23 March 2023

CARR'S GROUP PLC
("Carr's" or the "Group")

FULL YEAR RESULTS
For the year ended 3 September 2022

"A strong performance in a transformational year for the Group"

Carr's (CARR.L), the Speciality Agriculture and Engineering Group, announces its full year results for the year ended 3 September 2022.

Financials (continuing operations)

Adjusted[1]	**FY22**	**FY21 (restated)**[3]	**+/-**
Revenue (£m)	**124.2**	120.3	**+3.3%**
Adjusted[1] operating profit (£m)	**11.9**	11.1	**+7.5%**
Adjusted[1] profit before tax (£m)	**11.2**	10.4	**+8.0%**
Adjusted[1] EPS (p)	**10.0**	10.1	**-1.0%**
Dividend (p per share)	**5.20**	5.00	**+4.0%**
Net debt[2] (£m)	**14.0**	10.0	**-40.8%**

Statutory	**FY22**	**FY21 (restated)**[3]	**+/-**
Revenue (£m)	**124.2**	120.3	**+3.3%**
Operating profit (£m)	**8.2**	8.2	**+0.4%**
Profit before tax (£m)	**7.6**	7.5	**+0.4%**
Basic EPS (p)	**6.4**	6.2	**+3.2%**

Highlights

- Revenue from continuing operations increased 3.3%
- Adjusted profit before tax from continuing operations increased 8.0%
- Reported operating profit from continuing operations in line with prior year at £8.2m
- Agricultural Supplies business sold at market comparable 6.4 x FY21 EBITDA
- Post year-end disposal leads to net cash on balance sheet
- Refreshed Board for 2023
- Group now focused on higher margin, differentiated, international businesses

Peter Page, Chief Executive Officer, commented:

"2022 was a year of significant change for Carr's Group. With a clear direction and strategy, the business is now focused on higher-margin, differentiated, international Speciality Agriculture and Engineering businesses with strong growth prospects."

[1] Adjusted results are consistent with how business performance is measured internally and are presented to aid comparability of performance. Adjusting items are disclosed in note 3
[2] Excluding leases. Further details of net debt can be found in note 9
[3] Prior year restatement recognised in relation to the recognition of revenue from customer contracts within the Engineering division. Details are disclosed in note 10

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An online briefing for analysts will be held today at 09:00 GMT. Analysts and investors wishing to attend the call are asked to contact FTI Consulting at FTI_Carrs@fticonsulting.com. Shareholders or investors wishing to make an appointment to meet with Senior Management should contact the Company directly at reception@carrsgroup.com.

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 Speciality 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.

Update

Please note that some of the commentary below was included in the Group's trading update announced on 21 February 2023. Such commentary has been updated, where appropriate.

Overview

2022 was a transformational year for Carr's Group. The Board addressed strategic priorities and made changes that will enable growth in shareholder value by developing the Group's market leading businesses in Speciality Agriculture and Engineering. The Group will focus on higher margin, differentiated, international businesses, following the disposal of the Agricultural Supplies division in October 2022.

The future development of the Speciality Agriculture division will be through organic growth opportunities and carefully targeted acquisitions. The Engineering division will focus on the unique qualities and strengths of the current businesses to realise their full potential at a time when the nuclear sector is expanding capacity and capability.

The Board has been refreshed, bringing considerable experience to lead the Group at a time of change and renewal for businesses that have strong prospects for the future.

Financial Performance

The review of financial performance focuses primarily on revenue and profits from continuing operations in Speciality Agriculture and Engineering, following the disposal of the Agricultural Supplies division after the year end.

Revenue for the year from continuing operations increased to £124.2m (2021 restated: £120.3m).

Adjusted operating profit from continuing operations increased to £11.9m (2021 restated: £11.1m), with Speciality Agriculture contributing £9.2m (2021: £9.5m), and Engineering contributing £5.4m (2021 restated: £3.9m). Reported operating profit was in line with last year at £8.2m (2021 restated: £8.2m).

Adjusted profit before tax from continuing operations increased to £11.2m (2021 restated: £10.4m) whilst reported profit before tax increased 0.4% to £7.6m (2021 restated: £7.5m).

Basic earnings per share from continuing operations increased to 6.4p (2021 restated: 6.2p) and adjusted earnings per share reduced to 10.0p (2021 restated: 10.1p).

Net debt at 3 September 2022, excluding leases, was higher at £14.0m (2021: £10.0m), funding increases in working capital driven by inflationary cost increases. Since year end, with completion of the disposal of the Agricultural Supplies division and the receipt of the initial proceeds, the balance sheet is cash positive.

The profit numbers referenced in this document exclude the impact of discontinued operations. The net loss for the year after tax from discontinued operations of £2.2m (2021: £3.8m profit) consists of the loss recognised relating to the disposal of the Carr's Billington Agricultural business, net of profit from the Agricultural Supplies division.

Dividend

The Board is proposing a final dividend of 2.85 pence per share which, together with the two interim dividends, makes a total dividend of 5.20 pence per share for the full year, up 4% on the prior year (2021: 5.00 pence).

Subject to approval by shareholders at the forthcoming General Meeting of the Company, the final dividend will be paid on 12 May 2023 to shareholders on the register at close of business on 14 April 2023 and the shares will go ex-dividend on 13 April 2023.

Strategy

Since April 2021, business performance has been reported in three divisions: Speciality Agriculture, Agricultural Supplies, and Engineering. This provided clearer information on the profitability of each division and more detail on how each contributes to earnings per share.

In January 2022, a review of the strategic options for long-term growth in shareholder value in each of the three divisions was announced. Following careful evaluation of all options, supported by external advisers, the Board determined that the Group will most successfully create long-term shareholder value by focusing on the higher margin, differentiated, international businesses in Speciality Agriculture and Engineering.

The Speciality Agriculture division, which delivers measurable productivity benefits to livestock farmers through patented products sold under market-leading brands, will grow with investment in the existing businesses and, over time, by carefully targeted acquisitions. Opportunities include demand for nutritional supplements generated by increasing use of low intensity pasture-based grazing, the rise in sustainability-related nutrition programmes, and growing interest in welfare-centred management systems.

The Engineering division will develop the current portfolio of businesses, which include patented and differentiated products and services, to achieve their full potential in specialist markets at a time when totally dependable engineering solutions and services, fit for the nuclear industry, are in demand. Opportunities include increasing capacity through small modular reactor technology development, extending installed asset life to maintain capacity, and supporting high levels of investment in long-term fundamental research.

In August 2022, we reached agreement with co-owners Edward Billington & Son Limited for the sale of all our holdings in the Agricultural Supplies division. Following a general meeting on 19 September 2022 at which 98% of shareholder votes were in favour, the sale was completed on 26 October 2022, with the Group's holding valued at £44.5m (on a debt-free basis), a market comparable multiple of 6.4 x FY21 EBITDA, leading to anticipated net proceeds of £29.0m, after accounting for all transaction costs, debt and working capital adjustments.

Whilst the Agricultural Supplies division generated approximately 75% of historic Group revenues, the market environment and ownership structure meant that it contributed approximately 25% to adjusted earnings per share attributable to shareholders. The split ownership structure meant that Carr's Group did not have full control of the strategy or direction of the combined business, whilst it consumed a substantial proportion of management time. It required up to £10m of replacement capital expenditure, and the rise in commodity prices led to a substantial increase in working capital during 2022. The disposal addresses a fundamental challenge to growing shareholder value.

The decision to focus on high margin, differentiated, international businesses, and the disposal of the lower margin UK-only division, are the first steps in an ongoing process of strategic change for the Group. The receipt of sale proceeds puts the balance sheet in a strong net cash position. The Board will carefully consider the appropriate allocation of capital to achieve a balance between investment for growth in long-term value of the Group and returns to shareholders, including options to secure a fully-funded, risk-free position for the legacy defined benefit pension scheme.

Board

Carr's Group has a refreshed Board of new Executive and Non-Executive members bringing considerable experience for the benefit of all shareholders.

In line with Board succession plans, Shelagh Hancock and Stuart Lorimer were appointed as Non-Executive Directors from 1 September 2022. Shelagh, CEO of First Milk, the leading UK farmer owned dairy co-operative, has considerable experience relevant to the Speciality Agriculture division. Stuart, Finance Director of FTSE listed AG Barr plc, will become Audit Committee Chair in succession to John Worby following the forthcoming General Meeting of the Company. Both Shelagh and Stuart have already brought fresh insight to Board meetings and provide constructive challenge to the Executive Directors.

As part of the Board's succession plan, John Worby, who has been on the Board since 2015, will complete his time as Audit Committee Chair following the forthcoming General Meeting of the Company, and will retire from the Board in mid-2023 following a period of handover and support to the new Board members. John has provided wise counsel and shared a lifetime's experience in finance and public companies, which has been of great value to the Group.

In August 2022, Neil Austin indicated his intention to leave Carr's Group to take up a new role at Westmorland Family, headquartered at Penrith in Cumbria. Neil had been on the Board for over ten years and was central to many of the improvements and developments at Carr's Group in recent times. Neil made a significant contribution to the work of the Board. His detailed understanding of the workings of the Group combined with a sharp intellect has been a real help to Board members and senior managers throughout his tenure. Neil stood down as Chief Financial Officer and from the Board on 21 February 2023, and left with all the Board wishing him success in his new role, and gratitude for his legacy at Carr's Group.

David White joined the Board on 21 February 2023 as Chief Financial Officer, in succession to Neil Austin, bringing extensive finance and operational experience gained at Aggreko plc, Weir Group and in professional services. David was appointed following an external search process and has made a very positive impact since joining the Group on 3 January 2023.

In November 2022, following an extensive search process, it was announced that Tim Jones would be joining the Board and would become Non-Executive Chair. Tim's appointment took effect on 21 February 2023. Tim brings substantial experience to the role, having been Non-Executive Chair of Treatt plc, a FTSE listed business whose market capitalisation increased eight-fold in the 11 years of his tenure. Tim has a deep understanding of equity markets, is an FCA approved person and a member of the Chartered Institute of Securities and Investment, and is well placed to engage with, and reflect the interests of, all shareholders.

Since October 2021 Peter Page has worked in the business full-time as Executive Chair, following agreement with the incumbent Chief Executive Officer, Hugh Pelham, that he would leave the business and step down from the Board. Further to an extensive internal and external search process, it was announced in August 2022 by the Board that Peter Page would be appointed Chief Executive upon the appointment of a new Non-Executive Chair, which took effect on 21 February 2023 with the appointment of Tim Jones.

As separately announced on 21 February 2023, Martin Rowland joined the Board as a Non-Executive Director of the Company on 6 March 2023 in accordance with a relationship agreement entered into between Harwood Capital Management Limited and the Company on 20 February 2023.

Stakeholder Engagement

The January 2022 Annual General Meeting was the first opportunity to meet with shareholders in person following the lifting of COVID-19 restrictions. Throughout the year we have met with shareholders, in person, online and through telephone calls. It is important that the Chair and other Directors are accessible to shareholders so we can benefit from the dialogue, challenge, and exchange of views.

Around the time of the Annual General Meeting in January 2022, we consulted with shareholders in some detail to address the issue of Board composition and diversity, taking the opportunity to discuss and explain the changes to the Board as part of the succession plans. The feedback received and our response has been published on the Group's website, with more detail in the Nomination Committee Report on pages 58 to 60 of the 2022 Annual Report and Accounts.

Members of the Board meet regularly with senior managers to review business performance and progress in non-financial areas including Health and Safety and Environmental issues. Ian Wood, as the Board's nominee for employee engagement, actively participates in specific topics on behalf of the whole Board.

There is regular engagement with current and prospective customers, ranging from farmers at UK and US trade events and distributors at international trade shows, to site visits in the UK, USA and Japan. First hand contact with the market is critical to understanding challenges and opportunities for the future.

It is valuable to maintain contact with related external educational, research and development organisations, for example the UK Atomic Energy Authority, agriculture faculties of US universities and local colleges for skills training, and new developments and opportunities.

Environment, Social and Governance

ESG is about the way that we do things, more than words and statements. With ever increasing focus on sustainability, business impact on the climate and society, all the Group's activities are taking more direct responsibility for monitoring and reducing emissions and waste. An experienced Environment and Sustainability Manager was appointed in 2022, who has undertaken a critical review of the systems and practices currently in place and is developing a comprehensive plan for changes and actions to be addressed over the coming year. The establishment of Green Teams that involve a range of colleagues to lead relevant activities will ensure engagement across the Group in a way that is appropriate for the circumstances of each business. Further details can be found in our Responsible Business Report on pages 28 to 36 and our TCFD Disclosures on pages 37 to 39 of the 2022 Annual Report and Accounts.

The Speciality Agriculture division offers customers nutrition products which can reduce carbon impact. The Engineering division supplies services that support low carbon sources of energy in the nuclear sector. Following the sale of the Agricultural Supplies division, the Group's environmental and sustainability priorities have changed, ceasing involvement in the energy-intensive fertiliser, fuels and farm machinery markets, and reducing dependence on commodities.

High standards of Corporate Governance are a priority, with an annual evaluation of the Board's performance in this area, to ensure compliance with the UK Corporate Governance Code 2018 and adapting our practices accordingly. Our Statement of Compliance can be found on page 57 of the 2022 Annual Report and Accounts.

FY22 Year-End Process

In November 2022 a delay was announced to the completion of the year-end process that had several consequences including a temporary suspension of trading in the Company's ordinary shares, delayed release of the Annual Report, audited results and payment of the final dividend later than usual. Whilst the delay primarily related to a part of the business in which Carr's Group had a minority shareholding and that has now been sold, the Company will carefully review the audit process to seek opportunities for the timely completion of the current financial year.

People

All colleagues have contributed to a positive outturn for the Group in a year of challenge and change. I am very grateful for everyone's commitment to the business, and I wish all success to our former colleagues in the Agricultural Supplies division. A third of the Group's employees are now located outside the UK, in Germany, USA, Ireland and New Zealand, an indication of the more international outlook for the Group in the future.

GROUP PERFORMANCE REVIEW

Overview

The Group performed well during the financial year ended 3 September 2022 ("FY22"). Continuing operations, comprising Speciality Agriculture and Engineering, delivered 8.0% growth in adjusted profit before tax compared to the prior year, from a 3.3% revenue increase. FY22 was challenging due to supply chain delays, raw material cost increases and energy price rises, as the effects of the Covid pandemic receded and global business activity started to return to higher levels.

Health and Safety performance reflects increased awareness of risks, and changing habits. Reportable Incidents declined from 9 in 2020 to 4 in each of 2021 and 2022. Lost Time Incidents reduced from 19 in 2020 to 9 in 2021 to 4 in 2022. Leading indicators, such as identification of hazards and reporting near misses, reflect a greater awareness of safety-related issues and more confidence in reporting them as a preventative measure.

Operational review for Continuing Operations

Speciality Agriculture

The Speciality Agriculture businesses have patented and well-recognised brands, differentiated products and strong customer relationships. Sales teams worked hard throughout the year to bring sales prices in line with extraordinary raw material cost increases, enabling the businesses to finish FY22 ahead of initial expectations.

Adjusted operating profit for the division, at £9.2m, was marginally below prior year (2021: £9.5m), whilst revenues rose 14.0%, to £78.1m (2021: £68.5m), as inflation in raw material costs was necessarily passed on to the market.

<u>USA</u>

Adjusted operating profit in the US feed blocks business held up well, due to strong margin discipline and a focus on addressing the time lag between cost increases and sales. At the start of the year, a significant increase in raw material costs impacted margins, due to timing differences in the receipt of orders, manufacturing, and deliveries, but was promptly addressed in the first quarter to bring costs and pricing into line for the full year. US feed block volumes were lower than prior year, adversely affected by drought, in several regions of the market, causing a reduction in the number of livestock out on grass, an impact that lasted throughout the year and will continue into 2023. Market forecasts are for a recovery in stock numbers in the medium-term, once rainfall increases and forage availability improves.

For 2023, the US blocks management team has been expanded with the appointment of a Vice-President of Sales and Marketing to lead activity for revenue growth that will include recruitment of additional distributors and providing strong product support. HorsLic®, the equine feed block, is a priority for additional volumes, with a recently appointed account manager and new distributor in Texas enabling the business to increase activity in the region with the largest horse population in the USA.

Substantial movements in the relative prices of canola and soy meal adversely impacted the bypass protein business in the north-eastern US. New supply contracts and opportunities for product diversification are being developed.

<u>UK and Europe</u>

Strong farmgate prices for dairy, beef and lamb in the UK in 2022 enabled the market to absorb price increases for feed blocks, as the business passed on substantial rises in raw material costs. Volumes were stable, with the UK slightly ahead of the prior year, whilst Europe was marginally behind. Escalating costs and shortages of key raw materials impacted margins in the first half of the year but these were back on track by the year end. The launch of the new Crystalyx® dairy range in 2021 was well received and remains an opportunity for growth. A period of 3-shift working at the UK manufacturing operation helped maintain inventories.

Bolus volumes were stable, with strong demand in the UK. Ireland is a significant market for grass-fed stock, and now accounts for a third of bolus revenues. Increases in raw material costs, from copper to packaging, impacted margins in view of the need to maintain competitive prices. During 2022, all bolus products were brought under one brand, Tracesure®, which has been refreshed in the USA, New Zealand and Europe, to help extend our global reach.

New Zealand

Logistics issues, due to reduced global freight capacity after Covid, and associated increases in shipping costs, impacted short term profitability of the business in New Zealand, but sales volumes of both feed blocks and boluses were stable. A full evaluation of the long-term opportunity for growth through investment will be completed in 2023.

Outlook

The Speciality Agriculture division enables farmers to optimise forage and grass-based nutrition systems, supporting their objectives to raise healthy animals efficiently, in a welfare friendly and environmentally responsible way, by providing appropriate nutritional supplements that are released in the required quantities at the right time. Investment in product development will ensure a pipeline for future growth.

In 2022, the Speciality Agriculture division responded well to supply chain and market challenges, maintaining margins and ensuring product availability for customers. In 2023, costs of energy and raw materials, whilst still much higher than in previous years, are plateauing.

Engineering

The Engineering division reported a strong recovery in adjusted operating profit during the year, up 38.2% to £5.4m, as a result of closer control of projects and improving utilisation as the interruptions of COVID-19 receded (2021 restated: £3.9m). Adjusted operating margins rose to 11.6% (2021 restated: 7.5%) on lower revenues of £46.2m (2021 restated: £51.9m). Several important projects were awarded in the nuclear industry, reflecting the specialist expertise of the companies in the Engineering division, with the order book closing the year at £40.6m, 2.4% ahead of the prior year (2021 restated: £39.7m).

Fabrication and Precision Engineering

The specialist fabrication business generated a strong result in 2022, due to a positive flow of orders from the nuclear reprocessing and decommissioning sector, together with enhanced utilisation. In September 2022, the specialist fabrication business was accredited to the joint supply chain accreditation register (JOSCAR) which enables the business to bid for work in the UK defence, aerospace and security sectors.

The precision engineering business performed well, ahead of the prior year, rebuilding the order book following disruption during Covid, due to its close involvement with the oil and gas sector, which has now recovered strongly. The business is currently focusing on enhanced operating efficiencies and new business opportunities to support growth in profitability. In late 2022, the precision engineering business achieved the demanding *Fit For Nuclear* quality accreditation.

To ensure availability of relevant skills in the future, the fabrication and precision engineering businesses have well-established apprentice programmes, with an intake of nine in 2022. Bendalls Engineering opened a dedicated Skills Academy in Carlisle, in conjunction with Lakes College, that is open to other manufacturers in the area. The Skills Academy is home to the apprentice programmes and provides short courses to upskill employees for specific projects.

Robotics

The Global Robotics business performed in line with expectations, maintaining a strong presence in the nuclear market. New contract wins include the first supply of an A1000 power manipulator in the USA to an internationally renowned research laboratory, the first order for an A100 master slave manipulator to the US Navy, and powered manipulators to Posiva Solutions in Finland for the world's first final deep storage solution for nuclear waste.

The HWM double arm Telbot was selected by RACE, (part of the UK Atomic Energy Authority focussed on remote applications in challenging environments) for the UK-Japanese jointly funded *LongOps* project to develop capabilities for removing and handling waste debris at damaged nuclear sites such as Fukushima. The European Spallation Source (ESS) in Sweden, one of the largest science and technology infrastructure projects in Europe, ordered a double arm robotic manipulator for the world's most advanced neutron source.

Wälischmiller is the leading specialist robotics supplier in the civil nuclear market, with a full range of manipulators, including the recently launched A150, a lightweight, highly flexible, small-scale telescopic manipulator for isotopes, and the unique 100% stainless steel manipulator, both designed for the growing nuclear medicine market.

Engineering Solutions

The Engineering Solutions business in the USA provides unique services in the maintenance of nuclear facilities worldwide. It performed well in 2022, ahead of the Board's expectations. The business completed two MSIP® projects in the USA during FY22, with another in Slovenia closing out after year end. Further MSIP projects are progressing in 2023.

During 2022, the business achieved 1,000,000 working hours (equating to almost 12 years) without a lost-time injury, a significant milestone as we continue to focus on safety.

Performance in the UK Engineering Solutions business was impacted by delays and higher costs than expected on one long-running defence contract. All plant has been successfully installed and commissioned, and final handover was completed in early 2023.

In November 2022, the US Government's Department of Energy announced the award of a multimillion-dollar research contract to NuVision Engineering, to develop processes for recycling nuclear waste, opening up the prospect of further unique capabilities and business opportunities in the future.

Outlook

The engineering companies are well regarded in the growing nuclear market, as governments seek to improve energy security and reduce dependence on fossil fuels. Each business is developing a pipeline of long and short-term projects to strengthen order books for 2023 and beyond.

Central Costs

In 2022, central costs at adjusted operating profit level were £2.6m, slightly higher than the prior year (2021: £2.3m). With the changing structure of the Group's businesses, central costs will be reviewed to ensure that they remain in line with the future strategy.

Discontinued Operations

Agricultural Supplies

Agricultural Supplies coped with an extraordinary increase in costs affecting a large volume of raw material and commodities, reflected in a 21.0% increase in revenues as these costs were necessarily passed on to customers. Adjusted operating profit for the division grew 6.8% to £6.9m, albeit with a substantial increase in working capital.

Trading in the year was mixed, with stronger performances in the retail and machinery businesses partially offsetting reduced trading volumes in fuels and feeds. Whilst livestock and milk prices remained high, rising input costs presented a significant challenge for farmers. In the second half, the business saw a reduction in beef and sheep feed volumes as customers extended grazing to limit cash expenditure.

On 31 August 2022, the Group announced an agreement to dispose of all its interests in the Agricultural Supplies division to Edward Billington & Son Limited. Following shareholder approval at a general meeting which took place on 19 September 2022, the disposal was completed on 26 October 2022.

Outlook

With considerable strategic progress made during 2022, the Group is now more focused. The unique know how and customer relations embedded in the Speciality Agriculture and Engineering divisions have considerable value as markets seek technical solutions to long term sustainability challenges.

The Board is confident that both divisions will generate value for shareholders in the long term. A detailed update on trading will be provided at the time of the half year results.

Peter Page
Chief Executive Officer
22 March 2023

CONSOLIDATED INCOME STATEMENT
for the year ended 3 September 2022

	Notes	2022 £'000	2021 (restated)[2,3] £'000
Continuing operations			
Revenue	2	**124,240**	120,319
Cost of sales		**(94,632)**	(89,195)
Gross profit		**29,608**	31,124
Other operating income		**1,731**	-
Distribution costs		**(5,338)**	(5,213)
Administrative expenses		**(18,609)**	(16,612)
Share of post-tax results of joint ventures		**840**	991
Impairment of joint venture (adjusting item)	3	**-**	(2,090)
Adjusted[1] operating profit	2	**11,906**	11,077
Adjusting items	3	**(3,674)**	(2,877)
Operating profit	2	**8,232**	8,200
Finance income		**351**	260
Finance costs		**(1,017)**	(925)
Adjusted[1] profit before taxation	2	**11,240**	10,412
Adjusting items	3	**(3,674)**	(2,877)
Profit before taxation	2	**7,566**	7,535
Taxation	4	**(1,524)**	(1,788)
Adjusted[1] profit for the year from continuing operations		**9,374**	9,357
Adjusting items	3	**(3,332)**	(3,610)
Profit for the year from continuing operations		**6,042**	5,747
Discontinued operations			
(Loss)/profit for the year from discontinued operations (including held for sale)	5	**(2,193)**	3,849
Profit for the year		**3,849**	9,596
Profit attributable to:			
Equity shareholders		**5,072**	7,656
Non-controlling interests[4]		**(1,223)**	1,940
		3,849	9,596
Basic earnings per share (pence)			
Profit from continuing operations		**6.4**	6.2
(Loss)/profit from discontinued operations		**(1.0)**	2.1
	6	**5.4**	8.3
Diluted earnings per share (pence)			
Profit from continuing operations		**6.4**	**6.1**
(Loss)/profit from discontinued operations		**(1.0)**	**2.0**
		5.4	**8.1**

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 3. An alternative performance measures glossary can be found in note 11.
2 Restated to provide comparable information for continuing and discontinued operations following the classification of the Carr's Billington Agricultural business as a disposal group in the current year. Further details of results from discontinued operations and net assets relating to the disposal group can be found in note 5.
3 See note 10 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.
4 Non-controlling interests relate to businesses included in the disposal group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 3 September 2022

	2022 £'000	2021 (restated)[2] £'000
Profit for the year	**3,849**	9,596
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	**4,288**	(1,762)
- Net investment hedges	**60**	165
- Taxation charge on net investment hedges	**(11)**	(31)
Items that will not be reclassified subsequently to profit or loss:		
- Actuarial (losses)/gains on retirement benefit asset:		
- Group	**(2,576)**	1,205
- Share of associate (2022: included within disposal group)	**(287)**	578
- Taxation credit/(charge) actuarial (losses)/gains on retirement benefit asset:		
- Group	**644**	(301)
- Share of associate (2022: included within disposal group)	**72**	(144)
Other comprehensive income/(expense) for the year, net of tax	**2,190**	(290)
Total comprehensive income for the year	**6,039**	9,306
Total comprehensive income attributable to:		
Equity shareholders	**7,262**	7,366
Non-controlling interests[1]	**(1,223)**	1,940
	6,039	9,306
Total comprehensive income attributable to:		
Continuing operations	**8,447**	5,023
Discontinued operations	**(2,408)**	4,283
	6,039	9,306

[1] Non-controlling interests relate to businesses included in the disposal group.
[2] See note 10 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

CONSOLIDATED BALANCE SHEET
as at 3 September 2022

	Notes	2022 £'000	2021 (restated)[1] £'000	2020 (restated)[1] £'000
Assets				
Non-current assets				
Goodwill		**23,609**	31,560	32,041
Other intangible assets		**4,635**	5,151	6,365
Property, plant and equipment		**33,204**	36,198	38,259
Right-of-use assets		**8,223**	16,777	14,856
Investment property		**74**	152	158
Investment in associate		**-**	14,268	14,042
Interest in joint ventures		**6,065**	9,482	10,551
Other investments		**32**	72	73
Contract assets		**316**	312	-
Financial assets				
- Non-current receivables		**23**	20	20
Retirement benefit asset		**6,828**	9,371	8,037
Deferred tax asset		**213**	182	-
		83,222	123,545	124,402
Current assets				
Inventories		**26,990**	43,226	41,579
Contract assets		**7,564**	7,202	7,765
Trade and other receivables		**19,015**	61,735	51,686
Current tax assets		**3,866**	2,669	2,068
Financial assets				
- Cash and cash equivalents		**22,515**	24,309	17,571
- Derivative financial instruments		**-**	-	3
Assets included in disposal group classified as held for sale	5	**148,531**	-	-
		228,481	139,141	120,672
Total assets		**311,703**	262,686	245,074
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings		**(12,734)**	(11,113)	(11,420)
- Leases		**(1,416)**	(2,967)	(2,778)
- Derivative financial instruments		**(62)**	-	-
Contract liabilities		**(2,426)**	(3,312)	(2,179)
Trade and other payables		**(21,000)**	(69,526)	(55,522)
Current tax liabilities		**(711)**	(42)	(33)
Liabilities included in disposal group classified as held for sale	5	**(101,566)**	-	-
		(139,915)	(86,960)	(71,932)
Non-current liabilities				
Financial liabilities				
- Borrowings		**(23,805)**	(23,159)	(25,021)
- Leases		**(6,128)**	(12,458)	(11,171)
Deferred tax liabilities		**(5,048)**	(5,503)	(4,580)
Other non-current liabilities		**(336)**	(55)	(1,385)
		(35,317)	(41,175)	(42,157)
Total liabilities		**(175,232)**	(128,135)	(114,089)
Net assets		**136,471**	134,551	130,985
Shareholders' equity				
Share capital		**2,350**	2,343	2,312
Share premium		**10,500**	10,155	9,176
Other reserves		**107,645**	104,901	102,697
Total shareholders' equity		**120,495**	117,399	114,185
Non-controlling interests		**15,976**	17,152	16,800
Total equity		**136,471**	134,551	130,985

[1] See note 10 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 3 September 2022

	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
As previously reported at 29 August 2020	2,312	9,176	(45)	734	3,550	197	98,907	114,831	16,800	131,631
Prior year adjustment[1]	-	-	-	-	9	-	(655)	(646)	-	(646)
At 30 August 2020 (restated)[1]	2,312	9,176	(45)	734	3,559	197	98,252	114,185	16,800	130,985
Profit for the year	-	-	-	-	-	-	7,656	7,656	1,940	9,596
Other comprehensive (expense)/income	-	-	-	-	(1,628)	-	1,338	(290)	-	(290)
Total comprehensive (expense)/income	-	-	-	-	(1,628)	-	8,994	7,366	1,940	9,306
Dividends paid	-	-	-	-	-	-	(5,490)	(5,490)	(1,647)	(7,137)
Equity-settled share-based payment transactions	-	-	-	406	-	-	-	406	58	464
Excess deferred taxation on share-based payments	-	-	-	-	-	-	32	32	1	33
Allotment of shares	31	979	-	-	-	-	-	1,010	-	1,010
Purchase of own shares held in trust	-	-	(110)	-	-	-	-	(110)	-	(110)
Transfer	-	-	155	(660)	-	(2)	507	-	-	-
At 28 August 2021	2,343	10,155	-	480	1,931	195	102,295	117,399	17,152	134,551
As previously reported at 28 August 2021	**2,343**	**10,155**	**-**	**480**	**1,903**	**195**	**103,006**	**118,082**	**17,152**	**135,234**
Prior year adjustment[1]	**-**	**-**	-	**-**	**28**	**-**	**(711)**	**(683)**	**-**	**(683)**
At 29 August 2021 (restated)[1]	**2,343**	**10,155**	**-**	**480**	**1,931**	**195**	**102,295**	**117,399**	**17,152**	**134,551**
Profit/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**5,072**	**5,072**	**(1,223)**	**3,849**
Other comprehensive income/(expense)	**-**	**-**	**-**	**-**	**4,337**	**-**	**(2,147)**	**2,190**	**-**	**2,190**
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**4,337**	**-**	**2,925**	**7,262**	**(1,223)**	**6,039**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(4,687)**	**(4,687)**	**-**	**(4,687)**
Equity-settled share-based payment transactions	**-**	**-**	**-**	**199**	**-**	**-**	**-**	**199**	**50**	**249**
Excess deferred taxation on share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**(30)**	**(30)**	**(3)**	**(33)**
Allotment of shares	**7**	**345**	**-**	**-**	**-**	**-**	**-**	**352**	**-**	**352**
Transfer	**-**	**-**	**-**	**(151)**	**-**	**(3)**	**154**	**-**	**-**	**-**
At 3 September 2022	**2,350**	**10,500**	**-**	**528**	**6,268**	**192**	**100,657**	**120,495**	**15,976**	**136,471**

[1] See note 10 for an explanation of the prior year restatement in relation to the recognition of revenue from customer contracts within the Engineering division.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 3 September 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from continuing operations	7	**4,473**	18,131
Interest received		**179**	109
Interest paid		**(986)**	(936)
Tax paid		**(805)**	(1,278)
Net cash generated from operating activities in continuing operations		**2,861**	16,026
Net cash (used in)/generated from operating activities in discontinued operations		**(6,901)**	2,871
Net cash (used in)/generated from operating activities		**(4,040)**	18,897
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		**(426)**	-
Contingent consideration paid		**-**	(1,077)
Dividend received from associate and joint ventures		**2,250**	1,148
Purchase of intangible assets		**(342)**	(107)
Proceeds from sale of property, plant and equipment		**31**	167
Purchase of property, plant and equipment		**(3,696)**	(3,026)
Proceed from sale of investment property		**149**	-
Net cash used in investing activities in continuing operations		**(2,034)**	(2,895)
Net cash (used in)/generated from investing activities in discontinued operations		**(2,749)**	155
Net cash used in investing activities		**(4,783)**	(2,740)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**352**	1,010
Purchase of own shares held in trust		**-**	(110)
New financing and draw downs on RCF		**10,051**	11,526
Repayment of RCF draw downs		**(8,000)**	(8,500)
Lease principal repayments		**(1,550)**	(1,778)
Repayment of borrowings		**(2,840)**	(2,400)
Dividends paid to shareholders		**(4,687)**	(5,490)
Net cash used in financing activities in continuing operations		**(6,674)**	(5,742)
Net cash generated from/(used in) financing activities in discontinued operations		**20,324**	(727)
Net cash generated from/(used in) financing activities		**13,650**	(6,469)
Effect of exchange rate changes		**332**	(296)
Net increase in cash and cash equivalents		**5,159**	9,392
Cash and cash equivalents at beginning of the year		**19,696**	10,304
Cash and cash equivalents at end of the year		**24,855**	19,696

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. Basis of preparation and going concern

The financial information in this preliminary announcement does not constitute the Company's statutory accounts for the years ended 3 September 2022 or 28 August 2021. Statutory accounts for 2021 have been delivered to the Registrar of Companies, and those for 2022 will be delivered in due course. The auditor has reported on those accounts; their reports were (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.

Going concern

The financial information in this preliminary announcement has been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have reviewed the Group's operational forecasts and projections for the three years to 31 August 2025 as used for the viability assessment, taking account of reasonably possible changes in trading performance, together with the planned capital investment over that same period. The Group is expected to have a sufficient level of financial resources available through operating cash flows and existing bank facilities for the period to 31 March 2024 ("the going concern period"). The Group has operated within all its banking covenants throughout the year. In addition, the Group's main banking facility is in place until December 2024.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows covering the period to 31 March 2024. The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty. These forecasts have been sensitised on a combined basis for severe but plausible downside scenarios. The scenarios tested included significant reductions in profitability and associated cashflows linked to the four principal risks of customer demand, supply chain, strategic partners and reliance on key customers. 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 financial 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.

In all the scenarios, the Group complies with its financial bank covenants, operates within its existing bank facilities, and meets its liabilities as they fall due.

Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due until 31 March 2024 and therefore have prepared the financial information in this preliminary announcement on a going concern basis.

Accounting policies

The accounting policies are consistent with those of the prior year.

Prior year restatements

The Board has made two prior year restatements to continuing operations, both related to revenue recognised under IFRS15 (Revenue from Contracts with Customers). The first restatement relates to the timing of revenue recognition for a small number of contracts with a single customer in China, where an adjustment to correct the approach taken in previous years has been made, to adhere to IFRS15 requirements on enforceable rights to payment in the event of termination of contract by the customer.

1. **Basis of preparation and going concern (continued)**

The second case relates to contracts directly related to Mechanical Stress Improvement Process technology and specifically whether these contracts contained two performance obligations (the conclusion reached in prior years) or one. This is an area which requires significant judgement and after careful consideration, the Board decided to account for the contracts as having one rather than two performance obligations. The impact of this change has been reflected on previous years' results as a prior year restatement.

The Board has also made two prior year restatements to discontinued operations, both related to revenue recognition. Firstly, in prior years the Group had incorrectly identified itself as acting as a principal when recognising revenue related to fertiliser sales, made through one specific supplier. A review of this transaction highlighted that the Group was acting as an agent, rather than principal, under IFRS 15 guidance, which means the net proceeds from the transaction, rather than gross sales, should be recognised as revenue. A correction to reduce both revenue and cost of sales in the prior year has been made. A further correction to reduce both revenue and cost of sales has also been made in respect of intra-company transactions which had not been netted off in prior years. In both cases there is no impact on profit.

Further details of the effect of the prior year restatements can be found in note 10.

2. **Segmental information**

The segmental information for the year ended 3 September 2022 is as follows:

	Speciality Agriculture £'000	Engineering £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000
Total segment revenue	**84,321**	**46,347**	**-**	**130,668**	**343,844**
Inter segment revenue	**(6,244)**	**(184)**	**-**	**(6,428)**	**(6)**
Revenue from external customers	**78,077**	**46,163**	**-**	**124,240**	**343,838**
Adjusted[1] EBITDA[2]	**9,869**	**7,693**	**(2,487)**	**15,075**	**7,586**
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	**(1,532)**	**(2,326)**	**(151)**	**(4,009)**	**(2,693)**
Share of post-tax results of associate (adjusted[1]) and joint ventures	**840**	**-**	**-**	**840**	**2,016**
Adjusted[1] operating profit/(loss)	**9,177**	**5,367**	**(2,638)**	**11,906**	**6,909**
Adjusting items (note 3)	**131**	**(3,351)**	**(454)**	**(3,674)**	**(7,735)**
Operating profit/(loss)	**9,308**	**2,016**	**(3,092)**	**8,232**	**(826)**
Finance income				**351**	**-**
Finance costs				**(1,017)**	**(756)**
Adjusted[1] profit before taxation				**11,240**	**6,153**
Adjusting items (note 3)				**(3,674)**	**(7,735)**
Profit/(loss) before taxation				**7,566**	**(1,582)**
Taxation of discontinued operations					**(611)**
Loss for the year from discontinued operations (note 5)					**(2,193)**

[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 3

[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

2. Segmental information (continued)

The segmental information for the year ended 28 August 2021 is as follows. This has been restated to present continuing operations and discontinued operations separately. This is to aid comparability with the segmental information presented for the current year. Prior year disclosures have also been restated in respect of the recognition of revenue from customer contracts within the Engineering division and discontinued operations. Further details of the prior year restatements can be found in note 10.

Restated:	Speciality Agriculture £'000	Engineering £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000
Total segment revenue	74,395	51,864	-	126,259	284,240
Inter segment revenue	(5,934)	(6)	-	(5,940)	(6)
Revenue from external customers	68,461	51,858	-	120,319	284,234
Adjusted[1] EBITDA[2]	9,858	6,092	(2,094)	13,856	7,025
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	(1,335)	(2,208)	(227)	(3,770)	(2,513)
Share of post-tax results of associate (adjusted[1]) and joint ventures	991	-	-	991	1,955
Adjusted[1] operating profit/(loss)	9,514	3,884	(2,321)	11,077	6,467
Adjusting items (note 3)	(2,847)	97	(127)	(2,877)	(1,684)
Operating profit/(loss)	6,667	3,981	(2,448)	8,200	4,783
Finance income				260	-
Finance costs				(925)	(307)
Adjusted[1] profit before taxation				10,412	6,160
Adjusting items (note 3)				(2,877)	(1,684)
Profit before taxation				7,535	4,476
Taxation of discontinued operations					(627)
Profit for the year from discontinued operations (note 5)					3,849

[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 3

[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

3. Adjusting items

In reporting financial information, the Group presents 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 therefore the Group believes that these APMs provide stakeholders with additional useful information on the performance of the business. The following adjusting items have been added back to reported profit measures.

	2022		2021	
	Continuing operations	**Discontinued operations**	Continuing operations	Discontinued operations
	£'000	**£'000**	£'000	£'000
Amortisation of acquired intangible assets (i)	**940**	**-**	1,186	-
Adjustments to contingent consideration (ii)	**(1,320)**	**-**	(1,013)	-
Restructuring/closure costs (iii)	**-**	**-**	248	-
Strategic review costs (iv)	**455**	**-**	-	-
Acquisition-related costs (v)	**-**	**20**	-	-
Gain on acquisition of Afgritech (vi)	**(733)**	**-**	-	-
Loss on fair value measurement less costs to sell (vii)	**-**	**6,376**	-	-
Cloud configuration and customisation costs – Group (viii)	**113**	**974**	366	990
Cloud configuration and customisation costs – share of associate (viii)	**-**	**365**	-	515
Goodwill impairment (ix)	**4,219**	**-**	-	-
Impairment of joint venture (x)	**-**	**-**	2,090	-
Effect of deferred tax rate change – share of associate (xi)	**-**	**-**	-	179
Included in profit before taxation	**3,674**	**7,735**	2,877	1,684
Effect of deferred tax rate change – Group (xi)	**-**	**-**	1,073	(83)
Taxation effect of the above adjusting items	**(342)**	**(186)**	(340)	(188)
Included in profit for the year	**3,332**	**7,549**	3,610	1,413

(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) Adjustments to contingent consideration arise from the revaluation of contingent consideration in respect of acquisitions to fair value at the year end. Movements in fair value arise from changes to the expected payments since the previous year end based on actual results and updated forecasts. Any increase or decrease in fair value is recognised through the income statement.

(iii) Restructuring/closure costs include redundancy costs.

(iv) Strategic review costs include external adviser fees incurred in the development of the Group's strategy.

(v) Acquisition-related costs relate to legal fees incurred in respect of an aborted acquisition.

(vi) On 6 June 2022 the Group acquired the remaining 50% shareholding in Afgritech Ltd and the financial position and performance of the business, together with that of its 100% owned subsidiary Afgritech LLC, was fully consolidated from this date. The Group's joint venture interest was effectively disposed of at this date with a gain of £197,000, being the difference between the carrying value and the fair value of the joint venture interest, recognised. Also included in the amount in the table above are foreign exchange gains of £559,000 that have been recycled from the foreign exchange reserve to the income statement on disposal, acquisition-related costs of £27,000 and negative goodwill of £4,000.

(vii) At 3 September 2022 the carrying value of the assets and liabilities included in the disposal group classified as held for sale exceeds the fair value less costs sell. As a result the net assets of the disposal group have been reduced to the fair value less costs to sell resulting in a loss of £6,376,000 being recognised. This includes a loss attributable to the non-controlling interests of £2,603,000 together with costs to sell of £175,000 recognised within the accounts of Carrs Billington Agriculture (Sales) Ltd.

(viii) Costs relating to material spend in relation to the implementation of the Group's, and associate's, ERP system that are expensed in accordance with the IFRIC agenda decision.

3. Adjusting items (continued)

(ix) Impairment of goodwill in respect of the Chirton profit centre and Wälischmiller Engineering GmbH cash-generating units.

(x) During the prior year the joint venture Afgritech LLC reported a loss and was expected to continue to underperform against budgeted information in the short to medium term. An impairment review was undertaken which resulted in an impairment charge of £1,314,000 against the carrying amount of interest in joint venture and an impairment charge of £776,000 against the carrying amount of a loan receivable.

(xi) During the prior year legislation was substantively enacted in the UK to increase the corporate tax rate to 25% with effect from 1 April 2023. As a result of the change, a tax charge of £179,000 was recognised in the prior year in the Group's share of associate results and £990,000 was recognised in the Group's prior year tax charge in relation to the remeasurement of deferred assets and liabilities. This does not relate to the underlying performance of the associate or Group and was therefore included as an adjusting item.

4. Taxation

	2022		2021 (restated)	
	Continuing operations £'000	**Discontinued operations £'000**	Continuing operations £'000	Discontinued operations £'000
Analysis of the charge in the year				
Current tax:				
UK corporation tax				
Current year	**119**	**316**	259	578
Adjustment in respect of prior years	**164**	**51**	(205)	223
Foreign tax				
Current year	**1,607**	**-**	1,130	-
Adjustment in respect of prior years	**(1)**	**-**	(84)	-
Group current tax	**1,889**	**367**	1,100	801
Deferred tax:				
Origination and reversal of timing differences				
Current year	**10**	**224**	764	18
Adjustment in respect of prior years	**(375)**	**20**	(76)	(192)
Group deferred tax	**(365)**	**244**	688	(174)
Tax on profit	**1,524**	**611**	1,788	627
Profit/(loss) before taxation	**7,566**	**(1,582)**	7,535	4,476
Tax at 19% (2021: 19%)	**1,438**	**(301)**	1,432	850
Effects of:				
Tax effect of share of results of associate and joint ventures	**(160)**	**(314)**	(188)	(240)
Tax effect of expenses that are not allowable in determining taxable profit	**1,213**	**1,246**	436	53
Tax effect of non-taxable income	**(1,183)**	**(143)**	(778)	-
Effects of different tax rates of foreign subsidiaries	**149**	**-**	99	-
Effects of deferred tax rates	**68**	**52**	1,057	(67)
Unrecognised deferred tax on losses	**99**	**-**	95	-
Withholding taxes suffered	**112**	**-**	-	-
Adjustment in respect of prior years	**(212)**	**71**	(365)	31
Total tax charge for the year	**1,524**	**611**	1,788	627

The tax effect of expenses that are not allowable in determining taxable profit includes share-based payments, depreciation of non-qualifying assets, disregarded foreign exchange movements and other expenses disallowable for UK corporation tax. In addition, for current year continuing operations, it includes the goodwill impairment (note 3) and, in respect of discontinued operations, it includes the loss recognised on the measurement to fair value less costs to sell of the disposal group (notes 3 and 5). Prior year continuing operations includes adjustments for impairment of joint venture (note 3).

4. Taxation (continued)

The tax effect of non-taxable income includes adjustments to contingent consideration (note 3), the effect of income within the patent box regime, adjustments to profit before taxation for research and development expenditure credits in respect of prior years and the 30% benefit of the super deduction for capital allowances.

In the prior year legislation was substantively enacted in the UK to increase the corporate tax rate to 25% with effect from 1 April 2023. As a result of the change, a tax charge of £990,000 was recognised in the prior year for the parent Company and UK tax resident subsidiaries in relation to the remeasurement of deferred tax assets and liabilities. UK deferred tax balances at 3 September 2022 and 28 August 2021 are provided at 25%. In the prior year the charge of £990,000 does not relate to the underlying profitability of the Group and has been treated as an adjusting item (note 3).

5. Discontinued operations and non-current assets held for sale

On 31 August 2022, the Group entered into a conditional agreement to dispose of its interests in the Carr's Billington Agricultural business to Edward Billington & Son Limited. In accordance with IFRS 5 'Non-current assets held for sale and discontinued operations', the assets and liabilities related to the business were classified as a disposal group held for sale at 3 September 2022. The sale was conditional on approval by the Group's shareholders which was given at a General Meeting held on 19 September 2022. The disposal completed on 26 October 2022.

On completion, the Company received £24.7m initial cash proceeds following certain working capital adjustments since the announcement on 31 August 2022. The consideration receivable remains subject to any final adjustments once the completion accounts mechanism is finalised. Current estimates of fair value less costs to sell is lower than the carrying value of the disposal group's net assets, and accordingly a loss of £6.2m has been recognised in the loss for the year from discontinued operations.

The tables below show the results of the discontinued operations and the loss recognised on the remeasurement to fair value less costs to sell for the year ended 3 September 2022, together with the classes of assets and liabilities comprising the operations held for sale in the Group balance sheet as at 3 September 2022.

	2022 **£'000**	2021 £'000
Revenue (2021: restated)	**343,838**	284,234
Expenses (2021: restated)	**(340,870)**	(281,019)
	2,968	3,215
Share of post-tax results of associate	**1,165**	831
Share of post-tax results of joint venture	**486**	430
Profit before taxation of discontinued operations	**4,619**	4,476
Taxation (note 4)	**(611)**	(627)
Profit after taxation of discontinued operations	**4,008**	3,849
Pre-taxation loss recognised on the measurement to fair value less costs to sell	**(6,201)**	-
Taxation	**-**	-
After taxation loss recognised on the measurement to fair value less costs to sell	**(6,201)**	-
(Loss)/profit for the year from discontinued operations	**(2,193)**	3,849

Revenue and expenses in the table above in respect of the prior year have been reduced by £10,497,000 to remove revenues where Carrs Billington Agriculture (Sales) Ltd acts as agent rather than principal together with £2,769,000 in respect of intra-company transactions which had not been netted off in prior years. There is no impact on profit in respect of either of these.

5. Discontinued operations and non-current assets held for sale (continued)

The pre-taxation loss recognised on the measurement to fair value less costs to sell includes £2,603,000 in respect of the non-controlling interest's share of the measurement impairment.

The net assets relating to the disposal group at 3 September 2022 in the Group balance sheet is shown below:

	£'000
Assets of the disposal group	
Goodwill	**5,285**
Property, plant and equipment	**8,539**
Right-of-use assets	**8,267**
investment in associate	**15,218**
Interest in joint ventures	**2,870**
Other investments	**45**
Deferred tax asset	**177**
Inventories	**34,442**
Trade and other receivables	**65,946**
Current tax assets	**101**
Cash and cash equivalents	**12,074**
Loss on fair value measurement before costs to sell	**(4,433)**
Total assets	**148,531**
Liabilities of the disposal group	
Borrowings	**(24,415)**
Leases	**(8,196)**
Trade and other payables	**(68,955)**
Total liabilities	**(101,566)**
Net assets	**46,965**

Costs to sell of £1,768,000 have been incurred by the parent Company and are therefore excluded from the loss on fair value measurement shown above. The loss on fair value measurement before costs to sell includes £2,603,000 in respect of the non-controlling interest's share of the measurement impairment.

6. Earnings per ordinary share

Basic earnings per share are based on profit attributable to shareholders and on a weighted average number of shares in issue during the year of 93,873,465 (2021: 93,123,043). The calculation of diluted earnings per share is based on 95,133,662 shares (2021: 94,690,182).

Adjusting items disclosed in note 3 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:

	2022 Earnings £'000	**2022 Earnings per share pence**	2021 (restated) Earnings £'000	2021 (restated) Earnings per share pence
Continuing operations				
Earnings per share – basic	**6,042**	**6.4**	5,747	6.2
Adjusting items:				
Amortisation of acquired intangible assets	**940**	**1.0**	1,186	1.3
Adjustments to contingent consideration	**(1,320)**	**(1.4)**	(1,013)	(1.1)
Restructuring/closure costs	**-**	**-**	248	0.3
Strategic review costs	**455**	**0.5**	-	-
Gain on acquisition of Afgritech	**(733)**	**(0.8)**	-	-
Cloud configuration and customisation costs – Group	**113**	**0.1**	366	0.4
Goodwill impairment	**4,219**	**4.5**	-	-
Impairment of joint venture	**-**	**-**	2,090	2.2
Taxation effect of the above	**(342)**	**(0.3)**	(340)	(0.4)
Effect of increase to UK deferred tax rate – Group	**-**	**-**	1,073	1.2
Earnings per share – adjusted	**9,374**	**10.0**	9,357	10.1

6. Earnings per ordinary share (continued)

	2022 Earnings £'000	2022 Earnings per Share pence	2021 (restated) Earnings £'000	2021 (restated) Earnings per Share pence
Discontinued operations				
Earnings per share – basic	**(970)**	**(1.0)**	1,909	2.1
Adjusting items:				
Acquisition-related costs	**20**	**-**	-	-
Loss on fair value measurement less costs to sell	**6,376**	**6.8**	-	-
Cloud configuration and customisation costs – Group	**974**	**1.0**	990	1.1
Cloud configuration and customisation costs – share of associate	**365**	**0.4**	515	0.6
Taxation effect of the above	**(186)**	**(0.2)**	(188)	(0.3)
Effect of increase to UK deferred tax rate – Group	**-**	**-**	(83)	(0.1)
Effect of increase to UK deferred tax rate – share of associate	**-**	**-**	179	0.2
Non-controlling interest in the above	**(3,085)**	**(3.3)**	(433)	(0.5)
Earnings per share – adjusted	**3,494**	**3.7**	2,889	3.1
Total (basic)	**5,072**	**5.4**	7,656	8.3
Total (adjusted)	**12,868**	**13.7**	12,246	13.2

7. Cash generated from continuing operations

	2022 £'000	2021 (restated) £'000
Continuing operations		
Profit for the year	**6,042**	5,747
Adjustments for:		
Tax	**1,524**	1,788
Tax credit in respect of R&D	**(1,553)**	(260)
Depreciation of property, plant and equipment	**2,778**	2,576
Depreciation on right-of-use assets	**1,276**	1,219
Depreciation of investment property	**5**	6
Intangible asset amortisation	**988**	1,228
Goodwill impairment	**4,219**	-
Profit on disposal of property, plant and equipment	**(17)**	(73)
Profit on disposal of right-of-use assets	**(5)**	-
Profit on disposal of investment property	**(76)**	-
Gain on acquisition of Afgritech	**(764)**	-
Adjustments to contingent consideration	**(1,320)**	(1,013)
Net fair value charge on share-based payments	**148**	345
Other non-cash adjustments	**(119)**	(606)
Interest income	**(351)**	(260)
Interest expense and borrowing costs	**1,077**	985
Share of results of joint ventures	**(840)**	(991)
Impairment of joint venture	**-**	2,090
IAS19 income statement charge (excluding interest):		
Administrative expenses	**126**	18
Changes in working capital (excluding the effects of acquisitions):		
(Increase)/decrease in inventories	**(6,153)**	568
Increase in receivables	**(218)**	(1,509)
(Decrease)/increase in payables	**(2,294)**	6,273
Cash generated from continuing operations	**4,473**	18,131

8. Pensions

The Group operates its current pension arrangements on a defined benefit and defined contribution basis. The valuation of the defined benefit scheme under the IAS19 accounting basis showed a surplus in the scheme at 3 September 2022 of £6.8m (2021: £9.4m).

In the year, the retirement benefit charge, excluding interest, in respect of the Carr's Group Pension Scheme was £126,000 (2021: £18,000).

A Group subsidiary undertaking is a participating employer in a defined benefit pension scheme of the associate, Carrs Billington Agriculture (Operations) Ltd. The IAS19 accounting basis showed a surplus for that scheme at 3 September 2022 of £5.6m (2021: £5.4m). The scheme is treated as a defined contribution scheme by the Group, and its level of participation in the scheme is estimated at 48.5%, which is based on its estimated share of the buy-out liabilities. Due to the fact that the sponsoring employer is an associate company of the Group, 49% of the surplus calculated on an IAS19 accounting basis is included in the Group's balance sheet within its 'Investment in associate'.

At 3 September 2022 the investment in associate is included within assets of a disposal group held for sale (note 5).

9. Analysis of net debt and leases

	At 29 August 2021 £'000	Cash Flow £'000	Other Non-Cash Changes £'000	Acquired with Subsidiaries £'000	Exchange Movements £'000	Transferred to liabilities of disposal group £'000	**At 3 September 2022 £'000**
Cash and cash equivalents	24,309	9,354	-	594	332	(12,074)	**22,515**
Bank overdrafts	(4,613)	(5,121)	-	-	-	-	**(9,734)**
	19,696	4,233	-	594	332	(12,074)	**12,781**
Loans and other borrowings:							
- current	(6,500)	(20,849)	77	(117)	(26)	24,415	**(3,000)**
- non-current	(23,159)	(322)	(48)	(214)	(62)	-	**(23,805)**
Net debt	(9,963)	(16,938)	29	263	244	12,341	**(14,024)**
Leases:							
- current	(2,967)	-	(181)	-	-	1,732	**(1,416)**
- non-current	(12,458)	3,186	(3,212)	-	(108)	6,464	**(6,128)**
Leases	(15,425)	3,186	(3,393)	-	(108)	8,196	**(7,544)**
Net debt and leases	(25,388)	(13,752)	(3,364)	263	136	20,537	(21,568)

10. Prior year restatements

The Board has made two prior year restatements to continuing operations, both related to revenue recognised under IFRS15 (Revenue from Contracts with Customers). The first restatement relates to the timing of revenue recognition for a small number of contracts with a single customer in China, where an adjustment to correct the accounting treatment in previous years has been made, to adhere to IFRS15 requirements on enforceable rights to payment in the event of termination of contract by the customer. This restatement of prior years has resulted in shareholders' equity at 30 August 2020 being reduced by £254,000 and increases to revenue (£951,000) and adjusted profit after tax (£249,000) in the year to 28 August 2021.

The second case relates to contracts directly related to Mechanical Stress Improvement Process technology and specifically whether these contracts contained two performance obligations (the conclusion reached in prior years) or one. This is an area which requires significant judgement and after careful consideration, the Board decided to account for the contracts as having one rather than two performance obligations. The impact of this change has been reflected on previous years' results as a prior year restatement.

10. Prior year restatements (continued)

Shareholders' equity at 30 August 2020 was reduced by £392,000 as a result of this change. For the year to 28 August 2021, revenue was reduced by £386,000 and adjusted profit after tax decreased by £305,000 as a result of this change.

The Board has also made two prior year restatements to discontinued operations, both related to revenue recognition. Firstly, in prior years the Group had incorrectly identified itself as acting as a principal when recognising revenue related to fertilisers sales, made through one specific supplier. A review of this transaction highlighted that the Group was acting as an agent, rather than principal, under IFRS 15 guidance, which means the net proceeds from the transaction, rather than gross sales, should be recognised as revenue. A correction to reduce both revenue and cost of sales in the year to 28 August 2021 by £10,497,000 has been made. There is no impact on profit.

A further correction to reduce both revenue and cost of sales of £2,769,000 has also been made in respect of intra-company transactions which had not been netted off on prior years. There is no impact to profit.

The prior year restatements to discontinued operations are reflected in note 5.

The affected financial statement line items for the continuing operations of the Group are as follows.

	28 August 2021 (previously reported – Group) £'000	28 August 2021 (previously reported – continuing operations only) £'000	Restatement in respect of enforceable rights to payment £'000	Restatement in respect of performance obligations £'000	28 August 2021 (restated – continuing operations only) £'000
Income Statement					
Revenue	417,254	119,754	951	(386)	120,319
Cost of sales	(365,174)	(88,589)	(606)	-	(89,195)
Gross profit	52,080	31,165	345	(386)	31,124
Adjusted operating profit	17,585	11,118	345	(386)	11,077
Reported operating profit	13,024	8,241	345	(386)	8,200
Adjusted profit before taxation	16,613	10,453	345	(386)	10,412
Reported profit before taxation	12,052	7,576	345	(386)	7,535
Taxation	(2,400)	(1,773)	(96)	(81)	(1,788)
Adjusted profit for the year	14,675	9,413	249	(305)	9,357
Reported profit for the year	9,652	5,803	249	(305)	5,747
Basic EPS (pence)	8.3	6.2	0.3	(0.3)	6.2
Diluted EPS (pence)	8.1	6.1	0.3	(0.3)	6.1

10. Prior year restatements (continued)

	28 August 2021 (previously reported) £'000	Restatement in respect of enforceable rights to payment £'000	Restatement in respect of performance obligations £'000	28 August 2021 (restated) £'000
Balance Sheet				
Deferred tax asset	-		182	182
Total non-current assets	123,363	-	182	123,545
Total assets	262,504	-	182	262,686
Contract liabilities	(2,447)	-	(865)	(3,312)
Total current liabilities	(86,095)	-	(865)	(86,960)
Total liabilities	(127,270)	-	(865)	(128,135)
Net assets	135,234	-	(683)	134,551
Other reserves	105,584	-	(683)	104,901
Total shareholders' equity	118,082	-	(683)	117,399
Total equity	135,234	-	(683)	134,551

In accordance with IAS 1, a third balance sheet has been presented to show the impact to the opening balance sheet for the prior year.

The affected financial statement line items are as follows.

	30 August 2020 (previously reported) £'000	Restatement in respect of enforceable rights to payment £'000	Restatement in respect of performance obligations £'000	30 August 2020 (restated) £'000
Balance Sheet				
Inventories	40,961	618	-	41,579
Contract assets	8,114	(349)	-	7,765
Total current assets	120,403	269	-	120,672
Total assets	244,805	269	-	245,074
Contract liabilities	(1,061)	(622)	(496)	(2,179)
Total current liabilities	(70,814)	(622)	(496)	(71,932)
Deferred tax liabilities	(4,783)	99	104	(4,580)
Total non-current liabilities	(42,360)	99	104	(42,157)
Total liabilities	(113,174)	(523)	(392)	(114,089)
Net assets	131,631	(254)	(392)	130,985
Other reserves	103,343	(254)	(392)	102,697
Total shareholders' equity	114,831	(254)	(392)	114,185
Total equity	131,631	(254)	(392)	130,985

11. Alternative performance measures glossary

The Preliminary Announcement includes 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
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 2. 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 2. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the year and the comparability between the years presented.
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 2. Adjusted results are presented because if included, these adjusting items could distort the understanding of the Group's performance for the year and the comparability between the years presented.
Adjusted profit for the year	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 year and the comparability between the years 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 year. This is reconciled to basic earnings per share in note 6.
Net debt	The net position of the Group's cash at bank and borrowings per the balance sheet. Details of the movement in net debt is shown in note 9.

12. The Board of Directors approved the preliminary announcement on 22 March 2023.

13. The Company intends to post a copy of the Report and Accounts to shareholders on or around 6 April 2023. The full Report and Accounts will also be available upon request from the Company Secretary, Carr's Group plc, Old Croft, Stanwix, Carlisle, CA3 9BA or alternatively on the Company's website: carrsgroup-ir.com