividends paid to shareholders		**(2,134)**	(2,008)	(3,021)
Net cash from/(used in) financing activities		**5,424**	(4,196)	(7,288)
Net decrease in cash and cash equivalents		**(13,529)**	(14,989)	(339)
Cash and cash equivalents at beginning of period		**19,641**	19,980	19,980
Cash and cash equivalents at end of period	11	**6,112**	4,991	19,641

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 27 June 2022.

The condensed financial statements for the six months to the 30 April 2022 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. Financial conduct authority, except as disclosed in note 3.

The financial information for the Group for the year ended 31 October 2021 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 2022 and for the six months ended 30 April 2021 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 2021, 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 despite the current uncertain economic outlook with regards to the on-going Coronavirus outbreak.

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 2021.
The condensed consolidated interim financial statements for the six months to 30 April 2022 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 2021. 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 2021 did not have any significant impact on those results and changes implemented from the 1 January 2022 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. 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.

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 2022 and comparative periods are as follows:

	Agriculture	Specialist Agricultural Merchanting	Other	Total
Unaudited for the six months ended 30 April 2022:	**£000**	**£000**	**£000**	**£000**
Revenue from external customers	**263,034**	**72,627**	**-**	**335,661**
Segment results				
Group operating profit before non-recurring items	**6,062**	**4,276**	**(69)**	**10,269**
Share of result of joint ventures	**-**	**-**	**-**	**-**
	6,062	**4,276**	**(69)**	**10,269**
Non-recurring items (note 7)				**(523)**
Interest income				**25**
Interest expense				**(211)**
Profit before taxation				**9,560**
Taxation				**(2,047)**
Profit for the period attributable to shareholders				**7,513**

4. SEGMENTAL REPORTING continued

Unaudited for the six months ended 30 April 2021:	Agriculture £000	Specialist Agricultural Merchanting £000	Other £000	Total £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
Interest income				51
Interest expense				(165)
Profit before taxation				5,364
Taxation				(1,027)
Profit for the period attributable to shareholders				4,337

Audited for the year ended at 31 October 2021:	Agriculture £000	Specialist Agricultural Merchanting £000	Other £000	Total £000
Revenue from external customers	358,961	141,425	-	500,386
Segment results				
Group operating profit before non-recurring items	3,697	7,120	(208)	10,609
Share of result of joint ventures	524	33	120	677
	4,221	7,153	(88)	11,286
Interest income				193
Interest expense				(383)
Profit before taxation				11,096
Taxation				(2,162)
Profit for the period attributable to shareholders				8,934

5. OTHER OPERATING INCOME

	Unaudited six months ended 30 April 2022 £000	Unaudited six months ended 30 April 2021 £000	Audited year ended 31 October 2021 £000
Rental Income	**193**	185	361

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 and associates. On these measures the Group achieved Adjusted operating profit of £10.43m (2021: £5.68m) and Underlying pre-tax profits of £10.21m (2021: £5.53m).
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 2022 £000**	Unaudited six months ended 30 April 2021 £000	Audited year ended 31 October 2021 £000
Profit before tax		**9,560**	5,364	10,991
Share of tax incurred by joint ventures and associate		**-**	-	105
Non-recurring items	7	**523**	-	-
Net finance costs		**186**	114	190
Share of results from joint ventures before tax		**-**	-	(677)
Operating profit before non-recurring items		**10,269**	5,478	10,609
Share of results from joint ventures and associate before tax		**-**	-	677
Segment results plus share of results from joint ventures and associate before tax	4	**10,269**	5,478	11,286
Share-based payments		**130**	161	343
Net finance charges		**(186)**	(114)	(190)
Underlying pre-tax profit		**10,213**	5,525	11,439

	Note	**Unaudited six months ended 30 April 2022 £000**	Unaudited six months ended 30 April 2021 £000	Audited year ended 31 October 2021 £000
Profit before tax		**9,560**	5,364	10,991
Share of results from joint ventures		**-**	-	(677)
Share of tax incurred by joint ventures		**-**	-	105
Net finance charges		**186**	114	190
Share-based payments		**130**	161	343
Amortisation of intangibles		**35**	36	134
Non-recurring items	7	**523**	-	-
Adjusted operating profit		**10,434**	5,675	11,086

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 and associate
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 and associate
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 2022	Unaudited six months ended 30 April 2021	Audited year ended 31 October 2021
	£000	£000	£000
Amortisation of acquired intangible assets and share-based payments			
Amortisation of intangibles	**35**	36	39
Goodwill impairment	**-**	-	95
Cost of share-based reward	**130**	161	343
	165	197	477
Non-recurring items			
Acquisition transaction costs	**523**	-	-
	523	-	-

Acquisition transaction costs relate to the Business Combination (see note 17) of Humphrey Poultry Holdings Limited in March 2022.

8. TAXATION

The tax charge for the six months ended 30 April 2022 and 30 April 2021 is based on an apportionment of the estimated tax charge for the full year.

The effective tax rate is 21.4% (6 months ended 30 April 2021: 19.1%) which is higher than the standard rate of 19.0% primarily due to adjustments to deferred tax provisions following the Government's decision to raise the standard rate of Corporation Tax to 25% with effect from April 2023 (2021: 19.0%).

9. CASH (USED IN)/GENERATED FROM OPERATIONS

	Unaudited six months ended 30 April 2022	Unaudited six months ended 30 April 2021	Audited year ended 31 October 2021
	£000	£000	£000
Profit for the period	**7,513**	4,337	8,934
Adjustments for:			
Taxation	**2,047**	1,027	2,057
Investment and goodwill impairment	**-**	-	95
Depreciation of tangible fixed assets	**1,109**	1,042	2,165
Amortisation of other intangible fixed assets	**35**	36	39
Amortisation of right-use-assets	**2,019**	1,932	3,974
Profit on disposal of property, plant and equipment	**(104)**	(77)	(86)
Profit on disposal of right-use-asset	**-**	-	(14)
Loss on relinquishment of property lease	**-**	-	26
Movement in provisions	**-**	-	193
Net interest income / (expense)	**59**	(24)	(91)
Interest on right of use liabilities	**127**	138	281
Investment revaluation	**-**	(2)	2
Derivative held as Fair Value P&L FVPL	**632**	-	23
Government grant	**(1)**	-	(2)
Share of results of joint venture and associate	**-**	-	(572)
Share-based payment expense	**130**	161	343
Changes in working capital			
(excluding effects of acquisitions and disposals of subsidiaries)			
Increase in inventories	**(11,028)**	(8,254)	(14,583)
Increase in trade and other receivables	**(25,106)**	(19,557)	(16,753)
Increase in trade and other payables	**13,252**	11,890	24,523
Cash (used in)/generated from operations	**(9,316)**	(7,351)	10,554

During the six months to 30 April 2022, the Group purchased property, plant and equipment of £2,381,000 (2021: £1,832,000) of which £965,000 relates to right-of-use assets (2021: £845,000).

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	Plant, machinery and motor vehicles £000	Total £000
At 1 November 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
Additions	2,261	1,185	3,446
Amortisation	(1,257)	(785)	(2,042)
Disposals	(437)	(77)	(514)
At 31 October 2021	6,113	4,930	11,043
Additions	**-**	**965**	**965**
Arising on acquisition of subsidiary undertakings	**-**	**210**	**210**
Reclassification	**55**	**(55)**	**-**
Depreciation	**(1,102)**	**(917)**	**(2,019)**
Disposals	**-**	**(338)**	**(338)**
At 30 April 2022	**5,065**	**4,795**	**9,861**

Lease liabilities	Land and buildings £000	Plant, machinery and motor vehicles £000	Total £000
At 1 November 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
Additions	2,237	1,392	3,629
Interest expense	62	81	143
Lease payments	(1,235)	(1,225)	(2,460)
Disposal	(446)	-	(446)
At 31 October 2021	6,220	3,506	9,726
Additions	**-**	**965**	**965**
Reclassification	**-**	**17**	**17**
Arising on acquisition of subsidiary undertakings	**-**	**210**	**210**
Interest expense	**60**	**67**	**127**
Lease payments	**(1,144)**	**(1,191)**	**(2,335)**
At 30 April 2022	**5,136**	**3,574**	**8,710**

Lease liabilities	Within 1 year £000	1-2 years £000	2-5 years £000	Over 5 years £000	Total £000
Lease liabilities	**3,685**	**3,026**	**1,428**	**571**	**8,710**

11. NET CASH

	Unaudited six months ended 30 April 2022 £000	Unaudited six months ended 30 April 2021 £000	Audited year ended 31 October 2021 £000
Cash and cash equivalents per balance sheet	**6,112**	4,991	19,641
Cash and cash equivalents per cash flow	**6,112**	4,991	19,641
Bank loans due within one year or on demand	**(1,897)**	(306)	-
Loan capital	**(672)**	(673)	(672)
Net cash due within one year	**3,543**	4,012	18,969
Bank loans due after one year	**(7,588)**	-	-
Total net (debt) / cash excluding leases	**(4,045)**	4,012	18,969

12. 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 Gorup'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:

		GROUP	
Financial Assets	**April 2022**	**April 2021**	**October 2021**
	£000	**£000**	**£000**
Cash and cash equivalents	**6,112**	**4,991**	**19,641**
Trade receivables, net of loss allowance	**98,139**	**73,080**	**70,320**
Loan to joint venture	**2,090**	**3,865**	**3,319**
Derivative of financial instruments	**359**	**227**	**325**
	106,700	**82,163**	**93,605**
Financial Liabilities	**April 2022**	**April 2021**	**October 2021**
	£000	**£000**	**£000**
Bank loans and other borrowings	**10,157**	**979**	**672**
Lease liabilities	**8,710**	**8,860**	**9,726**
Trade payables and other payables	**81,823**	**63,029**	**69,868**
Deferred and contingent consideration	**3,785**	**229**	**197**
Derivative financial instruments	**825**	**214**	**193**
	105,300	**73,311**	**80,656**

Notes to the Condensed Consolidated Interim Financial Statements

12. 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		
	April 2022	April 2021	October 2021	**April 2022**	April 2021	October 2021
Financial assets	**£000**	£000	£000	**£000**	£000	£000
Trade Receivables, net of loss allowance	**-**	-	-	**98,139**	73,080	70,320
Trade and other receivables	**-**	-	-	**2,090**	3.865	3,319
Derivative financial instruments (Level 1)	**359**	227	325	**-**	-	-
	359	227	325	**100,229**	76,945	73,639

	April 2022	April 2021	October 2021	**April 2022**	April 2021	October 2021
	£000	£000	£000	**£000**	£000	£000
Financial labilities						
Bank loans and other borrowings	**-**	-	-	**10,157**	979	672
Lease liabilities	**-**	-	-	**8,710**	8,860	9,726
Trade and other payables	**-**	-	-	**81,823**	63,029	69,868
Deferred and contingent consideration	**3,785**	229	197			
Derivative financial instruments (Level 1)	**825**	214	193	**-**	-	-
	4,610	214	390	**100,690**	72,868	80,266

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
- Capital management risk

The policies and processes for managing each of these risks are summarised in the Group's annual report published in February 2022 and available on the Company's website.

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 2022	Unaudited six months ended 30 April 2021
Weighted average number of shares in issue: basic	**20,311,023**	20,055,501
Earnings per share: basic in pence	**36.99**	21.62
Weighted average number of shares in issue: diluted	**20,831,327**	20,365,205
Earnings per share: diluted in pence	**36.07**	21.30

14. SHARE CAPITAL

	Number of shares 000s	**Total £000**
Allotted and fully paid: ordinary shares 25p each		
Balance at 31 October 2020	20,051	5,013
Issue of shares	86	21
Balances at 30 April 2021	20,137	5,034
Issue of shares	162	41
Balances at 31 October 2021	20,299	5,075
Issue of shares	**77**	**19**
Balances at 30 April 2022	**20,376**	**5,094**

The shares issued in the period related to 26,000 company share options (2021: 24,000) and 51,000 (2021: 62,000) 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 2022 a total of 20,376,000 shares are in issue (2021: 20,137,000).

15. DIVIDENDS

During the period ended 30 April 2022 an amount of £2,134,000 (2021: £2,008,000) was charged to reserves in respect of equity dividends paid. An interim dividend of 5.40p per share (2021: 5.00p) will be paid on 31 October 2022 to shareholders on the register on the 30 September 2022. New elections to receive Scrip Dividends should be made in writing to the Company's Registrars before 14 October 2022.

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 2022 the ESOP Trust, which is consolidated within the Group financial statements, held 16,834 (2021: 16,834)
Ordinary Shares in the Group.

Condensed Consolidated Interim Financial Statements

17. BUSINESS COMBINATION

Humphrey Poultry (Holdings) Limited
On 18 March 2022, Wynnstay Group plc entered a business combination and acquired 100% of the share capital of Humphrey Poultry (Holdings) Limited, which is the holding company for two commercial and operational entities, Humphrey Feeds Limited and Humphrey Pullets Limited.

The provisional assessed consideration is £13.171m inclusive of £1.011m of cash. This provisional consideration is subject to verification of a minimum underlying net asset target value of the acquiree, including the cash, of £6.171m, which due to the timing of the preparation of completion accounts for the acquiree, is expected to be finalised during the second half of the Group's financial year. The provisional consideration will be adjusted should the confirmed net assets of the acquiree be higher or lower than the target value. The Board believes at the time of half-year announcement that the net assets are not likely to significantly change.

The sum of £9.485m was paid on completion, and the provisional consideration includes a deferred contingent element subject to the achievement of certain commercial targets to be assessed after the first anniversary of completion. The fair value of a deferred contingent consideration element has been based on management's expectation of the future performance of the business and that could range from £nil to £2.000m. The remainder of the provisional consideration is to be paid upon final verification of the acquiree's net assets as explained above, but which are currently estimated to be analysed as follows:

	Current £000	Non-Current £000	Total £000
Trade receivables net of loss allowance	5,003	-	**5,003**
Other receivables	595	-	**595**
Inventories	2,144	-	**2,144**
Cash and cash equivalents	1,011	-	**1,011**
Trade payables	(3,469)	-	**(3,469)**
Other payables	(347)	-	**(347)**
Lease liabilities	(146)	(64)	**(210)**
Deferred tax	-	(101)	**(101)**
Net Current Assets and Non-Current Liabilities	**4,791**	**(165)**	**4,626**
Tangible fixed assets	-	1,545	**1,545**
Underlying Net Assets of Acquiree	**4,791**	**1,380**	**6,171**

A full analysis of the provisional consideration is provided in the table below which includes the break-down of the tangible fixed assets which incorporates freehold land and buildings in the amount of £599k, which reflects the current fair value assessment of this element of the purchase price. An independent valuation of this property has been commissioned at the time of this announcement, but this will not impact the provisional consideration, but may adjust the analysis. The goodwill balance represents the assembled workforce and future sales opportunities and is not expected to be deductible for tax purposes.

17. BUSINESS COMBINATION continued

	Fair Value of Net Assets Total £000
Fair value of net assets required	
Goodwill	3,143
Intangible - Brand	3,775
Intangible - Customer list	963
Property, plant and equipment	1,335
ROU Assets	210
Cash and cash equivalents	1,011
Trade receivables	5,003
Other receivables	595
Inventories	2,144
Trade payables	(3,469)
Other Creditors	(347)
Lease liabilities	(210)
Deferred Tax	(982)
Net Assets	13,171
Acquisition date – fair value of the total net assets acquired	13,171
Represented by:	
Cash settled to vendor during the period	9,485
Contingent on net asset verification outstanding at 30 April 2022	1,686
Contingent and deferred outstanding at 30 April 2022	2,000
Provisional Consideration	13,171
Cash Flow Statement:	
Cash Settled to vendor during the period	9,485
Less, cash and cash equivalents acquired	(1,011)
Cash paid to other vendors during the period for prior acquisitions	98
	8,572

Directly attributable acquisition costs of £523k were incurred with the transaction, and these have been recognised as non-recurring expenses in the income statement for the period. During the last available audited accounts of the acquired entities, for the period to February 2021, the annual aggregate revenues on a non-consolidated basis amounted to £41.446m and profit before tax was £1.634m. Business combination accounting is expected to be finalised within 12 months from the completion date of the acquisition.
Amounts included in the Consolidated Statement of Comprehensive Income period to 30 April 2022 in relation to the acquired business are revenues of £6.407m and profit before tax of £0.183m.

Contingent and deferred consideration of £0.098m was paid during the period to 30 April 2022 relating to other prior period acquisitions, resulting in a total gross cash outflow of £9.583m in the six-month period to 30 April 2022 or £8.572m net of cash acquired with the Humphrey transaction.

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