



24 April 2024

CARR'S GROUP PLC
REPLACEMENT RNS: STRATEGIC UPDATE AND INTERIM RESULTS
For the 6 months ended 29 February 2024

Correction to announcement number 0448L made at 7.00 a.m. on 18 April 2024. The Operational Review of the Company's Engineering division contained reference to a £10m contract, which should have read as follows:

"Revenues in the robotics business increased 60.4% from last year, benefitting from the significant order wins last year including a prestigious £10m contract, the largest single contract signed by Wälischmiller."

All other details remain unchanged. The full amended text is shown below.

STRATEGIC UPDATE AND INTERIM RESULTS
For the 6 months ended 29 February 2024

Carr's Group plc (CARR.L), ("Carr's", the "Company", or the "Group") the Agriculture and Engineering Group, announces a strategic update and its un-audited interim results for the six months ended 29 February 2024.

Strategic Update

Following the review of the performance, composition and organisation of the Group's operations highlighted at the time of the Full Year Results announcement ("FY23") on 21 December 2023 the Board has concluded that continuing with two divisions (Agriculture and Engineering) is an inefficient operating model, particularly given the lack of synergistic benefits and resultant central overheads, both of which are dilutive to management's and investment focus.

The Board believes that both the Engineering Division and the Agriculture Division hold material value creation opportunities; however, the Agriculture Division will be optimised in the medium term through transformation plans developed and implemented by recently appointed management, whilst the Engineering Division represents a near-term opportunity.

The Board is therefore running a process to explore options to maximise shareholder value with regard to the Engineering Division.

Further updates will be provided when appropriate.

Interim Results for the 6 months ended 29 February 2024

Financial Highlights

| Adjusted (Continuing Operations) | H1 2024 | H1 2023 (restated) | +/- % |
|--|----------------|---------------------------|--------------|
| Revenue (£'m) | 81.4 | 79.8 | +2.0 |
| Adjusted operating profit (£'m) | 5.8 | 5.8 | -1.4 |
| Adjusted profit before tax (£'m) | 5.6 | 5.6 | +0.6 |
| Adjusted earnings per share (p) | 4.8 | 5.0 | -4.0 |
| Statutory (Continuing Operations) | H1 2024 | H1 2023 (restated) | +/- % |
| Revenue (£'m) | 81.4 | 79.8 | +2.0 |
| Operating profit (£'m) | 3.5 | 5.2 | -32.1 |
| Profit before tax (£'m) | 3.4 | 5.0 | -31.3 |
| Basic earnings per share (p) | 3.0 | 4.5 | -33.3 |
| Interim dividend per share (p) | 2.35 | 1.175 | +100.0 |
| Net cash (£'m) | 8.0 | 8.6 | |

Highlights

- Engineering Division
 - Continued strong performance with revenues for the six month period increased by 26.1% to £28.5m (H1 2023: £22.6m).
 - Adjusted operating profit for the six month period increased by 119.2% to £2.4m (H1 2023: £1.1m).
 - Adjusted operating profit on a LTM basis of £6.6m from revenues of £56.5m.
 - Forward order book of £57.8m remains strong and increased from £41.3m at H1 FY23.

- Agriculture Division
 - Revenues for the six month period reduced by 7.5% on prior year to £52.8m (H1 2023: £57.1m).
 - Adjusted operating profit for the six month period reduced by 17.4% to £4.9m (H1 2023 restated: £6.0m).
 - UK feed block tonnage increased by 11% year on year whilst the US feed block business volumes were down 18% year on year. The under-performing facility in Nevada has now closed with production requirements transferred to the two remaining sites.
 - US dairy feed supplement business increased volume by 19%, however remains loss making due to unfavourable contracts ending in FY24. New management in situ to return to profitability.
 - UK market cautiously improving as input prices stabilise, whilst US market conditions continue to be challenging due to cyclical herd size reductions and ongoing regional drought condition.
- Central costs
 - Central costs, on an adjusted basis, of £1.6m (H1 2023 restated: £1.3m).
 - Ongoing cost reduction measures underway in FY24, continuing into H1 FY25, step-changes aligned to strategic direction.
- Adjusting items
 - £2.3m of adjusting items (pre-tax) comprising:
 - £1.9m of restructuring and other non-recurring cash costs
 - £0.4m in relation to amortisation of intangibles
- Net cash / debt
 - Half year-end net cash of £8.0m (H1 2023: Net cash £8.6m) - following payment of final dividend for FY23.
- Dividends
 - Interim dividend of 2.35p per share (H1 2023: 1.175p).
 - Reflecting previously announced policy of a single interim dividend and final, rather than two interims and final.

Strategic Highlights

- Board and management appointments in anticipation of the transformation of the Group: David White (Chief Executive Officer), Gavin Manson (Chief Financial Officer), Martin Rowland (Executive Director of Transformation), Gillian Watson (Non-Executive Director and Senior Independent Director) and Fiona Rodford (Non-Executive Director).
- Transformation of Agriculture Division underway with new leadership across global businesses, with Josh Hoopes joining as CEO Agriculture in March supported by new leadership teams in the UK and US.
- Ongoing cost reduction measures underway in FY24, continuing into H1 FY25, with step changes aligned to strategic direction.
- Group bank facilities of £25m extended to December 2026.
- Final £4.0m deferred consideration from the sale of the Agricultural Supplies Division received in October 2023.

Outlook

Trading conditions in agriculture remain challenging, particularly in the US. The Board expects this to continue through the current financial year, while retaining confidence in prospects improving in the medium to long term. Our short-term focus is on ensuring that performance is optimised during persistently challenging conditions whilst making the changes necessary to deliver longer term value creation. The Engineering Division delivered a strong first half performance, building on FY23. The Board remains confident that order book levels will enable year-on-year growth during FY24, while also providing confidence beyond the current financial year. Board expectations for FY24 remain unchanged.

Quote: David White (Chief Executive Officer)

"Having reviewed the position of the Group and its market valuation the Board has concluded that the value of each of our divisions individually, when added together, significantly outweighs our market capitalisation. The growing profitability and future prospects of our Engineering Division make this the optimal time to explore options to realise value for that division. The significant opportunities to improve our market position in our Agriculture Division point to short term focus on optimising trading through challenging conditions and preparing that business for future growth built on the foundation of our leading brands. We now have the team in place to deliver the transformation necessary at divisional and central level."

Quote: Tim Jones (Chair)

"Our strategy of Focus, Improve, Deliver has highlighted the value opportunity that is available from each of our divisions in time. We have concluded that our Engineering Division represents a significant opportunity to deliver incremental value to shareholders now, and that it is the right thing to do to explore that opportunity. And we are excited by the opportunities in the Agriculture Division. Global demand for meat and dairy continues to grow strongly at the same time as the imperative to reduce the climate impact of livestock. The task for Carr's Agriculture is to reduce the carbon footprint of livestock and enhance animal welfare whilst delivering better margins and productivity for farmers. Carr's product innovations promote shorter calving intervals, enhance weight gain and help to lower methane emissions. I am delighted that Carr's now has the people, the products and the market opportunities to rapidly grow our global impact in this space."

Carr's Group plc
David White, Chief Executive Officer
Gavin Manson, Chief Financial Officer

+44 (0) 1228 554 600

FTI Consulting
Richard Mountain/Ariadna Peretz

+44 (0) 203 727 1340

About Carr's Group plc:

Carr's is an international leader in manufacturing value added products and solutions, with market leading brands and

robust market positions in Agriculture and Engineering, supplying customers around the world. Carr's operates a business model that empowers operating subsidiaries enabling them to be competitive, agile, and effective in their individual markets whilst setting overall standards and goals.

The Agriculture division manufactures and supplies feed blocks, minerals and boluses containing trace elements and minerals for livestock.

The Engineering division manufactures vessels, precision components and remote handling systems, and provides specialist engineering services, for the nuclear, defence and oil & gas industries.

Interim Management Report

Strategic Update

The Board has reviewed the structure and composition of the Group and concluded that both the Engineering and Agriculture Divisions are quality assets demonstrating significant value creation opportunities. Given the scale of the businesses, the complexity resultant from operating two divisions which display no significant synergies has created in an inefficient structure and central organisation.

Current trading as well as the short, medium and long term growth opportunities within the Engineering Division are likely to result in there being a near-term opportunity to deliver attractive value to shareholders.

Following implementation of the ongoing tactical and strategic initiatives developed by management, in combination with the anticipated macro-economic recovery in the sector, the opportunity to develop significant incremental value in the Agriculture Division is longer term.

The Board has, therefore, concluded that it is appropriate to explore the opportunities to realise value for the Engineering Division. A process to explore value is currently in its nascent stages, and further information will be provided in due course.

Interim results

During the six months ended 29 February 2024 revenues increased 2.0% to £81.4m (H1 2023: £79.8m) reflecting growth in Engineering of £5.9m (26.1%), somewhat offset by a reduction in Agriculture revenue of £4.3m (7.5%). Adjusted operating profit for the Group of £5.8m was unchanged from the prior year (H1 2023 restated: £5.8m). Adjusted profit before tax was unchanged from the prior year at £5.6m (H1 2023 restated: £5.6m). Adjusted earnings per share for continuing operations decreased by 4.0% to 4.8p (H1 2023 restated: 5.0p) for the six month period.

Operational review

Engineering

The Engineering Division comprises specialist fabrication and precision engineering businesses in the UK, robotics businesses in the UK, Europe and USA, and engineering solutions businesses in the UK and USA.

| | H1 2024 | H1 2023 | % Change |
|---------------------------|---------|---------|----------|
| Revenue | £28.5m | £22.6m | 26.1% |
| Adjusted operating profit | £2.4m | £1.1m | 119.2% |
| Adjusted operating margin | 8.6% | 4.9% | +3.7pp |

Strength in performance continued from the second half of FY23 with first half revenue of £28.5m, up 26.1% on the prior year. Adjusted operating profit of £2.4m was more than double the prior year, bringing LTM adjusted operating profit to £6.6m, an adjusted operating margin of 11.7% from revenues of £56.5m.

The order book remains strong with £57.8m recorded at the period end, significantly ahead of the £41.3m prior half comparative. Orders since February 2024 have returned the order book above the £59.8m in hand at the end of FY23. This continued strength sets the Engineering Division up well for another strong second half performance, and for further steady growth.

Fabrication and precision engineering revenues were up 23% in the period, supported by continued high activity levels in the nuclear sector and strong order intake from the oil and gas sector. The businesses in these sectors are increasingly benefitting from the integration of decision making and customer relationship management.

Revenues in the robotics business increased 60.4% from last year, benefitting from the significant order wins last year including a prestigious £10m contract, the largest single contract signed by Wälischmiller. Management is confident in the outlook for the Engineering Division in the second half and beyond the current financial year. The division has confirmed high value contracts continuing into FY25 and beyond, and a well-balanced spread of current orders across all the business units in the division. The pipeline of opportunities and prospects beyond confirmed orders is very encouraging. The Engineering Division is increasingly focused on the specific opportunities that match its market leading skills, technical strengths and high-quality manufacturing assets and is benefitting from long term CRM activity aligned across the division.

Agriculture

The Agriculture Division manufactures livestock supplements including branded feed blocks, essential minerals, and precision dose trace element boluses, sold to farmers in the UK, Europe, North America, and New Zealand through a long-established distribution network.

| | H1 2024 | H1 2023 (restated) | % Change |
|---------------------------|---------|--------------------|----------|
| Revenue | £52.8m | £57.1m | (7.5%) |
| Adjusted operating profit | £4.9m | £6.0m | (17.4%) |
| Adjusted operating margin | 9.4% | 10.5% | -1.1pp |

With challenging conditions continuing in the agriculture sector, revenues decreased by 7.5% in the period. This was largely driven by the high inflationary and reduced volume environment of FY23 that saw average feed block prices increase by 21% but feed block volumes decrease by 16%. In H1 FY24 the UK has returned to volume growth (+11% year on year) whilst the US feed blocks business has seen further year on year decline (18%) as herd sizes continue to decrease.

year, whilst the US feed stocks business has seen further year on year decline (10%) as herd sizes continue to decrease cyclically, accentuated by continued drought in the southern states.

Encouragingly, at Animax (the UK animal health business acquired in 2018), transformational automation of the production process was implemented late in the first half of FY24. The benefits of this automation on each of capacity, cost and specification accuracy will be apparent in the second half. Prior to these improvements being evident first half performance was broadly flat year on year.

Our New York State based dairy cattle feed supplement business recorded volume growth of 19% in the first half but remains loss making. Actions to raise margins and achieve profitability are in progress.

With new management now in situ we maintain a positive longer-term outlook for the Agriculture Division from both an internal operational effectiveness perspective and in terms of macro-economic conditions. In the UK and Ireland, farm input prices, particularly for feed and fertiliser, are coming down, easing the pressure on customer spending budgets. Farm input and output price indices have matched in early 2024 for the first time since Q2 2021, with input prices having been over 15% higher than outputs in Q3 2022. These increasingly positive macro-economic trends have translated to volume increases but have yet to result in improved margins. In the USA, the area affected by drought is markedly reduced from 12 months previously, whilst the cyclical outlook specifically for beef will improve as herds rebuild over the next five years.

Management actions already underway at the UK animal health business coupled with the progress at the other Agriculture businesses will result in improved financial performance and increased resilience over time. The Agriculture businesses are founded on respected brands with a track record of quality, innovation and service, that will ultimately support sales and margins as markets recover from recent unprecedented conditions.

Adjusted results

Revenue increased by 2.0% to £81.4m (H1 2023: £79.8m), with a year on year increase of 26.1% in Engineering offset by a reduction of 7.5% in Agriculture.

Adjusted operating profit was unchanged at £5.8m (H1 2023 restated: £5.8m). Engineering grew by 119.2% offset by a 17.4% reduction in Agriculture.

Central costs, on an adjusted basis, were £0.3m higher at £1.6m (H1 2023 restated: £1.3m) driven by the impact of inflationary pay increases in the prior year and costs associated with the completion of strategic projects.

Net finance costs of £0.1m (H1 2023: £0.2m) were slightly lower than the prior period. Higher interest rates were offset by lower borrowings across the period after existing facilities were reduced using consideration received from the sale of the Carr's Billington business.

The Group's adjusted profit before tax was unchanged at £5.6m (H1 2023 restated: £5.6m). Adjusted earnings per share decreased by 4.0% to 4.8p (H1 2023: restated 5.0p).

Adjusting items

The Group provides the adjusted profit measures referred to above to present additional useful information on business performance consistent with how business performance is measured internally. These measures show underlying profits before certain adjusting items. Adjusting items related to continuing operations during the period were a net charge before tax of £2.2m (H1 2023: £0.6m), with full details included in note 8.

Statutory results

Reported operating profit on a statutory basis was £3.5m (H1 2023 restated: £5.2m) and reported profit before tax was £3.4m (H1 2023 restated: £5.0m). Basic earnings per share on a statutory basis was 3.0p (H1 2023: restated 4.5p).

Balance sheet and cash flow

Net cash generated from operating activities in continuing operations in the first half was £5.5m (H1 2023: £3.6m). Cash generated from continuing operations in the period of £4.3m was ahead of the same period last year (cash generated of £4.0m).

Excluding leases, the Group moved from net cash of £4.2m at the financial year end to net cash of £8.0m at 29 February 2024. This change has been driven by receipt of the £4.0m deferred consideration related to the sale of the Carr's Billington Agriculture business.

The Group's defined benefit pension scheme remains in surplus, with a balance of £5.9m compared to £5.3m at 2 September 2023. The Trustees are in discussion with insurers regarding a potential buy-in of the scheme.

Shareholders' equity at 29 February 2024 was £107.7m (2 September 2023: £107.9m).

An interim dividend of 2.35 pence per ordinary share will be paid on 5 June 2024 to shareholders on the register on 3 May 2024. The ex-dividend date will be 2 May 2024. The increased dividend of 2.35p reflects the previously announced updated policy of a single interim dividend and final rather than two interims and final dividend.

Outlook

Trading conditions in agriculture remain challenging, particularly in the US. The Board expects this to continue through the current financial year, while retaining confidence in prospects improving in the medium to long term. Our short-term focus is on ensuring that performance is optimised during persistently challenging conditions whilst making the changes necessary to deliver longer term value creation. The Engineering Division delivered a strong first half performance, building on FY23. The Board remains confident that order book levels will enable year on year growth during FY24, while also providing confidence beyond the current financial year. Board expectations for FY24 remain unchanged.

Principal risks and uncertainties

The Group has a process in place to identify and assess the impact of risks on its business, which is reviewed and updated regularly. The principal risks and uncertainties for the remainder of the financial year are not considered to have changed materially from those included on pages 20 to 23 of the Annual Report and Accounts 2023 (available on the Company's website at <http://investors.carrsgroup.com>).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the 6 months ended 29 February 2024

| | | 6 months ended 29 February 2024 (unaudited) £'000 | 6 months ended 4 March 2023 (unaudited) (restated) ² £'000 | Year ended 2 September 2023 (audited) £'000 |
|--|-------|---|---|--|
| | Notes | | | |
| Continuing operations | | | | |
| Revenue | 6,7 | 81,372 | 79,754 | 143,214 |
| Cost of sales | | (63,574) | (62,032) | (110,924) |
| Gross profit | | 17,798 | 17,722 | 32,290 |
| Net operating expenses | | (15,627) | (14,105) | (31,780) |
| Share of post-tax results of joint ventures | 6 | 1,369 | 1,596 | 1,441 |
| Adjusted ¹ operating profit | 6 | 5,758 | 5,839 | 7,950 |
| Adjusting items | 8 | (2,218) | (626) | (5,999) |
| Operating profit | 6 | 3,540 | 5,213 | 1,951 |
| Finance income | | 630 | 382 | 876 |
| Finance costs | | (745) | (609) | (1,320) |
| Adjusted ¹ profit before taxation | 6 | 5,643 | 5,612 | 7,506 |
| Adjusting items | 8 | (2,218) | (626) | (5,999) |
| Profit before taxation | 6 | 3,425 | 4,986 | 1,507 |
| Taxation | | (606) | (769) | (1,111) |
| Adjusted ¹ profit for the period from continuing operations | | 4,508 | 4,695 | 5,836 |
| Adjusting items | 8 | (1,689) | (478) | (5,440) |
| Profit for the period from continuing operations | | 2,819 | 4,217 | 396 |
| Discontinued operations | | | | |
| Profit/(loss) for the period from discontinued operations | 9 | - | 214 | (1,157) |
| Profit/(loss) for the period | | 2,819 | 4,431 | (761) |
| Profit/(loss) attributable to: | | | | |
| Equity shareholders | | 2,819 | 4,217 | (226) |
| Non-controlling interests ³ | | - | 214 | (535) |
| | | 2,819 | 4,431 | (761) |
| Earnings per ordinary share (pence) | | | | |
| Basic | | | | |
| Profit from continuing operations | 10 | 3.0 | 4.5 | 0.4 |
| Loss from discontinued operations | 10 | - | - | (0.7) |
| | 10 | 3.0 | 4.5 | (0.3) |
| Diluted | | | | |
| Profit from continuing operations | 10 | 3.0 | 4.4 | 0.4 |
| Loss from discontinued operations | 10 | - | - | (0.7) |
| | 10 | 3.0 | 4.4 | (0.3) |

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are discussed in note 8. An alternative performance measures glossary can be found in note 20.

² See notes 9 and 19 for an explanation of the prior period restatements to the period ended 4 March 2023 recognised in relation to the measurement of fair value less costs to sell of the disposal group.

³ Non-controlling interests relate to businesses included in the disposal group.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 29 February 2024

| 6 months ended 29 February 2024 (unaudited) | 6 months ended 4 March 2023 (unaudited) | Year ended 2 September 2023 |
|--|--|--------------------------------------|
|--|--|--------------------------------------|

| | Notes | £'000 | (restated) ² £'000 | (audited) £'000 |
|---|-------|--------------|----------------------------------|--------------------|
| Profit/(loss) for the period | | 2,819 | 4,431 | (761) |
| Other comprehensive income/(expense) | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Foreign exchange translation gains/(losses) arising on translation of overseas subsidiaries | | 60 | (666) | (3,141) |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Actuarial gains/(losses) on retirement benefit asset: | | | | |
| - Group | 15 | 598 | (1,445) | (2,058) |
| - Share of associate (discontinued operations) | | - | - | (717) |
| Taxation (charge)/credit on actuarial gains/(losses) on retirement benefit asset: | | | | |
| - Group | | (150) | 361 | 515 |
| - Share of associate (discontinued operations) | | - | - | 179 |
| Other comprehensive income/(expense) for the period, net of tax | | 508 | (1,750) | (5,222) |
| Total comprehensive income/(expense) for the period | | 3,327 | 2,681 | (5,983) |
| Total comprehensive income/(expense) attributable to: | | | | |
| Equity shareholders | | 3,327 | 2,467 | (5,448) |
| Non-controlling interests ^[1] | | - | 214 | (535) |
| | | 3,327 | 2,681 | (5,983) |
| Total comprehensive income/(expense) attributable to: | | | | |
| Continuing operations | | 3,327 | 2,467 | (4,288) |
| Discontinued operations | | - | 214 | (1,695) |
| | | 3,327 | 2,681 | (5,983) |

[1] Non-controlling interests relate to businesses included in the disposal group.

² See notes 9 and 19 for an explanation of the prior period restatements to the period ended 4 March 2023 recognised in relation to the measurement of fair value less costs to sell of the disposal group.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 29 February 2024

| | Notes | As at 29 February 2024 (unaudited) £'000 | As at 4 March 2023 (unaudited) (restated) ^[1] £'000 | As at 2 September 2023 (audited) £'000 |
|------------------------------------|-------|--|---|--|
| Non-current assets | | | | |
| Goodwill | 12 | 19,192 | 23,351 | 19,161 |
| Other intangible assets | 12 | 3,028 | 4,277 | 3,318 |
| Property, plant and equipment | 12 | 29,902 | 30,694 | 29,950 |
| Right-of-use assets | 12 | 7,112 | 7,891 | 7,323 |
| Investment property | 12 | 2,600 | 2,680 | 2,640 |
| Interest in joint ventures | | 7,475 | 7,525 | 6,101 |
| Other investments | | 27 | 31 | 27 |
| Contract assets | | - | 316 | - |
| Financial assets | | | | |
| - Non-current receivables | | 21 | 23 | 21 |
| Retirement benefit asset | 15 | 5,884 | 5,874 | 5,316 |
| Deferred tax asset | | 26 | 205 | 26 |
| | | 75,267 | 82,867 | 73,883 |
| Current assets | | | | |
| Inventories | | 22,622 | 24,856 | 26,613 |
| Contract assets | | 10,390 | 7,124 | 7,915 |
| Trade and other receivables | | 24,186 | 27,479 | 24,592 |
| Current tax assets | | 2,374 | 3,133 | 3,895 |
| Financial assets | | | | |
| - Cash and cash equivalents | 13 | 21,581 | 23,493 | 23,123 |
| | | 81,153 | 86,085 | 86,138 |
| Total assets | | 156,420 | 168,952 | 160,021 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| - Borrowings | 13 | (8,718) | (9,392) | (13,714) |
| - Leases | | (1,471) | (1,325) | (1,264) |
| - Derivative financial instruments | | - | (41) | (4) |
| Contract liabilities | | (4,769) | (3,165) | (5,194) |
| Trade and other payables | | (18,883) | (19,240) | (16,556) |
| Current tax liabilities | | (55) | (166) | (131) |
| | | (33,896) | (33,329) | (36,863) |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| - Borrowings | 13 | (4,894) | (5,470) | (5,206) |
| - Leases | | (15,081) | (15,760) | (15,550) |

| Leases | | (2,000) | (2,000) | (2,000) |
|-----------------------------------|----|-----------------|-----------------|-----------------|
| Deferred tax liabilities | | (4,844) | (4,648) | (4,447) |
| Other non-current liabilities | | (15) | (233) | (71) |
| | | (14,838) | (16,120) | (15,283) |
| Total liabilities | | (48,734) | (49,449) | (52,146) |
| Net assets | | 107,686 | 119,503 | 107,875 |
| Shareholders' equity | | | | |
| Share capital | 16 | 2,359 | 2,351 | 2,354 |
| Share premium | 16 | 10,862 | 10,522 | 10,664 |
| Other reserves | | 3,506 | 6,121 | 3,581 |
| Retained earnings | | 90,959 | 100,509 | 91,276 |
| Total shareholders' equity | | 107,686 | 119,503 | 107,875 |

[1] See notes 9 and 19 for an explanation of the prior period restatements to the period ended 4 March 2023 recognised in relation to the measurement of fair value less costs to sell of the disposal group.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 29 February 2024

| | Share Capital £'000 | Share Premium £'000 | Treasury Share Reserve £'000 | Equity Compensation Reserve £'000 | Foreign Exchange Reserve £'000 | Other Reserve £'000 | Retained Earnings £'000 | Total Shareholders' Equity £'000 | Non-Controlling Interests £'000 | Total Equity £'000 |
|---|------------------------|------------------------|---------------------------------|--------------------------------------|-----------------------------------|------------------------|----------------------------|-------------------------------------|------------------------------------|-----------------------|
| At 3 September 2023 (audited) | 2,354 | 10,664 | - | 264 | 3,127 | 190 | 91,276 | 107,875 | - | 107,875 |
| Profit for the period | - | - | - | - | - | - | 2,819 | 2,819 | - | 2,819 |
| Other comprehensive income | - | - | - | - | 60 | - | 448 | 508 | - | 508 |
| Total comprehensive income | - | - | - | - | 60 | - | 3,267 | 3,327 | - | 3,327 |
| Dividends paid | - | - | - | - | - | - | (3,788) | (3,788) | - | (3,788) |
| Equity-settled share-based payment transactions | - | - | - | 143 | - | - | - | 143 | - | 143 |
| Allotment of shares | 5 | 198 | - | - | - | - | - | 203 | - | 203 |
| Purchase of own shares held in trust | - | - | (74) | - | - | - | - | (74) | - | (74) |
| Transfer | - | - | 49 | (251) | - | (2) | 204 | - | - | - |
| At 29 February 2024 (unaudited) | 2,359 | 10,862 | (25) | 156 | 3,187 | 188 | 90,959 | 107,686 | - | 107,686 |
| As previously reported at 3 September 2022 (unaudited) ¹ | 2,350 | 10,500 | - | 528 | 6,268 | 192 | 99,318 | 119,156 | 14,585 | 133,741 |
| Prior period adjustment ² | - | - | - | - | - | - | (1,023) | (1,023) | (389) | (1,412) |
| At 4 September 2022 (audited) (restated) ² | 2,350 | 10,500 | - | 528 | 6,268 | 192 | 98,295 | 118,133 | 14,196 | 132,329 |
| Profit for the period (restated) ² | - | - | - | - | - | - | 4,217 | 4,217 | 214 | 4,431 |
| Other comprehensive expense | - | - | - | - | (666) | - | (1,084) | (1,750) | - | (1,750) |
| Total comprehensive (expense)/income (restated) ² | - | - | - | - | (666) | - | 3,133 | 2,467 | 214 | 2,681 |
| Dividends paid | - | - | - | - | - | - | (1,104) | (1,104) | - | (1,104) |
| Equity-settled share-based payment transactions | - | - | - | (16) | - | - | - | (16) | - | (16) |
| Allotment of shares | 1 | 22 | - | - | - | - | - | 23 | - | 23 |
| Sale of disposal group | - | - | - | - | - | - | - | - | (14,410) | (14,410) |
| Transfer | - | - | - | (184) | - | (1) | 185 | - | - | - |
| At 4 March 2023 (unaudited) (restated) ² | 2,351 | 10,522 | - | 328 | 5,602 | 191 | 100,509 | 119,503 | - | 119,503 |
| At 4 September 2022 ³ (audited) | 2,350 | 10,500 | - | 528 | 6,268 | 192 | 98,295 | 118,133 | 14,196 | 132,329 |
| Loss for the period | - | - | - | - | - | - | (226) | (226) | (535) | (761) |
| Other comprehensive expense | - | - | - | - | (3,141) | - | (2,081) | (5,222) | - | (5,222) |
| Total comprehensive expense | - | - | - | - | (3,141) | - | (2,307) | (5,448) | (535) | (5,983) |
| Dividends paid | - | - | - | - | - | - | (4,889) | (4,889) | - | (4,889) |
| Equity-settled share-based payment transactions | - | - | - | (85) | - | - | - | (85) | (7) | (92) |
| Excess deferred taxation on share-based payments | - | - | - | - | - | - | (4) | (4) | - | (4) |
| Allotment of shares | 4 | 164 | - | - | - | - | - | 168 | - | 168 |
| Sale of disposal group | - | - | - | - | - | - | - | - | (13,654) | (13,654) |
| Transfer | - | - | - | (179) | - | (2) | 181 | - | - | - |
| At 2 September 2023 (audited) | 2,354 | 10,664 | - | 264 | 3,127 | 190 | 91,276 | 107,875 | - | 107,875 |

[1] As reported in the Interim Report for the half year ended 4 March 2023.

² See notes 9 and 19 for an explanation of the prior period restatements to the period ended 4 March 2023 recognised in relation to the measurement of fair value less costs to sell of the disposal group.

³ Previously restated in the Annual Report and Accounts for the year ended 2 September 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 29 February 2024

| | Notes | 6 months ended 29 February 2024 (unaudited) £'000 | 6 months ended 4 March 2023 (unaudited) £'000 | Year ended 2 September 2023 (audited) £'000 |
|--|-------|--|--|--|
| Cash flows from operating activities | | | | |
| Cash generated from continuing operations | 17 | 4,334 | 4,040 | 3,155 |
| Interest received | | 489 | 225 | 564 |
| Interest paid | | (745) | (663) | (1,320) |
| Tax received/(paid) | | 1,454 | (38) | (278) |
| Net cash generated from operating activities in continuing operations | | 5,532 | 3,564 | 2,121 |
| Net cash used in operating activities in discontinued operations | | - | (2,952) | (3,040) |
| Net cash generated from/(used in) operating activities | | 5,532 | 612 | (919) |
| Cash flows from investing activities | | | | |
| Sale of disposal group (net of cash disposed and costs to sell) | | 4,000 | 24,341 | 25,619 |
| Dividends received from joint ventures | | - | - | 1,390 |
| Purchase of intangible assets | | (5) | (157) | (193) |
| Proceeds from sale of property, plant and equipment | | 3 | - | 48 |
| Purchase of property, plant and equipment | | (1,330) | (1,970) | (3,194) |
| Net cash generated from investing activities in continuing operations | | 2,668 | 22,214 | 23,670 |
| Net cash used in investing activities in discontinued operations | | - | (604) | (487) |
| Net cash generated from investing activities | | 2,668 | 21,610 | 23,183 |
| Cash flows from financing activities | | | | |
| Proceeds from issue of ordinary share capital | | 203 | 23 | 167 |
| Purchase of own shares held in trust | | (74) | - | - |
| New financing and drawdowns on RCF | | (75) | 4,741 | 5,574 |
| Repayment of RCF drawdowns | | - | (21,741) | (21,741) |
| Lease principal repayments | | (684) | (764) | (1,545) |
| Repayment of borrowings | | (1,127) | (4,011) | (4,263) |
| Dividends paid to shareholders | | (3,788) | (1,104) | (4,889) |
| Net cash used in financing activities in continuing operations | | (5,545) | (22,856) | (26,697) |
| Net cash used in financing activities in discontinued operations | | - | (9,599) | (9,599) |
| Net cash used in financing activities | | (5,545) | (32,455) | (36,296) |
| Effects of exchange rate changes | | (36) | 33 | (54) |
| Net increase/(decrease) in cash and cash equivalents | | 2,619 | (10,200) | (14,086) |
| Cash and cash equivalents at beginning of the period | | 10,769 | 24,856 | 24,855 |
| Cash and cash equivalents at end of the period | | 13,388 | 14,656 | 10,769 |
| Cash and cash equivalents consist of: | | | | |
| Cash and cash equivalents per the balance sheet | | 21,581 | 23,493 | 23,123 |
| Bank overdrafts included in borrowings | | (8,193) | (8,837) | (12,354) |
| | | 13,388 | 14,656 | 10,769 |

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the year and their impact on the condensed set of interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the year and any material changes in the related party transactions described in the last Annual Report.

The Directors are listed in the Annual Report and Accounts 2023 with the exception of Fiona Rodford who joined the Board on 20 February 2024. The following changes to the Board took place in the period: Gillian Watson was appointed to the Board on 9 October 2023, John Worby stepped down from the Board on 31 October 2023, Peter Page stepped down from the Board on 17 November 2023 and Fiona Rodford was appointed to the Board on 20 February 2024. In addition, former CFO David White became CEO from 17 November 2023, and former Non-Executive Director Martin Rowland became Executive Director of Transformation from 13 November 2023. A list of current Directors is maintained on the website: www.carrsgroup.com

On behalf of the Board



Tim Jones



David White

Unaudited notes to condensed interim financial information

1. General information

The Group operates two divisions: Agriculture, previously known as Speciality Agriculture, and Engineering. The previously reported division of Agricultural Supplies was disposed on 26 October 2022 and is disclosed as a discontinued operation throughout the condensed consolidated interim financial statements. The Company is a public limited company, which is listed on the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Old Croft, Stanwix, Carlisle, Cumbria CA3 9BA.

These condensed interim financial statements were approved for issue on 18 April 2024.

The comparative figures for the financial year ended 2 September 2023 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) 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.

2. Basis of preparation

These condensed interim financial statements for the six months ended 29 February 2024 have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The annual financial statements of the Group for the year ending 31 August 2024 will be prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, this condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 2 September 2023 which were prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 applicable to companies reporting under those standards.

The Group is expected to have a sufficient level of financial resources available through operating cash flows and existing bank facilities for a period of at least 12 months from the signing date of these condensed consolidated interim financial statements. The Group has operated within all its financial covenants throughout the period. In addition, the Group's main banking facility is in place until December 2026.

Detailed cash forecasts continue to be updated regularly for a period of at least 12 months from the reporting period end. These forecasts are sensitised for various worst case scenarios including reduction in customer demand and reliance on key customers; and supply chain constraints and delays impacting operations. The results of this stress testing showed that, due to the stability of the core business, the Group would be able to withstand the impact of these severe but plausible downside scenarios occurring over the period of the forecasts.

In addition, several other mitigating measures remain available and within the control of the Directors that were not included in the scenarios. These include withholding discretionary capital expenditure and reducing or cancelling future dividend payments.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the signing date of these condensed consolidated interim financial statements. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Accounting policies and prior period restatements

The accounting policies adopted are consistent with those of the previous financial year except for:

Taxation

Income taxes are accrued based on management's estimate of the weighted average annual income tax rate expected for the full financial year based on enacted or substantively enacted tax rates as at 29 February 2024. Our effective tax rate in respect of continuing operations was 29.5% (H1 2023: restated 22.7%) after adjusting for results from joint ventures, which are reported net of tax. The higher effective tax rate reflects the impact of UK corporate tax at 25% compared to a blended rate of 21.5% in H1 2023 together with changes in the mix of overseas profits compared to the prior period.

Prior period restatements

The results and financial position of the Group for the period ended 4 March 2023 have been restated to reflect the impact of the prior period restatements recognised in the Annual Report and Accounts for the year ended 2 September 2023. The restatements were in respect of the measurement to fair value less costs to sell of the disposal group. Further details of these restatements can be found in notes 9 and 19.

4. Significant judgements and estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 2 September 2023, with the exception of changes in estimates that are required in determining the provision for income taxes as explained in note 3.

5. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 2 September 2023.

6. Operating segment information

The Group's chief operating decision-maker ('CODM') has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM considers the business from a product/services perspective. Reportable operating segments of continuing operations have been identified as Agriculture, previously known as Speciality Agriculture, and Engineering. The previously reported operating segment of Agricultural Supplies, which was disposed of on 26 October 2022, is disclosed as a discontinued operation in the segmental reporting tables below. Central comprises the central business activities of the Group's head office, which earns no external revenues. Disclosures for the period ended 4 March 2023 have been restated and further details of the prior period restatements can be found in notes 9 and 19.

Performance is assessed using adjusted operating profit. For internal purposes the CODM assesses operating profit before material adjusting items (note 8) consistent with the presentation in the financial statements. The CODM believes this measure provides a better reflection of the Group's underlying performance. Sales between segments are carried out at arm's length.

The following tables present revenue, profit, asset and liability information regarding the Group's operating segments for the six months ended 29 February 2024 and the comparative periods.

| 6 months ended 29 February 2024 | | | | |
|--|----------------------|----------------------|------------------|----------------|
| | Agriculture £'000 | Engineering £'000 | Central £'000 | Group £'000 |
| Revenue from external customers ³ | 52,847 | 28,525 | - | 81,372 |
| Adjusted ¹ EBITDA ² | 4,364 | 3,662 | (1,526) | 6,500 |
| Depreciation, amortisation and profit/(loss) on disposal of non-current assets | (784) | (1,213) | (114) | (2,111) |
| Share of post-tax results of joint ventures | 1,369 | - | - | 1,369 |
| Adjusted ¹ operating profit/(loss) | 4,949 | 2,449 | (1,640) | 5,758 |
| Adjusting items (note 8) | (988) | (228) | (1,002) | (2,218) |
| Operating profit/(loss) | 3,961 | 2,221 | (2,642) | 3,540 |
| Finance income | | | | 630 |
| Finance costs | | | | (745) |
| Adjusted ¹ profit before taxation | | | | 5,643 |
| Adjusting items (note 8) | | | | (2,218) |
| Profit before taxation | | | | 3,425 |
| Segment gross assets | 56,822 | 77,230 | 22,368 | 156,420 |
| Segment gross liabilities | (13,557) | (27,335) | (7,842) | (48,734) |

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 8.

² Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of joint ventures.

³ There were no inter segment revenues in the period ended 29 February 2024.

The segmental information for the six months ended 4 March 2023 has been restated and further details of the prior period restatements can be found in notes 9 and 19.

6 months ended 4 March 2023 (restated)

| | Agriculture £'000 | Engineering £'000 | Central £'000 | Continuing Group £'000 | Discontinued operations £'000 |
|--|----------------------|----------------------|------------------|------------------------------|-------------------------------------|
| Total segment revenue | 58,461 | 22,646 | - | 81,107 | 63,799 |
| Inter-segment revenue | (1,320) | (33) | - | (1,353) | (2) |
| Revenue from external customers | 57,141 | 22,613 | - | 79,754 | 63,797 |
| Adjusted ¹ EBITDA ² | 5,376 | 2,313 | (1,157) | 6,532 | 576 |
| Depreciation, amortisation and profit/(loss) on disposal of non-current assets | (978) | (1,196) | (115) | (2,289) | - |
| Share of post-tax results of associate and joint ventures | 1,596 | - | - | 1,596 | 517 |
| Adjusted ¹ operating profit/(loss) | 5,994 | 1,117 | (1,272) | 5,839 | 1,093 |
| Adjusting items (note 8) | (546) | (231) | 151 | (626) | (584) |
| Operating profit/(loss) | 5,448 | 886 | (1,121) | 5,213 | 509 |
| Finance income | | | | 382 | - |
| Finance costs | | | | (609) | (216) |

| | | | | | |
|---|----------|----------|---------|----------|-------|
| Adjusted ¹ profit before taxation | | | | 5,612 | 877 |
| Adjusting items (note 8) | | | | (626) | (584) |
| Profit before taxation | | | | 4,986 | 293 |
| Taxation of discontinued operations | | | | | (79) |
| Profit for the period from discontinued operations (note 9) | | | | | 214 |
| Segment gross assets | 61,789 | 77,199 | 29,964 | 168,952 | - |
| Segment gross liabilities | (16,243) | (24,471) | (8,735) | (49,449) | - |

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 8.

² Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of associate and joint ventures.

Year ended 2 September 2023

| | Agriculture £'000 | Engineering £'000 | Central £'000 | Continuing Group £'000 | Discontinued operations £'000 |
|--|----------------------|----------------------|------------------|------------------------------|-------------------------------------|
| Total segment revenue | 93,960 | 50,609 | - | 144,569 | 53,212 |
| Inter-segment revenue | (1,320) | (35) | - | (1,355) | (1) |
| Revenue from external customers | 92,640 | 50,574 | - | 143,214 | 53,211 |
| Adjusted ¹ EBITDA ² | 6,117 | 7,678 | (2,850) | 10,945 | (1,821) |
| Depreciation, amortisation and profit/(loss) on disposal of non-current assets | (1,916) | (2,394) | (126) | (4,436) | - |
| Share of post-tax results of associate and joint ventures | 1,441 | - | - | 1,441 | 466 |
| Adjusted ¹ operating profit/(loss) | 5,642 | 5,284 | (2,976) | 7,950 | (1,355) |
| Adjusting items (note 8) | (3,315) | (2,283) | (401) | (5,999) | 3 |
| Operating profit/(loss) | 2,327 | 3,001 | (3,377) | 1,951 | (1,352) |
| Finance income | | | | 876 | - |
| Finance costs | | | | (1,320) | (186) |
| Adjusted ¹ profit/(loss) before taxation | | | | 7,506 | (1,541) |
| Adjusting items (note 8) | | | | (5,999) | 3 |
| Profit/(loss) before taxation | | | | 1,507 | (1,538) |
| Taxation of discontinued operations | | | | | 381 |
| Loss for the period from discontinued operations (note 9) | | | | | (1,157) |
| Segment gross assets | 53,490 | 77,190 | 29,341 | 160,021 | - |
| Segment gross liabilities | (13,702) | (29,393) | (9,051) | (52,146) | - |

[1] Adjusted results are consistent with how business performance is measured internally and is presented to aid comparability of performance. Adjusting items are disclosed in note 8.

² Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of associate and joint ventures.

6. Disaggregation of revenue

The following table presents the continuing Group's reported revenue disaggregated based on the timing of revenue recognition.

| | 6 months ended 29 February 2024 £'000 | 6 months ended 4 March 2023 £'000 | Year ended 2 September 2023 £'000 |
|-------------------------------|---|---|---|
| Timing of revenue recognition | | | |
| Over time | 19,046 | 12,350 | 29,050 |
| At a point in time | 62,326 | 67,404 | 114,164 |
| | 81,372 | 79,754 | 143,214 |

7. Adjusting items

| | 6 months ended 29 February 2024 £'000 | 6 months ended 4 March 2023 (restated) £'000 | Year ended 2 September 2023 £'000 |
|--|---|---|---|
| Continuing operations | | | |
| Amortisation of acquired intangible assets (i) | 272 | 476 | 947 |
| Restructuring/closure costs (ii) | 1,473 | - | 607 |
| Strategic review costs (iii) | 181 | (151) | - |
| Cloud configuration and customisation costs - Group (iv) | 282 | 201 | 602 |

| | | | |
|---|-------|-------|-------|
| Cloud configuration and customisation costs - Group (iv) | 472 | 301 | 602 |
| Goodwill and other intangible assets impairment (v) | - | - | 3,843 |
| Charge included in profit before taxation | 2,218 | 626 | 5,999 |
| Taxation effect of the above adjusting items | (529) | (148) | (559) |
| Charge included in profit for the period from continuing operations | 1,689 | 478 | 5,440 |
| Discontinued operations | | | |
| Loss/(profit) on fair value measurement less costs to sell (vi) | - | 584 | (3) |
| Charge/(credit) included in discontinued operations | - | 584 | (3) |

- (i) Amortisation of acquired intangible assets which do not relate to the underlying profitability of the Group but rather relate to costs arising on acquisition of businesses.
- (ii) Restructuring/closure costs include costs incurred in relation to the restructure of the Agriculture Division and Group functions.
- (iii) Strategic review costs include external advisor fees incurred in the development of the Group's strategy.
- (iv) Costs relating to material spend in relation to the implementation of the Group's ERP system that have now been expensed following the adoption of the IFRIC agenda decision.
- (v) Impairment of goodwill and other intangible assets in respect of the Animax Ltd cash-generating unit and impairment of goodwill in respect of the NW Total Engineered Solutions Ltd cash-generating unit.
- (vi) The Group disposed of its interest in the Carr's Billington Agricultural business on 26 October 2022. The loss/(profit) on fair value measurement less costs to sell in the prior periods presented arose from the structure of the sale and offsets the retained earnings from discontinued operations between 3 September 2022 and completion date. Further details of the prior period restatements to the period ended 4 March 2023 can be found in notes 9 and 19.

8. Discontinued operations

On 26 October 2022 the Group completed the disposal of its interests in the Carr's Billington Agricultural business to Edward Billington and Son Limited. Full details of the disposal including proceeds received and net assets disposed can be found in the Annual Report and Accounts for the year ended 2 September 2023.

Subsequent to the publication of the 2023 interim statement, a correction to the measurement of fair value less costs to sell was identified, which was required to reflect property rental terms agreed with the Billington group as part of the sale process. This increased the loss on measurement of fair value less costs to sell by £1.2m, with £0.8m of this being attributable to the Group. The results of the Group for the period to 4 March 2023 and balance sheet as at 4 March 2023 have been restated to reflect this and the subsequent accounting for deferred rental income during that period. In addition, the loss recognised from discontinued operations for the period ended 4 March 2023 has also been restated for amendments to the fair value less costs to sell recognised at 3 September 2022 to align with the position reflected at that date in the Annual Report and Accounts 2023. Further details of the prior period restatements can be found in note 19.

The table below shows the results of the discontinued operations.

| | 6 months ended 29 February 2024 £'000 | 6 months ended 4 March 2023 (restated) £'000 | Year ended 2 September 2023 £'000 |
|---|---|---|---|
| Revenue | - | 63,797 | 53,211 |
| Expenses | - | (63,437) | (55,218) |
| | - | 360 | (2,007) |
| Share of post-tax results of associate | - | 415 | 378 |
| Share of post-tax results of joint venture | - | 102 | 88 |
| Profit/(loss) before taxation of discontinued operations | - | 877 | (1,541) |
| Taxation | - | (79) | 381 |
| Profit/(loss) after taxation of discontinued operations | - | 798 | (1,160) |
| Pre-taxation (loss)/gain recognised on the measurement to fair value less costs to sell | - | (584) | 3 |
| Taxation | - | - | - |
| After taxation (loss)/gain recognised on the measurement to fair value less costs to sell | - | (584) | 3 |
| Profit/(loss) for the period from discontinued operations | - | 214 | (1,157) |

9. Earnings per share

Adjusting items disclosed in note 8 that are charged or credited to profit do not relate to the underlying profitability of the Group. The Board believes adjusted profit before these items provides a useful measure of business performance. Therefore, an adjusted earnings per share is presented as follows:

| | 6 months ended 29 February 2024 £'000 | 6 months ended 4 March 2023 (restated) £'000 | Year Ended 2 September 2023 £'000 |
|---|--|---|--|
| Continuing operations | | | |
| Earnings | 2,819 | 4,217 | 396 |
| Adjusting items: | | | |
| Amortisation of acquired intangible assets | 272 | 476 | 947 |
| Restructuring/closure costs | 1,473 | - | 607 |
| Strategic review costs | 181 | (151) | - |
| Cloud configuration and customisation costs - Group | 292 | 301 | 602 |
| Goodwill and other intangible assets impairment | - | - | 3,843 |
| Taxation effect of the above | (529) | (148) | (559) |

| | | | |
|--|--------------|--------------|--------------|
| Earnings - adjusted | 4,508 | 4,695 | 5,836 |
| Discontinued operations | | | |
| Earnings | - | - | (622) |
| Adjusting items: | | | |
| Loss/(profit) on fair value measurement less costs to sell | - | 584 | (3) |
| Earnings - adjusted | - | 584 | (625) |
| Continuing operations | 2,819 | 4,217 | 396 |
| Discontinued operations | - | - | (622) |
| Total earnings (basic) | 2,819 | 4,217 | (226) |
| Continuing operations | 4,508 | 4,695 | 5,836 |
| Discontinued operations | - | 584 | (625) |
| Total earnings (adjusted) | 4,508 | 5,279 | 5,211 |

| | Number | Number | Number |
|---|-------------------|-------------------|-------------------|
| Weighted average number of ordinary shares in issue | 94,164,086 | 94,010,254 | 94,058,319 |
| Potentially dilutive share options | 926,448 | 1,389,767 | 714,964 |
| | 95,090,534 | 95,400,021 | 94,773,283 |

| | | | |
|--|------|------|--------|
| Earnings per share (pence) (restated) | | | |
| Continuing operations | | | |
| Basic | 3.0p | 4.5p | 0.4p |
| Diluted | 3.0p | 4.4p | 0.4p |
| Adjusted | 4.8p | 5.0p | 6.2p |
| Diluted adjusted | 4.7p | 4.9p | 6.2p |
| Discontinued operations | | | |
| Basic | - | - | (0.7)p |
| Diluted | - | - | (0.7)p |
| Adjusted | - | 0.6p | (0.7)p |
| Diluted adjusted | - | 0.6p | (0.7)p |
| Total Group | | | |
| Basic | 3.0p | 4.5p | (0.3)p |
| Diluted | 3.0p | 4.4p | (0.3)p |
| Adjusted | 4.8p | 5.6p | 5.5p |
| Diluted adjusted | 4.7p | 5.5p | 5.5p |

10. Dividends

An interim dividend of £1,105,740 (H1 2023: £1,103,968) that related to the period to 2 September 2023 was paid on 29 September 2023. A final dividend of £2,682,733 (H1 2023: £2,680,121) in respect of the period to 2 September 2023 was paid on 1 March 2024.

11. Intangible assets, property, plant and equipment, right-of-use assets and investment property

| | Goodwill £'000 | Other intangible assets £'000 | Property, plant and equipment £'000 | Right-of-use assets £'000 | Investment Property £'000 |
|--|-------------------|--|--|---------------------------------|---------------------------------|
| 6 months ended 29 February 2024 | | | | | |
| Opening net book amount at 3 September 2023 | 19,161 | 3,318 | 29,950 | 7,323 | 2,640 |
| Exchange differences | 31 | 3 | 49 | 3 | - |
| Additions and lease modifications | - | 5 | 1,324 | 490 | - |
| Disposals | - | - | (2) | (70) | - |
| Depreciation and amortisation | - | (298) | (1,419) | (634) | (40) |
| Closing net book amount at 29 February 2024 | 19,192 | 3,028 | 29,902 | 7,112 | 2,600 |
| 6 months ended 4 March 2023 | | | | | |
| Opening net book amount at 4 September 2022 | 23,609 | 4,635 | 33,204 | 8,223 | 74 |
| Exchange differences | (258) | (12) | (216) | 2 | - |
| Additions and lease modifications | - | 157 | 1,916 | 325 | - |
| Disposals and reclassifications | - | - | (2,711) | (5) | 2,633 |
| Depreciation and amortisation | - | (503) | (1,499) | (654) | (27) |
| Closing net book amount at 4 March 2023 | 23,351 | 4,277 | 30,694 | 7,891 | 2,680 |

In the period ended 4 March 2023 reclassifications included property assets leased by companies in the continuing Group to Carrs Billington Agriculture (Sales) Ltd that were reclassified as investment property when the company was sold on 26 October 2022.

Capital commitments contracted, but not provided for, by the Group at the period end amount to £1,233,000 (H1 2023: £418,000).

12. Borrowings

| | As at 29 February 2024 £'000 | As at 4 March 2023 £'000 | As at 2 September 2023 £'000 |
|--|---------------------------------------|-----------------------------------|---------------------------------------|
| Current | 8,718 | 9,392 | 13,714 |
| Non-current | 4,894 | 5,470 | 5,206 |
| Total borrowings | 13,612 | 14,862 | 18,920 |
| Cash and cash equivalents as per the balance sheet | (21,581) | (23,493) | (23,123) |
| Net cash | (7,969) | (8,631) | (4,203) |

| | | | |
|--------------------|--------|--------|--------|
| Undrawn facilities | 27,583 | 29,028 | 27,252 |
|--------------------|--------|--------|--------|

Current borrowings include bank overdrafts of £8.2m (H1 2023: £8.8m; YE 2023: £12.4m). Undrawn facilities include £7.3m (H1 2023: £8.8m; YE 2023: £7.0m) in respect of facilities that are renewable on an annual basis.

13. Borrowings (continued)

| Movements in borrowings are analysed as follows: | 6 months ended 29 February 2024 £'000 | 6 months ended 4 March 2023 £'000 |
|--|--|--|
| Balance at start of period | 18,920 | 36,539 |
| Exchange differences | 37 | 194 |
| New bank loans and drawdowns on RCF | (75) | 4,741 |
| Repayment of RCF drawdowns | - | (21,741) |
| Repayments of borrowings | (1,127) | (4,011) |
| Release of deferred borrowing costs | 19 | 37 |
| Net decrease to bank overdraft | (4,162) | (897) |
| Balance at end of period | 13,612 | 14,862 |

14. Financial instruments

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 from prices)
- Level 3 - unobservable inputs

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

All derivative financial instruments are measured at fair value using Level 2 inputs. The Group's bankers provide the valuations for the derivative financial instruments at each reporting period end based on mark to market valuation techniques.

15. Retirement benefit asset

The amounts recognised in the Income Statement are as follows:

| | 6 months ended 29 February 2024 £'000 | 6 months ended 4 March 2023 £'000 | Year ended 2 September 2023 £'000 |
|---|---|---|---|
| Administrative expenses | 171 | 66 | 166 |
| Net interest on the net defined benefit asset | (141) | (157) | (312) |
| Total expense/(income) | 30 | (91) | (146) |

Net interest on the defined benefit retirement asset is recognised within interest income.

The amounts recognised in the Balance Sheet are as follows:

| | As at 29 February 2024 £'000 | As at 4 March 2023 £'000 | As at 2 September 2023 £'000 |
|---|---------------------------------------|-----------------------------------|---------------------------------------|
| Present value of funded defined benefit obligations | (42,928) | (44,078) | (42,505) |
| Fair value of scheme assets | 48,812 | 49,952 | 47,821 |
| Surplus in funded scheme | 5,884 | 5,874 | 5,316 |

Actuarial gains of £598,000 (H1 2023: losses of £1,445,000) have been reported in the Statement of Comprehensive Income. The surplus has increased over the period since 2 September 2023 due to changes in market conditions. Following completion of the disposal of the Carr's Billington Agricultural business in the prior periods presented the Group made a one-off contribution of £400,000 into the pension scheme.

16. Share capital

| Allotted and fully paid ordinary shares of 2.5p each | Number of shares | Share capital £'000 | Share premium £'000 | Total £'000 |
|--|---------------------|------------------------|------------------------|----------------|
| Opening balance as at 3 September 2023 | 94,150,362 | 2,354 | 10,664 | 13,018 |
| Proceeds from shares issued: | | | | |
| - Share save scheme | 199,432 | 5 | 198 | 203 |
| At 29 February 2024 | 94,349,794 | 2,359 | 10,862 | 13,221 |
| Opening balance at 4 September 2022 | 93,999,596 | 2,350 | 10,500 | 12,850 |
| Proceeds from shares issued: | | | | |
| - Share save scheme | 21,937 | 1 | 22 | 23 |
| At 4 March 2023 | 94,021,533 | 2,351 | 10,522 | 12,873 |

199,432 shares were issued in the period to satisfy the share awards under the share save scheme with exercise proceeds of £203,421. The related weighted average price of the shares exercised in the period was £1.02 per share.

Since the period end the Company's issued share capital has increased to 94,378,027 shares due to the issue of 28,233 shares under the share save scheme with exercise proceeds of £28,798 and a related weighted average exercise price of £1.02 per share.

17. Cash generated from continuing operations

| | 6 months ended 29 February 2024 £'000 | 6 months ended 4 March 2023 (restated) £'000 | Year ended 2 September 2023 £'000 |
|---|---|---|---|
| Profit for the period from continuing operations | 2,819 | 4,217 | 396 |
| Adjustments for: | | | |
| Tax | 606 | 769 | 1,111 |
| Tax credit in respect of R&D | (380) | (342) | (695) |
| Depreciation of property, plant and equipment | 1,419 | 1,499 | 3,023 |
| Depreciation of right-of-use assets | 634 | 654 | 1,308 |
| Depreciation of investment property | 40 | 27 | 67 |
| Intangible asset amortisation | 298 | 503 | 1,004 |
| Goodwill and other intangible assets impairment | - | - | 3,843 |
| (Profit)/loss on disposal of property, plant and equipment | (1) | 82 | (23) |
| (Profit)/loss on disposal of right-of-use assets | (7) | - | 4 |
| Net fair value charge/(credit) on share-based payments | 143 | (16) | (78) |
| Other non-cash adjustments | (186) | (194) | (894) |
| Interest income | (630) | (382) | (876) |
| Interest expense and borrowing costs | 764 | 646 | 1,376 |
| Share of post-tax results of joint ventures | (1,369) | (1,596) | (1,441) |
| IAS 19 income statement credit in respect of employer contributions | - | (400) | (400) |
| IAS 19 income statement charge (excluding interest): | | | |
| Administrative expenses | 171 | 66 | 166 |
| Changes in working capital: | | | |
| Decrease/(increase) in inventories | 4,050 | 2,101 | (481) |
| Increase in receivables | (6,050) | (3,099) | (3,173) |
| Increase/(decrease) in payables | 2,013 | (495) | (1,082) |
| Cash generated from continuing operations | 4,334 | 4,040 | 3,155 |

18. Related party transactions

The Group's significant related parties are its joint ventures, as disclosed in the Annual Report and Accounts 2023. The Group also had an associate, Carrs Billington Agriculture (Operations) Limited, until its disposal on 26 October 2022.

| | Sales to £'000 | Purchases from £'000 | Rent receivable from £'000 | Net management charges to £'000 | Amounts owed from £'000 | Amounts owed to £'000 |
|---|-------------------|----------------------------|-------------------------------------|--|-------------------------------|-----------------------------|
| 6 months to 29 February 2024 | | | | | | |
| Joint ventures | 374 | (318) | - | 97 | 122 | (40) |
| 6 months to 4 March 2023 | | | | | | |
| Associate | 65 | - | 3 | 18 | - | - |
| Joint ventures | 84 | (249) | - | 33 | 84 | (76) |

Amounts presented for transactions in the prior period are in respect of continuing operations only. Transactions between the Carr's Billington Agricultural businesses in the prior period are excluded as they are within the same disposal group.

19. Prior period restatements

The results and financial position of the Group for the period ended 4 March 2023 have been restated to reflect the impact of the prior period restatements recognised in the Annual Report and Accounts for the year ended 2 September 2023. The restatements were in respect of the measurement of fair value less costs to sell of the disposal group.

Subsequent to the publication of the 2023 interim statement, a correction to the measurement of fair value less costs to sell was identified, which was required to reflect property rental terms agreed with the Billington group as part of the sale process. This increased the loss on measurement of fair value less costs to sell by £1.2m, with £0.8m of this being attributable to the Group. The results of the Group for the period to 4 March 2023 and balance sheet as at 4 March 2023 have been restated to reflect this and the subsequent accounting for deferred rental income during that period. In addition, the loss recognised from discontinued operations for the period ended 4 March 2023 has also been restated for amendments to the fair value less costs to sell recognised at 3 September 2022 to align with the position reflected at that date in the Annual Report and Accounts 2023.

The affected financial statement line items are as follows.

| | 4 March 2023 (previously reported) £'000 | Restatement in respect of net assets disposed £'000 | Restatement in respect of property rental terms £'000 | 4 March 2023 (restated) £'000 |
|-------------------------|---|--|--|-------------------------------------|
| Income Statement | | | | |

| | | | | |
|---|----------|-----|------|----------|
| Net operating expenses | (14,178) | - | 73 | (14,105) |
| Adjusted operating profit | 5,766 | - | 73 | 5,839 |
| Reported operating profit | 5,140 | - | 73 | 5,213 |
| Adjusted profit before taxation | 5,539 | - | 73 | 5,612 |
| Reported profit before taxation | 4,913 | - | 73 | 4,986 |
| Taxation | (753) | - | (16) | (769) |
| Adjusted profit for the period from continuing operations | 4,638 | - | 57 | 4,695 |
| Reported profit for the period from continuing operations | 4,160 | - | 57 | 4,217 |
| Profit/(loss) for the period from discontinued operations | - | 214 | - | 214 |
| Profit/(loss) for the period | 4,160 | 214 | 57 | 4,431 |
| Profit/(loss) attributable to: | | | | |
| Equity shareholders | 3,946 | 214 | 57 | 4,217 |
| Basic EPS (pence) - continuing operations | 4.4 | - | 0.1 | 4.5 |
| Basic EPS (pence) - discontinued operations | (0.2) | 0.2 | - | - |
| Diluted EPS (pence) - discontinued operations | (0.2) | 0.2 | - | - |
| Statement of Comprehensive Income | | | | |
| Profit/(loss) for the period | 4,160 | 214 | 57 | 4,431 |
| Total comprehensive income/(expense) for the period | 2,410 | 214 | 57 | 2,681 |
| Total comprehensive income/(expense) attributable to: | | | | |
| Equity shareholders | 2,196 | 214 | 57 | 2,467 |
| Total comprehensive income/(expense) attributable to: | | | | |
| Continuing operations | 2,410 | - | 57 | 2,467 |
| Discontinued operations | - | 214 | - | 214 |

| | 4 March 2023 (previously reported) £'000 | Restatement in respect of property rental terms £'000 | 4 March 2023 (restated) £'000 |
|-------------------------------|--|---|-------------------------------------|
| Balance Sheet | | | |
| Current tax assets | 3,149 | (16) | 3,133 |
| Total current assets | 86,101 | (16) | 86,085 |
| Total assets | 168,968 | (16) | 168,952 |
| Trade and other payables | (18,717) | (523) | (19,240) |
| Total current liabilities | (32,806) | (523) | (33,329) |
| Other non-current liabilities | (20) | (213) | (233) |
| Total non-current liabilities | (15,907) | (213) | (16,120) |
| Total liabilities | (48,713) | (736) | (49,449) |
| Net assets | 120,255 | (752) | 119,503 |
| Retained earnings | 101,261 | (752) | 100,509 |
| Total shareholders' equity | 120,255 | (752) | 119,503 |

The opening balance sheet of the period ended 4 March 2023 has been restated and the affected financial statement line items are as follows.

| | 3 September 2022 (previously restated) ¹ £'000 | Restatement in respect of net assets disposed £'000 | Restatement in respect of property rental terms £'000 | 3 September 2022 (restated) £'000 |
|---|---|--|--|---|
| Balance Sheet | | | | |
| Assets included in disposal group classified as held for sale | 145,801 | (214) | (1,198) | 144,389 |
| Total current assets | 225,751 | (214) | (1,198) | 224,339 |
| Total assets | 308,973 | (214) | (1,198) | 307,561 |
| Net assets | 133,741 | (214) | (1,198) | 132,329 |
| Retained earnings | 99,318 | (214) | (809) | 98,295 |
| Total shareholders' equity | 119,156 | (214) | (809) | 118,133 |
| Non-controlling interests | 14,585 | - | (389) | 14,196 |
| Total equity | 133,741 | (214) | (1,198) | 132,329 |

[1] Previously restated values in the Interim Report for the half year ended 4 March 2023.

20. Alternative performance measures

The Interim Results include alternative performance measures ('APMs'), which are not defined or specified under the requirements of IFRS. These APMs are consistent with how business performance is measured internally and are also used in assessing performance under the Group's incentive plans. Therefore, the Directors believe that these APMs provide stakeholders with additional useful information on the Group's performance.

Alternative performance measure

Definition and comments

| Alternative performance measure | Definition and comments |
|-------------------------------------|--|
| EBITDA | Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets and before share of post-tax results of the associate and joint ventures. EBITDA allows the user to assess the profitability of the Group's core operations before the impact of capital structure, debt financing and non-cash items such as depreciation and amortisation. |
| Adjusted EBITDA | Earnings before interest, tax, depreciation, amortisation, profit/(loss) on the disposal of non-current assets, before share of post-tax results of the associate and joint ventures and excluding items regarded by the Directors as adjusting items. This measure is reconciled to statutory operating profit and statutory profit before taxation in note 6. EBITDA allows the user to assess the profitability of the Group's core operations before the impact of capital structure, debt financing and non-cash items such as depreciation and amortisation. |
| Adjusted operating profit | Operating profit after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory operating profit in the income statement and note 6. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the period and the comparability between the periods presented. |
| Adjusted operating margin | Adjusted operating profit as defined above as a percentage of revenue. |
| Adjusted profit before taxation | Profit before taxation after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory profit before taxation in the income statement and note 6. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the period and the comparability between the periods presented. |
| Adjusted profit for the period | Profit after taxation after adding back items regarded by the Directors as adjusting items. This measure is reconciled to statutory profit after taxation in the income statement. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the period and the comparability between the periods presented. |
| Adjusted earnings per share | Profit attributable to the equity holders of the Company after adding back items regarded by the Directors as adjusting items after tax divided by the weighted average number of ordinary shares in issue during the period. This is reconciled to basic earnings per share in note 10. |
| Adjusted diluted earnings per share | Profit attributable to the equity holders of the Company after adding back items regarded by the Directors as adjusting items after tax divided by the weighted average number of ordinary shares in issue during the period adjusted for the effects of any potentially dilutive options. Diluted earnings per share is shown in note 10. |
| Net (cash)/debt | The net position of the Group's cash at bank and borrowings excluding leases. Details of the movement in borrowings is shown in note 13. |

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