Final Results

WYNNSTAY GROUP PLC

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Wynnstay Group Plc
("Wynnstay" or the "Group" or the "Company")

Final Results
For the year ended 31 October 2021

Record results;
Group is well-positioned for the year ahead

KEY POINTS

Financial

- Record results, benefiting from:
  - improved farmer sentiment post Brexit, strong farmgate prices and exceptional gains from fertiliser blending activities
- Revenue up 16% to £500.39m (2020: £431.40m), including significant commodity price inflation
- Underlying pre-tax profit* up 37% to £11.44m (2020: £8.37m) /Reported pre-tax profit increased to £10.99m (2020: £6.98m after £1.2m of non-recurring items)
- Basic earnings per share up 60% to 44.40p (2020: 27.73p including non-recurring items)
- Net cash up 10% to £9.24m (31 October 2020: £8.42m)
- Net assets up 8% to £105.72m/£5.25 per share (31 October 2020: £98.18m/£4.92 per share)
- Proposed final dividend of 10.50p (2020: 10.00p); total dividend up 6% to 15.50p (2020: 14.60p).
- Eighteenth consecutive year of dividend increases.

Operational

- Agriculture Division - revenue up 19% to £358.96m (2020: £302.58m), operating profit contribution up 47% to £4.22m (2020: £2.88m)
  - total feed volumes 6.5% ahead year-on-year. After higher production and distribution costs, operating profit was in line with prior year
  - arable activities benefited from a return to more normal harvest tonnages and yields and a good autumn 2021 planting season
  - outperformance from Glasson, benefiting from three-fold price increase across the market in fertiliser raw material prices in H2
- Specialist Agricultural Merchanting Division - revenue up 10% to £141.43m (2020: £128.81m) operating profit contribution up 24% to £7.15m (2020: £5.78m)
  - excellent performance reflected increased farmer confidence and return to farm investment
  - strong sales across all major product categories, including bagged feed and hardware
- Two bolt-on acquisitions, acquired in Q2 2021, have integrated well, added new customers, and expanded trading area
- New digital trading portal launched in H1; steady adoption from customers as expected
- Investment programmes to increase manufacturing and processing capacity progressed well
- Non-executive Board appointment and key senior management appointments made, including, Commercial Sales & Marketing Director, Group Engineering Manager and Environmental & Sustainability Manager

Outlook

- Trading in new financial year has started in line with expectations, and Group is well positioned to achieve its growth objectives for the year

*****_Underlying pre-tax profit is a non-GAAP (generally accepted accounting principles) measure and is not intended as a substitute for GAAP measures and may not be calculated in the same way as those used by other companies. Refer to Note 15 for an explanation on how this measure has been calculated and the reasons for its use._

Gareth Davies, Chief Executive of Wynnstay Group plc, commented:

"*These record results reflect the significantly improved trading environment as well as our initiatives to drive growth, productivity and efficiency. Strong farmgate prices and the lifting of uncertainties around Brexit and future financial support have promoted a return to farm investment. Results also benefited from a strong second half across the Group, especially for our arable operations. The 2021 harvest was good, with tonnages and yields reverting to more normal levels, and our fertiliser blending activities generated a windfall gain in a highly disrupted marketplace.*

"Trading in the new financial year has begun well, in line with our expectations. We have a clear growth plan with strategic investment programmes under way, and new opportunities. While there are challenges with rising costs, we are confident that Wynnstay is well-positioned to achieve its growth objectives for the year, and view prospects for continuing development very positively."

Enquiries:

Wynnstay Group Plc	Gareth Davies, Chief Executive Paul Roberts, Finance Director	T: 020 3178 6378 (today) T: 01691 827 142
KTZ Communications	Katie Tzouliadis / Dan Mahoney	T: 020 3178 6378
Shore Capital (Nomad and Broker)	Stephane Auton / Patrick Castle / John More	T: 020 7408 4090

CHAIRMAN'S STATEMENT 2021

OVERVIEW

I am delighted to report record results in my first annual statement since becoming Chairman in March 2021. Underlying pre-tax profit* increased by 37% to set a new high of £11.44m (2020: £8.37m) and revenues increased by 16% to £500.39m (2020: £431.40m), also a record high. Both these results were significantly ahead of initial market expectations. Basic earnings per share, including non-recurring items, rose by 60% to a record 44.40p (2020: 27.73p).

The Group's very strong performance benefitted from a substantial rise in farmer confidence as farmgate prices strengthened and the uncertainty surrounding Brexit and future Government support for agriculture lifted. The Group's balanced business model came to the fore once again, ensuring that we were not over-exposed to the variations of any individual sector.

The year also demonstrated the resilience and commitment of Wynnstay staff, who continued to provide an outstanding and uninterrupted service to our customers despite the additional challenges created by the coronavirus pandemic.

Both the Agriculture Division and Specialist Agricultural Merchanting Division benefited from the significant improvement in the trading environment as well as the actions we have taken to improve productivity and efficiencies.

Within the Agriculture Division, feed volumes were higher year-on-year, although margins were affected by increased costs. The return to more normal harvest tonnages and yields - against last year's historic lows - buoyed arable activities in the second half of the financial year, especially grain trading. Autumn planting was also strong, benefiting seed sales. Fertiliser blending at Glasson, the UK's second largest fertilizer blending operator, experienced a significant one-off benefit from the three-fold increase in selling prices towards the end of the financial year. The latter reflected significant increases in the world price of natural gas, which is used in the production of ammonium nitrate fertiliser.

The Specialist Agricultural Merchanting Division, which includes our depot network and Youngs Animal Feeds, performed exceptionally well, helped by strong sales across all major categories, including Wynnstay-branded bagged feed and hardware. We continued to review and invest in the depot network, making adaptations so that it remains an efficient sales channel. At the same time, we continued to develop our digital presence, having launched our new customer portal in the first half of the financial year. This is part of our multi-channel sales approach, and while digital sales remain modest, as pre-launch research suggested, we will continue to enhance digital engagement with the customer base.

It is also pleasing to report that our joint venture businesses and associate company performed well, contributing well ahead of our expectations. The two bolt-on acquisitions we made in the second quarter of the financial year have integrated extremely well, and strategically we have benefited from the addition of new trading areas, an increase in the customer base, and the addition of staff with expertise and local knowledge.

GROWTH STRATEGY

Wynnstay's growth plans focus on organic growth, acquisitions, expert advice, multi-channel engagement and ESG. At the forefront of the Board's thinking is our customer base of arable and livestock farmers and our desire to ensure that the Group continues to provides them with valued expertise and advice, a wide range of products and services that cater for their changing needs, and an overall high-level of customer service. Ultimately, our aim is to enable farmers to grow food in a manner that is profitable, efficient, sustainable and environmentally-enhancing.

Over the financial year, we made good progress across a number of areas of our growth strategy. I am very pleased to highlight that we have:

- continued to expand our specialist advisory teams;
- incrementally expanded our volumes in key feed markets, including dairy and free range egg production;
- increased seed volumes, including expanding the range of our environmental seed offering;
- progressed investment to increase our feed manufacturing capacity and completed an initial planning phase of our two-year programme to scale our seed processing activities;
- completed two complementary bolt-on acquisitions (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, based in South Yorkshire);

- launched a new digital platform, which supports our multi-channel goals; and
- further developed our ESG strategy. This focuses on both our own internal carbon reductions initiatives, and on how we can support our farming customers with their environmental objectives.

FINANCIAL RESULTS

Group revenue increased by 16% to £500.39m (2020: £431.40m), with the increase reflecting increased volumes, an eight-month contribution from our two acquisitions, and significant commodity inflation.

Underlying Group pre-tax profit rose by 37% to a record £11.44m (2020: £8.37m). Underlying Group pre-tax profit is the Board's alternative performance measure, and includes the gross share of results from joint ventures and excludes share-based payments and non-recurring items. Reported pre-tax profit increased to £10.99m (2020: £6.98m after £1.2m of non-recurring items). Basic earnings per share increased by 60% to 44.40p (2020: 27.73p).

Both Divisions contributed double digit growth, with a 19% uplift in revenues from the Agriculture Division to £358.96m (2020: £302.58m), and a 10% revenue increase from the Specialist Agricultural Merchanting Division to £141.43m (2020: £128.81m). The operating profit contribution from the Agriculture Division was £4.22m (2020: £2.88m), a rise of 46% year-on-year, with the Specialist Agricultural Merchanting Division increasing its contribution by 24% to £7.15m (2020: £5.78m).

The Group generates good operational cash flows although, this year, cash generated from operations was affected by commodity inflation, and amounted to £10.55m (2020: £19.83m). Net cash at the financial year-end increased by 10% to £9.24m (31 October 2020: £8.42m). October typically represents the highest point of net cash in the Group's annual working capital cycle.

During the year, 89,687 new ordinary shares (2020: 155,035) were issued for a total equivalent cash amount of £0.439m (2020: £0.392m) to existing shareholders exercising their right to receive dividends in the form of new shares. A further 158,138 shares were issued for a total cash consideration of £0.586m (2020: nil) to employees exercising rights over approved share options.

Group net assets at the financial year end increased by 8% to £105.72m (31 October 2020: £98.18m), a record high. Based on the weighted average number of shares in issue during the financial year of 20.120m (2020: 19.952m), this equates to a £5.25 per share (2020: £4.92). Return on net assets from underlying pre-tax profits increased to 10.8% (2020: 8.6%).

Capital investment in fixed assets including right of use assets in the financial year rose to £5.85m (2020: £4.01m), and net working capital at the financial year end increased by 24% to £46.81m (31 October 2020: £37.89m). The increase reflected both the growth and commodity price inflation.

During the financial year, the share price traded in a range between a low of £2.85 in November 2020 and a high of £5.92 in August 2021.

DIVIDEND

The Board is pleased to propose an increased final dividend of 10.50p per share to be paid on 29 April 2022 (2020: 10p per share) to shareholders on the register as at 1 April 2022. Together with the interim dividend of 5.00p per share, paid on the 29 October 2021, this makes a total dividend of 15.50p per share for the year (2020: 14.60p), an increase of 6%. The final dividend is subject to shareholder approval at the forthcoming AGM on 22 March 2022.

We are proud to note that the total dividend represents the eighteenth consecutive year of dividend growth since Wynnstay joined AIM in 2004.

BOARD AND COLLEAGUES

The Board would like to acknowledge the dedication and hard work of the Wynnstay Team over the year. Working under the additional challenges created by the coronavirus pandemic, our staff have continued to provide our customers with an exemplary service, and on behalf of the Board I would like to thank everyone for their vital contribution to these excellent results.

We were delighted to welcome new staff to the team. Over the year we appointed Paul Jackson as Commercial Sales & Marketing Director and Steve Reading as Group Engineering Manager. Lewis Davies, who has been involved in the creation of our ESG strategy also assumed the role of Environmental and Sustainability Manager. These new roles support our long-term growth plans.

At the AGM in March 2021, Jim McCarthy stepped down as Chairman to become a Non-executive Director, subsequently retiring from the Board and Group in July 2021 after ensuring a smooth handover. 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 years as Chairman. His insights and counsel have contributed significantly to Wynnstay's development, and we wish him well in his retirement.

On 1 July 2021, we were very pleased to appoint Catherine Bradshaw as a Non-executive Director. She has also assumed the role of Chairman of the Audit and Risk Committee. Catherine has over 20 years' experience in financial and general management roles, and is Group Financial Controller of Greencore Group plc, a leading UK manufacturer of convenience food, having joined the FTSE 250 listed business in 2015. Prior to this, she worked in senior financial positions at Wm Morrison Supermarkets plc and Northern Foods plc, the food manufacturer. She further strengthens the Board with her knowledge and experience, and we are delighted to welcome her to the Group.

OUTLOOK

The UK agricultural sector is emerging from a prolonged period of uncertainty created by Brexit. However, farmer sentiment has greatly improved and the sector has returned to investment, with the landmark UK Agriculture Act providing clarity over future financial support to farmers. Whilst there is a significant level of general economic uncertainty and rising costs, with farmgate prices remaining strong, prospects for the industry continue to be very encouraging.

In the near term, there are challenges for our business, with cost inflation, security of supply of overseas product and the coronavirus situation receiving our full attention. Nonetheless, we believe that Wynnstay is well-positioned to continue to its long-term growth and development. We have a clear strategy for growth, balanced business model, and strong financial underpinning, with a robust balance sheet and good cash flows. There is also an important role for us to play in supporting our farmer customers as they begin to adjust their farming practises in the light of the new Agriculture Act, which aims to boost productivity and reward environmental improvements in the farming sector.

Trading in the new financial year has started well, and we view the year ahead with confidence and expect the Group to deliver its ongoing growth objectives.

Steve Ellwood
Chairman

CHIEF EXECUTIVE'S REPORT

INTRODUCTION

The Group's results are at record levels and are significantly ahead of our original expectations. Strong farmgate prices and improved farmer sentiment helped to support these excellent results as well as the initiatives we have taken to strengthen the business and our continuing strong focus on advice and customer service. The breadth of the Group's agricultural activities across the arable and livestock sectors also continued to provide a strong underpinning to the Group's performance, balancing sector variations.

The Group managed the challenges created by the ongoing coronavirus pandemic well. These included supply chain and labour disruptions. We have also managed inflationary pressures, which caused certain operational costs to increase.

The Agriculture Division experienced a strong second half with arable operations benefiting from a more normal harvest compared to the exceptionally poor harvest in 2020, when yields and tonnage declined to a 39-year low. Grain trading volumes and autumn seed sales in the second half were both strong. Fertiliser blending activities at Glasson greatly outperformed expectations, experiencing a one-off boost from existing stock after sharp price increases towards the end of the second half, which arose from the global price rise in natural gas, a key fertiliser ingredient.

Feed sales were higher year-on-year and ahead of the national trend. We increased sales in dairy and free-range poultry feed, two markets that we are particularly targeting. Higher production and distribution costs, however, squeezed overall feed margins. The Group's on-farm feed specialists continue to provide customers with advice on best feed usage.

The Specialist Agricultural Merchanting Division performed exceptionally well, with higher sales and a significant increase in profits against last year. There was strong demand across all major categories, including Wynnstay-produced bagged feed, hardware, animal health and milk replacers.

Our joint venture businesses, especially Bibby Agriculture Limited and WYRO Developments Limited, also delivered a performance above our expectations.

The two bolt-on acquisitions acquired respectively in February and March 2021 integrated well, and contributed to the strength of these results. Both have extended our geographical trading area in the eastern side of England.

Our new digital trading portal, launched in the first half of the financial year, is seeing further steady adoption by customers, and we are also providing advice via regular podcasts, featuring both guest specialists and Wynnstay experts.

We continue to invest in our sites, operations and staff. In addition to our ongoing investment to increase the Group's seed processing capacity and update the seed plant at Astley with new technologies, we are now well-advanced in the planning stages of our investment programme to increase our manufacturing capacity at Carmarthen Mill.

ESG factors constitute an important pillar of the Company's growth strategy. Following the appointment of our Environmental and Sustainability Manager in February 2021, we have commenced a number of new initiatives to reduce the Group's carbon emissions. We are also continuing to expand the range of products and services that will support the transition farmers are making under the new Agriculture Act, which links financial support to environmental priorities. We see the Group playing an important role in supporting farmers as they transition to the new Environmental Land Management Scheme ("ELMS").

REVIEW OF ACTIVITIES

Agriculture Division

The Agriculture Division manufactures and processes feed, fertiliser and seed in addition to selling a comprehensive range of agricultural inputs that cater for the needs livestock, arable and dairy farmers. Our teams of specialist advisors help our farmer customers to produce food in a more sustainable, environmentally friendly and profitable way.

Glasson Grain Limited and GrainLink, the Group's crop marketing business, are also reported within this Division.
Total revenue within the Division rose by 19% to £358.96m (2020: £302.58m) and operating profit increased by 47% to £4.22m (2020: £2.88m).

Feed Products

Feed activities encompass feed for dairy, beef, sheep and free range egg producers. This wide offering provides an internal hedge against sector variations. In addition, we sell feed raw materials, liquid feeds and feed supplements. Feed is manufactured both in bulk form, which is delivered direct to farm, and bagged form. In bagged form, it is predominantly marketed under our well-known 'Wynnstay' brand and sold through our depot network.

Total feed volumes were 6.5% above the previous year and higher than the national trend. However, operating profit was affected by higher manufacturing, distribution and raw material costs and was in line with the previous year. Pleasingly, we increased volumes within the dairy and poultry sectors, both key growth areas for us, and expanded sheep feed volumes. Our team of Youngstock advisors have further enhanced our position as market leader in the milk replacer sector.

With sustainable agriculture embedded in our strategy, we introduced a range of climate-friendly feed diets during the year. These incorporate sustainably-produced raw materials, including soya and palm kernel. We plan to launch a range of ruminant diets that will include a feed ingredient that reduces methane emissions and is endorsed by the Carbon Trust. We expect demand for our climate-friendly rations to grow strongly. Our on-farm advisors are also working with customers to help them deliver their desired environmental objectives. Our bagged feed is now packaged within plastic bags that contain a minimum of 30% recyclable plastic, and we continue to work with our suppliers to increase this proportion further.

We continued to focus on improving our feed manufacturing efficiencies. We achieved record production at our factory at Llansantffraid, and will be accelerating our investment programme at our feed mill at Carmarthen during the coming year.

We expect feed demand throughout the winter months to remain strong as fodder, although in abundant supply, is of varying quality. In addition, agricultural commodity prices remain high, with milk prices likely to increase further, which will support feed demand. However, we also expect margins to come under pressure, reflecting the very volatile raw material market and higher energy, fuel and labour costs.

Arable Products

Our arable operations supply a wide range of services and products to arable and grass-land farmers. These include seeds, fertilisers and agricultural chemicals, as well as grain marketing services.

After a difficult first half, which reflected the exceptionally poor planting season and poor harvest in 2020, arable operations delivered a strong second half performance.

Grain trading performance for the year as a whole was better than the prior year, with improved margins. While, as previously stated, this is against a poor comparative, the financial contribution from this activity was ahead of our expectations.

Sales of both cereal and grass seed were strong in the second half, after weaker first half sales. Grass seed sales for the year were higher than the previous year, including the contribution from our acquisition. This was a pleasing result and like-for-like sales although slightly down on the prior year, performed better than national sales, which decreased by 10% year-on-year.

In line with our environmental strategy, we continued to extend our environmental seed offerings and, in March 2021, also appointed an Environmental Seed Specialist. Our objective is to offer arable farmers sustainable, environmentally-friendly seed mixtures, which include pollinators and deep-rooted herbs. We started planning for our two-year investment programme at our seed plant in Astley. We are assessing our processing options within the East of England, and in the meantime, continue to work with partners to process cereal seed in the region.

Fertiliser sales within Wynnstay Agricultural Supplies Limited decreased by 7% year-on-year. This reflected three main factors; reduced demand as a result of adverse growing conditions in the spring, the good grass-growing summer, and the dramatic rise in fertiliser prices, which tripled towards the end of the financial year. Fertiliser prices rose significantly as a result of the sharp increase in the price of natural gas, which is used to produce ammonium nitrate, the key ingredient of high-nitrogen fertiliser.

Farmers within Wales are now preparing to comply with nitrate pollution prevention legislation, which aims to reduce losses of nitrogen from agriculture to water. This follows a decision to designate the whole of Wales as a Nitrate Vulnerable Zone ("NVZ"), with full compliance expected from 2024. We are therefore ensuring that relevant members of our teams are qualified under the Fertiliser Advisers Certification and Training Scheme ("FACTS"), and expect to work with an increasing number of customers on fertiliser application strategies and manure management.

Cereal and oilseed rape prices have been extremely strong, rising to record levels over recent months. This supports our positive view of prospects for the sector, although farm costs have also increased significantly and there are also labour challenges affecting transportation.

Glasson Grain Limited

Glasson Grain Limited ("Glasson") operates from Glasson dock, near Lancaster, and has three core activities, fertiliser blending, the supply of feed raw materials, and the manufacture of added-value products to specialist animal feed retailers.

Glasson's performance was ahead of our expectations, with results reaching a record high. Fertiliser blending activities achieved record volumes and well above budgeted margins in the second half of the year. Already holding stock, Glasson experienced an exceptional benefit from the substantial increase in fertiliser raw material prices across the market in the second half of the financial year. The feed raw material trading operations also delivered a strong performance reflecting buoyant demand. Specialist animal feed volumes, which includes bird, equine and game feed, were impacted by the effects of coronavirus restrictions, which reduced demand.

The fertiliser blending business of HELM Great Britain Limited in South Yorkshire, that we acquired in March 2021, has been integrated into Glasson, and performed very well. Its acquisition has consolidated Glasson's position as the second largest fertiliser blending operator in the UK.

During the second half, we completed a restructuring of the operations, discontinuing non-core activities, such as stevedoring. This has left Glasson now wholly concentrated on growing its core activities.

SPECIALIST AGRICULTURAL MERCHANTING DIVISION

The Specialist Agricultural Merchanting Division comprises a network of 54 depots located within predominantly livestock areas of England and Wales. Its activities are supported by supplementary routes to market, which include specialist catalogues, our sales trading desk and our digital sales platform. The depots work closely with our sales specialists to provide customers with in-depth advice. The Division also includes Youngs Animal Feeds, our specialist wholesale business. Youngs Animal Feeds manufactures and markets a range of equine products throughout Wales and the Midlands.

The Division delivered very strong results, with total revenue increasing by 10% to £141.43m (2020: £128.81m), and like-for-like revenue up 12%. Operating profit rose by 24% to £7.15m (2020: £5.78m).

Wynnstay Depots and Youngs Animal Feeds

The excellent performance the Division delivered reflected increased farmer confidence and a return to farm investment. Sales were especially strong across Wynnstay-branded bagged feed, animal health products, milk replacers and agricultural hardware, which includes fencing and farm metalwork products. While there were supply chain challenges with some products over the year, caused by the coronavirus situation and Brexit-related delays, our broad pool of suppliers minimised the disruption.

We continued with our depot optimisation programme, and amalgamated the distribution depot at Cleersview in Somerset with the depot at Sedgemoor. We also purchased the site we previously leased at Llangadog. This has enabled us to increase storage space and improves customer service levels in the locality.

Youngs Animal Feeds performed strongly, and significantly ahead of the prior year. The closure of the Huyton store at the end of the previous year removed material costs, benefiting profitability. During the year, we rebranded our in-house produced feed fibre products as 'Sweet Meadow' and are targeting new markets for this sector-leading product.

JOINT VENTURES AND ASSOCIATE COMPANY

Wynnstay has three joint venture companies, Bibby Agriculture Limited, WYRO Developments Limited and Total Angling Limited, as well as one associate company, Celtic Pride Limited. The combined operating profit contribution from these companies was significantly better than expected.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We are committed to achieving net carbon zero across the Group by 2040, and a key pillar of our growth strategy is to help farmers feed the UK in a more sustainable way.

We believe that Wynnstay is well-positioned to offer solutions at all points of food production through a 'whole farm' approach. There are significant gains to be made in reducing carbon emissions through the use of precision-farming techniques. These include precise nutrient use for crops and livestock feeding management. Management of soil within a sustainable rotation is also key to environmental outcomes. As mentioned, earlier, we are working on extending our range of products and services that support environmental goals and a more sustainable approach to farming.

We have formed a trading partnership with Caplor Energy, which installs, maintains and services alternative energy systems and storage on farms. The partnership will enable us to provide our extensive customer base of farmers and growers with the opportunity of generating and storing their own renewable electricity on their farms.

Within the business we have continued to implement initiatives to reduce energy consumption and carbon emissions. LED lighting continues to be installed across the operations and our distribution fleet is making greater use of electric forklifts, hybrid cars, and B20 fuel.

The appointment of Lewis Davies as Environmental and Sustainability Manager in February 2021 was designed to further accelerate the development of our ESG strategy. He was previously involved with the creation of Wynnstay's sustainability objectives, which encompass raw materials sourcing, waste management and energy efficiency as primary areas of focus. He is also a member of the sustainability committee of the agrisupply industry's leading trade association, the Agricultural Industries Confederation (AIC), and will act as a representative for Wynnstay as the Company works with its peers to promote increased sustainability throughout UK agriculture. Wynnstay is also a corporate member of Linking Environment and Farming ("LEAF"), which works with farmers, the food industry, scientists and consumers to encourage and enable sustainable farming. LEAF also campaigns to increase public understanding of, and demand for, environmentally and sustainably sourced product.

Social and charitable contributions are important to the Group. In order to raise money, encourage regular exercise and promote general well-being, we initiated a "North to South" challenge. Colleagues, their friends and family were invited to see how many times they could walk, run, swim or cycle 644 miles, which equates to the distance between our most northerly office in Montrose and our most southerly store in Helston. The monies raised from the challenge were donated to our nominated charity, the Royal Agricultural Benevolent Institution, which supports farming families in times of need.

The Board remains committed to the highest standards of appropriate corporate and commercial governance to support the delivery of long term shareholder value.

COLLEAGUES

My colleagues throughout the business have performed exceptionally well in a trading environment where pandemic considerations remained paramount. They continued to prioritise the health and welfare of their fellow colleagues and customers while keeping the business operating smoothly.

I am extremely grateful for everyone's hard work, commitment and team-minded approach, which has contributed greatly to these record results. I would like to thank all our employees for their outstanding efforts.

OUTLOOK

The trading environment has improved significantly, and farmer sentiment across the agricultural sector is strong. Most farmers are experiencing high value returns for their products, and the Agriculture Act has brought clarity over financial support arrangements for farmers following the UK's departure from the European Union. The current level of financial support from the UK Government will remain unchanged until 2024, with a transition period thereafter, which will provide stability to the industry over the medium term.

Following Brexit, the UK Government has agreed a number of trade deals with non-EU countries. Although some of these deals may also have increased the opportunity for agricultural food imports to enter the UK, they have opened up new markets across the world, at a time when global demand for food is continuing to increase.

Against this positive trading backdrop, there are some near term pressures for farmers, with farm input inflation and increased operational costs.

Nonetheless, we remain confident about Wynnstay's growth prospects. We continue to invest across the Group in line with our strategic growth plans. We are increasing manufacturing and distribution capacity and efficiency, extending our environmental offering, and continuing with our depot optimisation programme.

Ensuring that we are in a position to assist customers with expert advice remains critically important. The new Agriculture Act, which has introduced a support system very different to CAP, by aligning financial support to sustainability and environmental concerns, makes this aspect of our service all the more relevant. We are placing significant emphasis on sourcing sustainably produced products and materials to supply to our customers, as well as increasing the Group's specialist knowledge base. This will help to reinforce our position as a trusted supplier of choice to farmers as they transition to the new requirements under the Agriculture Act, including ELMS.

While digital purchasing of agricultural inputs is still relatively low amongst our customer base, we continue to invest in our new digital platform and to increase the ways in which we communicate and engage digitally with customers.

Trading in the new financial year has started in line with expectations. The agricultural backdrop is currently strong and Wynnstay is well positioned to grow the business, both organically and by acquisition. We are confident that our strategic growth plans, strong cash flows, robust balance sheet and balanced business model, stand us in good stead for continuing success into the medium term.

Gareth Davies
Chief Executive Officer

WYNNSTAY GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 October 2021

	Note		**2021**	2020	
		£000	**£000**	£000	£000
Revenue	2		**500,386**		431,398
Cost of sales			**(432,493)**		(370,630)
Gross profit			**67,893**		60,768
Manufacturing, distribution and selling costs			**(50,072)**		(46,033)
Administrative expenses			**(7,096)**		(6,945)
Other operating income			**361**		351
Adjusted operating profit[1]			**11,086**		8,141
Amortisation of acquired intangible assets, goodwill impairment and share-based payment expense	4		**(477)**		(132)
Non-recurring items	4		**-**		(1,194)
Group operating profit			**10,609**		6,815
Interest income		**193**		164	
Interest expense		**(383)**		(436)	
	3		**(190)**		(272)
Share of profits in joint ventures and associates accounted for using the equity method		**677**		538	
Share of tax incurred by joint ventures and associates		**(105)**		(100)	
	6		**572**		438
Profit before taxation			**10,991**		6,981
Taxation	7		**(2,057)**		(1,448)
Profit for the year			**8,934**		5,533
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss :					
Net change in the fair value of cashflow hedges taken to equity, net of tax			**263**		-
Other comprehensive income for the period			**263**		-
Total comprehensive income for the period			**9,197**		5,533
Basic earnings per share	**10**		**44.40p**		27.73p
Diluted Earnings per share	**10**		**43.53p**		27.57p

WYNNSTAY GROUP PLC

CONSOLIDATED BALANCE SHEET

As at 31 October 2021	Note	2021	2020
		£000	£000
ASSETS			
NON-CURRENT ASSETS			
Goodwill		**14,322**	14,367
Investment property		**2,372**	2,372
Property, plant and equipment		**16,746**	17,545
Right-of-use assets		**11,043**	11,240
Investments accounted for using equity method		**3,433**	3,611
Intangibles		**236**	225
Derivative financial instruments		**5**	-
		48,157	49,360
CURRENT ASSETS			
Derivative financial instruments		**320**	49
Inventories		**50,550**	34,190
Trade and other receivables		**72,511**	55,757
Financial assets - loan to joint ventures		**3,319**	3,889
Cash and cash equivalents	12	**19,641**	19,980
		146,341	113,865
TOTAL ASSETS		**194,498**	163,225
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities - borrowings	12	**(672)**	(1,572)
Lease liabilities	12	**(3,995)**	(3,483)
Derivative financial instruments		**(53)**	(219)
Trade and other payables		**(76,212)**	(51,917)
Current tax liabilities		**(1,218)**	(784)
Provisions		**(243)**	(146)
		(82,393)	(58,121)
NET CURRENT ASSETS		**63,948**	55,744
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings	12	**-**	-
Lease liabilities	12	**(5,731)**	(6,509)
Trade and other payables		**(38)**	(141)
Derivative financial instruments		**(140)**	-
Deferred tax liabilities		**(474)**	(276)
		(6,383)	(6,926)
TOTAL LIABILITIES		**(88,776)**	(65,047)
NET ASSETS		**105,722**	98,178
EQUITY			
Share capital	11	**5,075**	5,013
Share premium		**31,600**	30,637
Other reserves		**4,131**	3,525
Retained earnings		**64,916**	59,003
TOTAL EQUITY		**105,722**	98,178

WYNNSTAY GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 October 2021

Group	Share capital £000	Share premium account £000	Other reserves £000	Cashflow hedge reserves £000's	Retained earnings £000	Total £000
At 1 November 2019	4,974	30,284	3,429	-	56,261	94,948
Profit for the year	-	-	-		5,533	5,533
Total comprehensive profit for the year	-	-	-	-	5,533	5,533
Transactions with owners of the Company, recognised directly in equity:						
Shares issued during the year	39	353	-	-	-	392
Dividends	-	-	-	-	(2,791)	(2,791)
Equity settled share-based payment transactions	-	-	96	-	-	96
Total contributions by and distributions to owners of the	39	353	96	-	(2,791)	(2,303)

Company

At 31 October 2020	5,013	30,637	3,525	-	59,003	98,178
Profit for the year	**-**	**-**	**-**	**-**	**8,934**	**8,934**
Net change in the fair value of cashflow hedges taken to equity, net of tax	**-**	**-**	**-**	**263**	**-**	**263**
Total comprehensive income for the year	**-**	**-**	**-**	**263**	**8,934**	**9,197**
Transactions with owners of the Company, recognised directly in equity						
Shares issued during the year	**62**	**963**	**-**	**-**	**-**	**1,025**
Dividends	**-**	**-**	**-**	**-**	**(3,021)**	**(3,021)**
Equity settled share-based payment transactions	**-**	**-**	**343**	**-**	**-**	**343**
Total contributions by and distributions to owners of the Company	**62**	**963**	**343**	**-**	**(3,021)**	**(1,653)**
At 31 October 2021	**5,075**	**31,600**	**3,868**	**263**	**64,916**	**105,722**

WYNNSTAY GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 October 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Cash generated from operations	13	**10,554**	19,833
Interest received - cash	3	**193**	164
Interest paid - cash	3	**(102)**	(141)
Settlement of provision		**(96)**	(10)
Tax paid		**(1,462)**	(1,510)
Net cash generated from operating activities		**9,087**	18,336
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**340**	194
Purchase of property, plant and equipment		**(1,563)**	(1,058)
Acquisition of business and assets, net of cash acquired	14	**(2,156)**	-
Acquisition of subsidiary undertaking, net of cash acquired	14	**(82)**	(125)
Decrease in short term loans to joint ventures		**570**	524
Dividends received from joint ventures and associates		**753**	2
Net cash used by investing activities		**(2,138)**	(463)
Cash flows from financing activities			
Net proceeds from the issue of ordinary share capital		**1,025**	392
Lease repayments		**(4,392)**	(4,632)
Repayment of borrowings		**(900)**	(1,470)
Dividends paid to shareholders	8	**(3,021)**	(2,791)
Net cash used by financing activities		**(7,288)**	(8,501)
Net increase in cash and cash equivalents		**(339)**	9,372
Cash and cash equivalents at the beginning of the period		**19,980**	10,608
Cash and cash equivalents at the end of the period	12	**19,641**	19,980

The cashflow movements for 2020 have been adjusted to reflect the incorrect treatment of the repayment in short term loans to joint ventures which has been reclassified from cash generated from operations to cashflows from investing activities.

WYNNSTAY GROUP PLC

NOTES TO THE ACCOUNTS

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of this approved financial information.

Basis of Preparation

The Group's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Group financial statements have been prepared under the historical cost convention other than certain assets which are at deemed cost under the transition rules, share-based payments which are included at fair value and certain financial instruments which are explained in the relevant section below. A summary of the material Group accounting policies is set out below and have been applied consistently.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going Concern

The directors have prepared the financial information presented for Group and Company on a going concern basis having considered the principal risks to the business and the possible impact of plausible downside trading scenarios. The Board have concluded that they have a reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report of the Group's Annual Report. The financial position of the Group and the principal risks and uncertainties are also described in the Strategic report.

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. More detail on outlook is contained within the Group's Annual Report.

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.

2. 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 of 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 year ended 31 October 2021 are as follows:

Year ended 31 October 2021	Agriculture £000	Specialist Agricultural Merchanting £000	Other £000	Total £000
Revenue from external customers	358,961	141,425	-	500,386
Segment result				
Group operating profit before non-recurring items	3,697	7,120	(208)	10,609
Share of results of joint ventures before tax	524	33	120	677
	4,221	7,153	(88)	11,286
Non-recurring items				-
Interest income				193
Interest expense				(383)
Profit before tax from operations				11,096
Income taxes (includes tax of joint ventures and associates)				(2,162)
Profit for the year attributable to equity shareholders from operations				8,934
Other Information:				
Depreciation and amortisation	3,463	2,676	-	6,139
Fixed asset additions	3,760	2,094	-	5,854

Segment assets	101,812	66,237	6,808	174,857
Segment liabilities	(56,547)	(20,139)	-	(76,686)
				98,171
Add corporate net cash (note 12)				9,243
Less corporate tax liabilities				(1,692)
Net assets				105,722
Included in the segment assets above are the following investments in joint ventures and associates	2,386	115	840	3,341

2. SEGMENTAL REPORTING (continued)

The segment results for the year ended 31 October 2020 are as follows:

Year ended 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 result				
Group operating profit before non-recurring items	2,411	5,728	(130)	8,009
Share of results of joint ventures before tax	471	53	14	538
	2,882	5,781	(116)	8,547
Non-recurring items				(1,194)
Interest income				164
Interest expense				(436)
Profit before tax from operations				7,081
Income taxes (includes tax of joint ventures and associates)				(1,548)
Profit for the year attributable to equity shareholders from operations				5,533
Other Information:				
Depreciation and amortisation	3,548	2,630	-	6,178
Fixed asset additions	2,510	1,505	-	4,015
Segment assets	78,265	57,708	7,272	143,245
Segment liabilities	(34,401)	(18,022)	-	(52,423)
				90,822
Add corporate net cash (note 12)				8,416
Less corporate tax liabilities				(1,060)
Net assets				98,178
Included in the segment assets above are the following investments in joint ventures and associates	2,711	91	719	3,521

3. FINANCE COSTS

	2021 £000	2020 £000
Interest expense:		
Interest payable on borrowings	(102)	(141)
Interest payable on finance leases	(281)	(295)
Interest and similar charges payable	(383)	(436)
Interest income	193	164
Interest receivable	193	164
Finance costs	(190)	(272)

4. AMORTISATION OF ACQUIRED INTANGIBLE ASSETS, IMPAIRMENT OF GOODWILL, SHARE-BASED PAYMENTS AND NON-RECURRING ITEMS

	2021 £000	2020 £000
Amortisation of acquired intangible assets and share-based payments		
Amortisation of intangibles	39	36
Impairment of goodwill	95	-
Cost of share-based reward	343	96
	477	132
Non-recurring items		

Business re-organisation costs	-	185
Goodwill and Investment impairment	-	601
Huyton store closure costs	-	256
Decommissioning of Selby seed plant	-	152
		1,194

Non-recurring items in relation to 2020 were:

- Business re-organisation costs relating to redundancy expenses of colleagues leaving the business as a result of re-organising operations during the year.
- Goodwill impairment relating to the GrainLink cash generating unit.
- Huyton depot store closure costs comprising redundancy and costs associated with exiting the leased premises.
- Decommissioning of Selby seed plant including the costs of vacating a leased property and transferring the plant and machinery to a new location.

5. GROUP OPERATING PROFIT

The following items have been included in arriving at operating profit:

	2021	2020
	£000	£000
Staff costs	**31,085**	30,031
Cost of inventories recognised as an expense	**431,423**	363,446
Depreciation of property plant and equipment:		
- owned assets	**2,165**	2,290
Amortisation of right-of-use assets	**3,974**	3,888
Amortisation of intangibles	**39**	36
Fair value changes on derivative financial instruments	**23**	395
Hedge ineffectiveness for the period	**114**	-
(Profit) on disposal of fixed assets	**(86)**	(142)
(Profit) / Loss on disposal of right of use assets	**(14)**	25
Other operating lease rentals payable	**205**	244

Services provided by the Group's auditor

During the year the Group obtained the following services from the Group's auditor:

	2021	2020
	£000	£000
Audit services - statutory audit	**119**	99

6. SHARE OF POST-TAX PROFITS OF JOINT VENTURES

	2021	2020
	£000	£000
Total share of post-tax profits of joint ventures	**572**	438

7. TAXATION

	2021	2020
Analysis of tax charge in year	**£000**	£000
Current tax		
- Operating activities	**1,901**	1,496
- Adjustments in respect of prior years	**(4)**	(73)
Total current tax	**1,897**	1,423
Deferred tax		
- Accelerated capital allowances	**57**	165
- other temporary and deductible differences	**103**	(140)
Total deferred tax	**160**	25
Tax on profit on ordinary activities	**2,057**	1,448

8. DIVIDENDS

	2021	2020
	£000	£000
Final dividend paid for prior year	**2,007**	1,870
Interim dividend paid for current year	**1,014**	921
	3,021	2,791

Subsequent to the year end it has been recommended that a final dividend of 10.50p net per ordinary share (2020: 10.00p) be paid on 29 April 2022. Together with the interim dividend already paid on 29 October 2021 of 5.00p net per ordinary share (2020: 4.60p) this will result in a total dividend for the financial year of 15.50p net per ordinary share (2020: 14.60p).

10. EARNINGS PER SHARE

	Basic earnings per share		**Diluted earnings per share**	
	2021	2020	**2021**	2020
Earnings attributable to shareholders (£000)	**8,934**	5,533	**8,934**	5,533
Weighted average number of shares in issue during	**20,120**	19,952		

the year (number '000)			**20,524**	20,070
Earnings per ordinary 25p share (pence)	**44.40**	27.73	**43.53**	27.57

Basic earnings per 25p ordinary share is calculated by dividing profit for the year from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

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) taking into account their exercise price in comparison with the actual average share price during the year.

	2021			2020		
	Earnings	**Weighted average number of shares (number '000)**	**Earnings per share**	Earnings	Weighted average number of shares (number '000)	Earnings per share
Earnings per ordinary 25p share (pence)	**8,934**	**20,120**	**44.40**	5,533	19,952	27.73
Effect of dilutive securities						
Share options	**-**	**404**	**(0.87)**	-	118	(0.16)
Diluted Earnings per ordinary 25p share (pence)	**8,934**	**20,524**	**43.53**	5,533	20,070	27.57

11. SHARE CAPITAL

	2021		2020	
	No. of shares 000	**£000**	No. of shares 000	£000
Authorised				
Ordinary shares of 25p each	**40,000**	**10,000**	40,000	10,000
Allotted, called up and fully paid				
Ordinary shares of 25p each	**20,299**	**5,075**	20,051	5,013

During the year 89,687 shares (2020: 155,035) were issued with an aggregate nominal value of £22,421 (2020: £38,759) and were fully paid up for equivalent cash of £439,095 (2020: £392,135) to shareholders exercising their right to receive dividends under the Company's dividend scrip scheme. A further 158,138 shares were issued with a nominal value of £39,534 and equivalent cash value of £586,310 (2020: Nil) to satisfy the exercise of employee options.

12. CASH AND CASH EQUIVALENTS, BORROWINGS AND LEASE LIABILITIES

	2021	2020
	£000	£000
Current		
Cash and cash equivalents per balance sheet and cash flow	**19,641**	19,980
Bank loans and overdrafts due within one year or on demand:		
Secured loans	**-**	(897)
Loanstock (unsecured)	**(672)**	(675)
	-	-
Financial liabilities - borrowings	**(672)**	(1,572)
Net obligations under finance leases:		
Non-property leases	**(1,626)**	(1,473)
Property leases	**(2,369)**	(2,010)
Lease liabilities	**(3,995)**	(3,483)
Total current net cash and lease liabilities	**14,974**	14,925
Non-current		
Bank loans:		
Secured loans	**-**	-
	-	-
Financial liabilities - borrowings	**-**	-
Net obligations under leases:		
Non-property leases	**(1,881)**	(2,228)
Property leases	**(3,850)**	(4,281)
Lease liabilities	**(5,731)**	(6,509)

Total non-current net debt and lease liabilities	**(5,731)**	(6,509)
Total net cash and lease liabilities	**9,243**	8,416
Memo: total net cash and lease liabilities excluding property leases	***15,462***	*14,707*

• Cash and cash equivalents

Cash and cash equivalents are all cash at bank and held with HSBC UK Bank Plc, except for £585,000 (2020: £311,000) which is held at International FC Stones for wheat futures hedging. HSBC UK Bank Plc's credit rating per Moody's is A1 (2020: A2). £412,000 of the cash and cash equivalent balance is denominated in EUR (99%) and USD (1%) (2020: £38,000, in EUR (90%) and USD (10%). All other amounts are denominated in GBP and are at booked fair value. Loan stock is redeemable at par at the option of the Company. Interest of 0.5% (2020: 0.5%) per annum is payable to the holders.

• Borrowings

Bank loans and overdrafts are secured by an unlimited composite guarantee of all trading entities within the Group. Outstanding bank loans as at October 2020 were repaid during the year and the rate of interest on that loan was 0.85% over base rate up to the point of repayment.

Loan stock is redeemable at par at the option of the Company or the holder. Interest of 0.5% (2020: 0.5%) per annum is payable to the holders.

13. CASH GENERATED FROM OPERATIONS

	2021 £000	2020 £000
Profits for the year from operations	**8,934**	5,533
Adjustments for:		
Tax	**2,057**	1,448
Investment and goodwill impairment	**95**	601
Depreciation of tangible fixed assets	**2,165**	2,290
Amortisation of right-of-use assets	**3,974**	3,888
Amortisation of other intangible fixed assets	**39**	36
Profit on disposal of property, plant and equipment	**(86)**	(142)
Profit on disposal of right-of-use asset	**(14)**	25
Loss on relinquishment of property leases	**26**	-
Interest income	**(193)**	(164)
Interest expense	**383**	436
Share of post-tax results of joint ventures	**(572)**	(438)
Share-based payments	**343**	96
Derivative held at fair value	**23**	395
Provision made	**193**	156
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):		
Decrease in inventories	**(14,583)**	8,049
Decrease in trade and other receivables	**(16,753)**	8,055
(Decrease)in payables	**24,523**	(10,431)
Cash generated from operations	**10,554**	19,833

14. BUSINESS COMBINATIONS

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 some of the assets of the agricultural division of Armstrong Richardson & Co. Limited.

The provisional consideration is £548,000 which is represented by £154,000 paid on completion for certain assets, deferred consideration paid during the year of £344,000 for inventory and debtors and contingent consideration of £50,000 relating to goodwill, which is expected to be paid by 12 February 2023. The consideration payable is dependent on 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 for the period to 31 October 2021 as extracted from management accounts are revenues of £4,761,000 and profit before tax of £3,000.

HELM Great Britain Limited

On 3 March 2021, Glasson Grain Limited entered into a business combination and acquired 100% of the manufacturing activity and assets of the dry fertiliser blending business of 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 and inventory.

Amounts included in the Consolidated Statement of Comprehensive Income period to 31 October 2021 as extracted from management accounts are revenues of £11,065,000 and profit before tax of £742,000.

	Fertiliser division of HELM Great Britain Limited	**Agricultural division of Armstrong**	**Total**

		Richardson & Co. Limited	
	£'000	**£'000**	**£'000**
Provision for fair value of asset acquired			
Goodwill	-	50	**50**
Intangible assets	-	50	**50**
Property, plant and equipment	225	16	**241**
Other debtors	-	88	**88**
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**
Settled in cash before the year end	**-**	**344**	**344**
Total settled in cash during the year	**1,658**	**498**	**2,156**
Contingent consideration outstanding at the year end	**-**	**50**	**50**

Acquisition costs of £17,000 arose as a result of the above transactions which 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 consideration of £82,000 was paid during the period to 31 October 2021 relating to prior period acquisitions, resulting in a total outflow of £2,238,000 in the period to 31 October 2021.

15. ALTERNATIVE PERFORMANCE MEASURE

Using the Board's preferred alternative performance measured referred to as Underlying pre-tax profit, which includes the gross share of results from joint ventures and associates but excludes share-based payments and non-recurring items, the Group achieved £11.44m (2020: £8.37m). A reconciliation with the reported income statements and this measure, together with the reasons for its use is given below:

	2021	2020
	£000	£000
Profit before tax	**10,991**	6,981
Share of tax incurred by joint ventures and associates	**105**	100
Share-based payments	**343**	96
Non-recurring items	**-**	1,194
Underlying pre-tax profit	**11,439**	8,371

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

- The add back of tax incurred by joint ventures and associates. The Board believes the incorporation of the gross result of these entities provides a fuller understanding of their combined contribution to the Group performance.
- The add back of share-based payments. This charge is a 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.
- 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. See note 4.

16. RESPONSIBILTY STATEMENT

The Directors below confirm to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

S J Ellwood
P M Kirkham
B P Roberts
G W Davies
H J Richards

C Bradshaw

17. CONTENT OF THIS REPORT

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 October 2021 or 31 October 2020 but is derived from those accounts.

Statutory accounts for 2020 have been delivered to the Registrar of Companies. The auditor at the time, BDO LLP, has reported on the 2020 accounts; the report (i) was unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for 2021 will be delivered to the Registrar of Companies following the Annual General Meeting. The auditor, RSM UK Audit LLP, has reported on these accounts; their report is unqualified, does not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and; does not include a statement under either section 498(2) or (3) of the Companies Act 2006.

The Annual Report and full Financial Statements will be available to shareholders during February 2022. Further copies will be available to the public, free of charge, from the Company's Registered Office at Eagle House, Llansantffraid, Powys, SY22 6AQ or on the Company's website at www.wynnstay.co.uk.

18. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday 22 March 2022 at 11.45am. Further details will be published on the Company's website www.wynnstayplc.co.uk.

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