



**Delivering  
today,  
building  
our future**

A large, solid blue curved shape is positioned behind the main title, starting from the left edge and curving upwards and to the right, partially enclosing the text.



## WHO WE ARE

**Carr's Group has operated a business model for many years empowering its operating subsidiaries to be competitive and effective in their chosen markets.**

“

Global agriculture remains an attractive long-term market and the improvements we have made to our business model this year put Carr's in a position to deliver growth and value for shareholders.”

**David White**  
Chief Executive Officer

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## FY24 HIGHLIGHTS

# Strategic progress

Laying foundations for the future

Financial (Continuing Operations)  
For the Year Ended 2024

Revenue

-7.5%

**£75.7m**

Adjusted Profit  
Before Tax

-15.1%

Adjusted Operating Profit

-23.8%

**£2.2m**

Reported Loss  
Before Tax

-737.2%

Reported Operating Loss

-680.1%

**£(6.8)m**

Dividend Per Share

No movement on  
prior year figure

**£2.5m**  
Adjusted Earnings  
Per Share  
**+4%**

**2.6p**

**£(6.5)m**  
Basic Loss  
Per Share  
**-380.0%**

**(4.8)p**

**5.2p**

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## AT A GLANCE

# **Industry-leading specialists**

**Founded on market-leading brands, patented technology and operational know-how, both the Engineering and Agriculture Divisions have thrived in their own sectors over many years.**





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“

**Because forages are not enough,  
Crystalyx® nutrition solutions help  
maximise your herd's potential**

## Agriculture

### Our Mission

To deliver research-based products that provide optimal performance and livestock profitability allowing farms to produce safe, healthy and sustainable food.

### Agriculture Locations\*

**4**  
USA    **3**  
UK    **1**  
Germany

### What We Do

Manufacture and sell a specialist range of livestock supplements delivered through block, bolus and bagged mineral formats.

### What Makes Us Different

1. We are a global specialist in livestock supplements for extensive, grazing-based customers
2. Patented and research-backed products
3. We have a strategically located operational footprint with local sales execution

### Revenue

**£88.0m \*\***

### Adjusted Operating Profit

**£4.7m \*\***

## Engineering

During FY24, the Board reviewed the organisation, composition and performance of the Group and concluded that shareholder value would be optimised by exploring options for the disposal of the Engineering Division. The sale process is ongoing and progressing positively. Completion of that process will leave the Group fully focused on improving performance

The sale process that was in progress at the year-end for the Engineering Division means that the assets and activities of that business meet the criteria for classification as "Held for Sale" or "Discontinued" in accordance with IFRS 5. As such, the impact of these activities is excluded from the detail of the primary statements with the net impact reflected under "Discontinued

### Revenue

**£60.1m**

and delivering growth in the Agriculture Division. The strategic review in this report reflects these developments in strategy.

Operations".

### Engineering Locations

**2**  
USA      **4**  
UK      **1**  
Germany

### Adjusted Operating Profit

**£7.2m**

\* At the date of this report.

\*\* Including Afgritech LLC.

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# Seizing opportunities, innovating solutions





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## Strategic Report

Chair's statement  
Strategy



Agriculture: Our Markets  
Agriculture: Business Model  
Agriculture: Meet the Team  
Our Values  
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Chief Executive's Review  
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## **CHAIR'S STATEMENT**

# **A platform for the future**

## **Review of the Year**

In last year's review, I wrote about the sense of renewed purpose and optimism I felt at that time and I'm pleased that this positive outlook seems to have been well founded.

I can report good progress in advancing the Company's strategy (on which more details are provided below) and we have a refreshed leadership team which is overseeing the development of the Company that our shareholders should expect, notably with an audit completed on time and dividend levels maintained and paid as expected. At the same time, trading has not been without challenge in the Agriculture Division with weather and the USA beef cycle both still forming headwinds. This is balanced against actions we have taken with new leadership teams in the UK and USA reducing our operating costs and reinvigorating our marketing machine, all of which provides a foundation for growth for that business.

I have visited our Agricultural manufacturing sites in Ayrshire, Cumbria and Suffolk in the UK and in South Dakota and Tennessee in the USA and I have been pleased to see the professionalism and enthusiasm of our staff alongside the production of products which are clearly meeting market demand.

I have also visited each of our

### **Strategic Progress**

At our interim results update in April, we announced that we would explore options to maximise the value of our Engineering Division. It had become clear to the Board that managing two distinct divisions, both containing multiple business strands, is a costly and time-consuming exercise for the central management team and that this operating model was not optimal for the Group in its existing state. The future prospects of the Engineering Division made this the right time to consider a disposal of that business, and our focus is to ensure that this delivers optimal value for shareholders.

Our immediate focus in Agriculture has been to prepare that business for future growth in our core markets. Our strategy of Focus, Improve, Deliver has led to significant changes in both the divisional leadership team (some of whom you can read more about on pages 14 and 15) and in the businesses which will form part of the Group going forward. These changes bring renewed focus on our market-leading brands, climate and animal welfare, and our outstanding

### **Dividend**

The Board is proposing a final dividend of 2.85 pence per share which, together with the interim dividend paid, makes a total dividend of 5.20 pence per share for the full year, in line with the prior year (2023: 5.20 pence).

Subject to approval by shareholders at the AGM of the Company expected to take place in February 2025, the final dividend will be paid on 10 March 2025, to shareholders on the register at close of business on 24 January 2025 and the shares will go ex-dividend on 23 January 2025.

### **Board**

As noted in last year's Annual Report and Accounts, Gillian Watson joined the Board as Non-Executive Director on 9 October 2023 and subsequently succeeded John Worby as Senior Independent Director. John retired from the Board on 31 October 2023 after nearly nine years of service for which we are grateful. On 8 October 2024, Ian Wood retired from the Board after nine years of service, for which he is also warmly thanked. Ian had been Chair of the Remuneration

Engineering businesses in the UK, Germany and the USA, all of which impressed me with their own market-leading products, technical capabilities and excellent people. There are longer-term opportunities in the nuclear engineering sector in particular and I expect continued success for these teams under new ownership.

people, all of which will continue to be key to the Group's success.

These changes have allowed us to genuinely integrate our businesses across the Agriculture Division – sharing best practices, developing customer relationships, innovating products, effectively managing costs, optimising productivity and developing our people – and provide the foundation for growth in existing and new markets as demand for sustainable meat and dairy continues to grow across the globe.

Committee until stepping down in the summer to ensure an orderly handover prior to his retirement from the Board. Fiona Rodford has taken on this role with effect from 31 July 2024 having joined the Board as a Non-Executive Director on 20 February 2024.

David White was appointed by the Board as Chief Executive Officer with effect from 17 November 2023, succeeding Peter Page who stepped down from the Board at that date. We thank Peter for his efforts during his time with the Group. David joined the Group in January 2023 and joined the Board as Chief Financial Officer on 21 February 2023.

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Company Secretary and Legal Director Matthew Ratcliffe left the Group on 22 September 2023 to take up a new role and was succeeded by Justin Richards who joined us on 25 September 2023.

Martin Rowland's 12-month tenure as Executive Director of Transformation ended, as planned, on 12 November 2024, following which Martin was re-appointed as a Non-Executive Director as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood.

Following the year end, Shelagh Hancock also intimated her desire to step down from her role as Non-Executive Director to allow her to focus on her role as Chief Executive Officer at First Milk. Shelagh has brought expansive knowledge of the UK agriculture sector to the Board and her input into our Agriculture Division strategy was especially welcome. Shelagh will step down from the Board on 31 December 2024. We thank Shelagh for her commitment and wish her well in her future endeavours.

Further details of Board and Committee membership during FY24 can be found in the Nomination Committee Report on pages 88 to 91 (inclusive).

### **Stakeholder Engagement and Statement on Section 172 of the Companies Act 2006**

Stakeholder engagement is an important aspect of our business. Section 172 of the Companies Act 2006 requires the Directors to promote the success of the Company for the benefit of all members, having regard to the interests of stakeholders in their decision-making. Directors understand the importance of considering the views of stakeholders and the impact of the Company's activities on local communities, the environment, including

On 20 February 2024 we held our AGM to, amongst other matters, approve the FY23 Annual Report and Accounts. Details of the voting at the AGM can be found on our website [www.carrsgroup-ir.com](http://www.carrsgroup-ir.com). We remain committed to shareholders having access to the Chair and other Directors, so we can benefit from the challenges and exchange of views that constructive dialogue brings. The Board is happy to engage with shareholders at any time on a one to one level and proactively engage with shareholders to keep them up to date when appropriate to do so.

### **Sustainability and Impact**

The Group's governance structure helps to ensure that the Board is well informed on environmental, social and governance matters. The Green Teams at our sites have taken actions to help reduce our impact on the environment and our emissions data capture has taken some small steps into Scope 3 (as noted in our SECR reporting on page 35 and 36). Further details can be found on pages 34 to 36 (inclusive).

Through our operations in different sectors we positively contribute to global efforts to reduce the impact on the environment. Our involvement in the nuclear industry contributes to the global demand for sustainable power businesses, and our Agriculture product range not only enhances animals' welfare and the conversion by those animals of protein which is inedible to humans – grass – into meat and dairy proteins but complements forage-based nutrition systems which play such a crucial role in carbon sequestration, soil's ability to retain water and biodiversity. On the social front, we have continued to support local communities, not just financially but also through training and development through our apprenticeship programmes. By

### **People**

The Board recognises that the Group's strategic intent has created uncertainty for some colleagues and we are extremely grateful for the continuing commitment shown by everyone during the year. The future success of the Group relies, as ever, on the support and talents of our people and the Board is committed to nurturing the talent we have across the business.

### **Outlook**

The Group remains committed to optimising value for our shareholders, and completion of a successful sale of the Engineering Division will be an important step in doing so. In the Agriculture Division, we are now fully focused on leveraging our market-leading products, increasing efficiencies across our operations, advancing our positive impact on the environment and delivering exceptional value to our customers.



**Tim Jones**

Non-Executive Chair

11 December 2024



climate change, and the Group's reputation. To find out more about how stakeholders were taken into account in decision-making please see below and pages 82 to 87 (inclusive) which includes our Section 172 statement.

highlighting our positive impacts, improving employee engagement, promoting our responsible business policies and practices and bolstering our social initiatives, we can further solidify our position as a responsible and forward-thinking Group. Further details can be found on pages 33 to 45 (inclusive).



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STRATEGY

# Shaping our future





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## AGRICULTURE

Our strategy is to drive shareholder returns and growth by leveraging our feed supplement expertise as a global specialist for extensive, grazing-based food systems.

This is delivered through three strategic priorities:

**1**

**Improve operating margin across Agriculture portfolio**

**2**

**Deliver commercial growth in block business**

**3**

**Expand into new extensive, grazing-based growth geographies**

Our strategy is enabled by disciplined investment choices and working capital focus to drive shareholder returns and growth. This is underpinned by market-leading brands and products tailored to meet the needs of the global farming community.

**These include:**



## **ENGINEERING**

As announced in April 2024, the Board has been exploring options to maximise shareholder value with regard to the Engineering Division. A process has been on-going to dispose of that Division and an update will be provided shortly through our website at [www.carrsgroup-ir.com](http://www.carrsgroup-ir.com) and via a regulatory news service (RNS) announcement. The focus of this Strategic Report is, therefore, on the future strategy of the retained Agriculture Division.

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## **OUR MARKETS (AGRICULTURE)**

# **Increasing global demand**

The Carr's Group Agriculture business is focused on a research-backed, professional, cost-effective, convenient and easy to use suite of products that help to promote optimum fertility, enhance weight gain, and help to lower methane emissions.

These products work particularly well with extensive, grazing-based ruminant farms in multiple countries worldwide. There remains a significant opportunity to grow our existing market share and expand product application into new, attractive end markets with structural growth due to the ongoing increase of protein consumption globally.

### **Global Industry Tailwinds**

Continued population growth and rising affluence supports additional protein production through increasing ruminant animal numbers

### **Strong Market Adoption Potential**

Significant global agricultural yield gains achievable through adoption of supplement products and technology in ruminant species (cattle, sheep and goat)

### **Sustainable Pasture-Based Food Production**

Our products support extensive farming systems and strategically align with United Nations and FAO Sustainable Development Goals

The underlying fundamentals of the market remain strong with short and medium-term forecast pointing to ongoing growth in global protein production.

#### **Global Cattle Stocks**

(1.6 bn head)



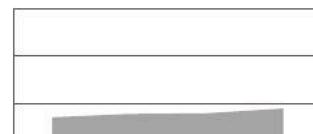
#### **Global Sheep Stocks**

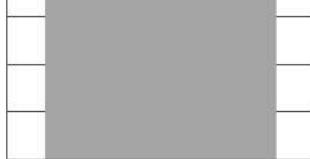
(1.5 bn head)



#### **Global Goat Stocks**

(1.3 bn head)





	Growth	CAGR
5 Years	4%	0.81%
10 Years	8%	0.76%
20 Years	12%	0.57%

	Growth	CAGR
5 Years	10%	2.01%
10 Years	16%	1.47%
20 Years	29%	1.27%

	Growth	CAGR
5 Years	6%	1.24%
10 Years	15%	1.45%
20 Years	35%	15%

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# Trends in Livestock Farming

The UK and USA livestock farming industry continues to evolve, driven by factors such as environmental concerns, consumer preferences and farm productivity pressures.

Trend	Carr's Agriculture solution
<b>Sustainability and Environmental Focus</b>	
<b>Reduced Emissions:</b> Farmers are adopting practices to reduce greenhouse gas emissions and embracing regenerative agriculture.	We have a research-backed, professional, cost-effective, convenient and easy to use suite of products that help to promote optimum fertility, enhance weight gain, and help to lower methane emissions.
<b>Biodiversity Enhancement:</b> Initiatives are underway to promote and enhance biodiversity on farms, such as creating wildlife habitats, planting cover crops and promoting pollinator-friendly practices.	Our products support extensive, grazing-based systems that have the ability to support biodiversity and regenerative agriculture.
<b>Consumer-Driven Trends</b>	
<b>Healthier Products:</b> Demand for healthier meat products, including grass-fed beef is on the rise.	Our products integrate within extensive, grazing-based systems that support the production of "grass-fed" beef and lamb. They maximise intakes of the producer's home-grown forage.
<b>Ethical Considerations:</b> Consumers are increasingly concerned about animal welfare and ethical production practices.	Our products support extensive, grazing-based systems that enable low-input livestock systems and outdoor-raised protein production. They also promote optimum animal health through providing just the right amount of vitamins and minerals needed to the animal.
<b>Farm Productivity Pressure</b>	
<b>Adverse Weather:</b> Ability to maximise home-grown forage impacted by drought (USA) or flooding (UK).	Because forages aren't enough on their own and are variable in nature, our nutrition solutions help extend grazing potential as well as fill gaps in protein or energy. They work in all weather conditions to provide robust and consistent delivery of essential nutrients.
<b>Rising Costs:</b> Volatile costs of feed, energy, and labour can put pressure on farm profitability.	Our suite of products deliver a return on investment for the farmer by improving performance to maximise the herd's genetic potential. They are also extremely easy to use and save time for a producer, allowing them to focus labour expenditure on other areas of the farm.



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## **BUSINESS MODEL (AGRICULTURE)**

# **Our global Agriculture business model is designed to drive shareholder returns and growth.**

## **Our Key Strengths**

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### **Talented people**

Our global Agriculture Division employs 199 people<sup>1</sup>, who benefit from continuous development opportunities to reach their potential.

### **Culture and ethics**

We are committed to ensuring that our businesses remain ethically and sustainably managed.

### **Expert knowledge**

Our businesses possess a wealth of specialist knowledge and their

### **Global network**

We have a broad customer base in markets with the potential for growth on an international scale.

### **Investment**

We create value through continued investment in our existing businesses.

### **Long-term, trusted relationships**

We have built longstanding and trusted relationships founded upon the quality of our offering, our organisational

## **Who We Create Value For**

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### **Employees**

Our employees benefit from our expanding training and development offering and enhanced engagement initiatives.



### **Environment**

We are taking steps to minimise our environmental impact and to become a net zero organisation by 2050.



### **Communities**

Across the Group we support charitable initiatives and the communities in which we operate.



### **Partners**

We build close relationships with a range of trusted strategic partners across the UK,

focus on innovation and technology underpins the delivery of new products and solutions to our customer base.

culture, and our levels of customer service.

the USA and Europe.



### **Customers**

We provide our well-established and expanding customer base with leading product ranges and excellent service levels.



### **Investors**

Our strategy is designed to deliver sustainable growth and consistent returns to shareholders.

1. As of the date of this report

**Carr's Group plc**

Research, development, manufacture and supply of branded animal supplements that provide optimal performance and livestock profitability allowing farms to produce safe and sustainable food.

**Focusing on growing shareholder value, in balance with the interests**

## What We Do

Through its production of feed blocks, minerals and boluses, the Agriculture Division enables farmers to optimise forage and grass-based nutrition systems, and by doing so, we support their ability to raise healthy animals in an efficient, high-welfare environment and in a responsible way. We provide this support by producing nutritional supplements which release the appropriate quantities into the animal at the correct time. The boluses and mineral supplements are manufactured from two wholly owned facilities in the UK.

Agriculture's products create value for all our stakeholders with tried and tested formulas which continue to develop and improve.

We are a market leader with globally respected brands because our products are developed by industry experts

## How We Do It

We manufacture and supply a broad range of innovative animal nutritional supplements under well-respected brands. These include patent-protected feed blocks and boluses which effectively release trace elements into livestock consistently and over periods of up to six months. These products help to maintain animal health and improve performance.

Our feed blocks are manufactured at a combination of wholly owned and joint-venture facilities located across the UK, Germany and the USA. We manufacture boluses from a wholly owned facility in the UK. These products are supplied through a large distribution network across the UK, Europe, Australasia and North America.

### Products

Feed blocks, minerals

### Locations

Patented products are

and trusted to deliver positive results within the animals. Over the years, the Agriculture Division has developed several patented products and unique manufacturing processes. Every product produced and sent to market by this division is underpinned by expert research to ensure that the products deliver the very best quality and outcome to the customer.

and boluses containing trace elements and minerals for livestock.

### Key brands

- Crystalyx® and Horslyx® feed blocks for UK and EU
- SmartLic®, Feed in a Drum® and HorsLic® feed blocks for North America
- Trasuresure® boluses

manufactured from three sites in the UK, four sites in the USA and one site in Germany.

### Customers

Farmers across the UK, Europe, North America and Australasia supplied through an expansive global distribution and support network.

**Carr's Group plc**

## **MEET THE TEAM (AGRICULTURE)**



**Josh Hoopes**

Chief Executive Officer,  
Global Agriculture

**1. Could you give us a bit of your background prior to joining Carr's Group?**

I am originally from the USA but have lived in the UK for nearly 20 years. I gained a Bachelor of Science degree in Business Finance from the University of Utah in 2005 after which I moved to London and worked as a Senior Associate at Deloitte. In 2009 I completed a full-time MBA at Manchester Business School and from there joined Associated British Foods plc where I held several general management and business development roles in both British Sugar and AB Agri. My most recent role was Managing Director of the Intelync and AB Dairy divisions of AB Agri which was a portfolio business providing technology, consultancy services and feed products to the livestock sector.

**2. What attracted you to the role in Carr's Group?**

Carr's Agriculture has a strong industry reputation for research-backed, branded products that are

**3. What is your vision for the Agriculture Division?**

Livestock production will continue to grow globally but as it does will also face further sustainability and productivity challenges. Carr's Agriculture has the opportunity to lead the market in supplementation for extensive, grazing-based livestock and help address these challenges. Our specialist products are well researched, deliver tangible benefits and can support farms in producing safe, healthy and sustainable food. My vision is that we become known as the experts in this market and our products are used in extensive, grazing-based food systems around the world.

**4. What are the key ways we can improve as an organisation?**

Our immediate priority is to strengthen our core business by directly addressing some of our underperforming areas with an

**5. What steps have you taken to ensure the Agriculture Division is on track to achieve its objectives?**

We have a new global leadership team that has jointly created a turnaround and growth strategy for Carr's Agriculture, which has brought a renewed energy, engagement and enthusiasm in the business. In addition, we have created a strategy programme management process owned by the leadership team. This is not only tracked for success but jointly supported to ensure ongoing focus on objectives and delivery.

trusted by livestock farmers across the UK, North America and Europe but has, like many of its peers, faced some challenges in recent years. I was excited by the opportunity to help the business recover from these challenges in our core markets. I also believe the capabilities and products that exist in the business today can be developed to reach new markets for additional growth. I was excited to join the new leadership team now in place on this turnaround journey and growth plan.

efficiency and performance focus. A cultural emphasis on performance mindset is also being embedded across all functions aligned to our new company values. In the medium term, we expect our plans to reinvigorate product research through collaboration across North America and the UK to drive additional commercial growth and enable new business development.



**Zach Westberg**

President, New Generation Supplements ("NGS")

## **1. Can you give us an introduction to yourself and your business?**

My name is Zach Westberg, and I am the President of New Generation Supplements ("NGS") where I started working for NGS in April 2016 as Operations Manager. I am proud to say I am the third generation to work in the low-moisture block business which started with my grandfather in the early 1980s. After working the last five years as Vice President of Operations I was honoured to assume the role of President in January 2024.

NGS' humble beginnings started in 1997 when Carr's Milling Industries PLC acquired Animal Feed Supplement Inc. of Poteau, Oklahoma and hired a group of feed industry veterans (my father being one) to utilise a patented continuous flow technology to manufacture high-energy, intake-limiting supplements for livestock. Our founder's drive was to provide a research driven solution that would meet the need for higher quality feed

## **2. What do you think makes us stand out from competitors?**

It is our mission to deliver research-based products that provide optimal performance and livestock profitability allowing farms to produce safe, healthy and sustainable food. We do this through our own research and alignment with universities to create differentiated product lines and technologies like our patented FlaxLic® and FesCool® products. We prove this not only through our research, but also through our Quality Assurance programme which allows us to uphold and enhance exemplary standards for quality assurance so that they become a benchmark for the rest of the supplement industry.

We also separate ourselves from the competition with our people. We always aim to provide service at the highest level and live by our values of excellence, responsibility, innovation and integrity. This flows through our supply chain as we only work with value-added ingredient partners who share our same passion and commitment to research proven solutions.

## **3. What have you been most proud of during your career with NGS?**

In my first year working with NGS I had the rare opportunity of being tasked to work in every position, to do the toughest and dirtiest jobs, earn the respect of our team, and find ways to make each job safer. It afforded me the opportunity to truly learn our system from the inside out and better understand what our team goes through every day. From the "Barrel Room" to the "Board Room", I have had the unique opportunity to work in many of our positions and learn from the best in the industry.

Since that time, I am proud to say we have seen significant declines in our injury rates and our safety culture has become part of our daily lives. It is not often you get to train this way and it is an experience I will always value.

## **4. What are your plans now that you are President of NGS?**

I believe we are nearing the bottom of the USA beef cattle cycle which typically occurs every 8 to 12 years. The USA cattle market is in a great position for recovery, but it will still face challenges over the next few years dealing with significantly smaller cattle herds, an uncertain political climate, high input costs and unpredictable weather patterns.

To capitalise on this, we have spent the first half of the year focusing on brand planning and customer segmentation to ensure we are aligned on who we are as a team and how best to serve our customers. Our second half of the year will focus on delivering our strategic imperatives, maintaining our growth mindset, and leveraging our new ERP system to improve decisions, increase productivity, and reduce operating costs.

## **5. What have you enjoyed most about your time at NGS?**

What I have truly enjoyed most in my career with NGS is working with and learning from our amazing group of people. We have many employees that count their time with NGS in decades, not years, and I think that says something about both the culture of this organisation and the type of people I work with every day. Our people are passionate about what they do and believe in

supplements. In other words, if they could not prove it worked, it would not go into our products. Today, NGS maintains this same premise it was founded on: to develop the best low-moisture supplement tubs possible based on proven research and field testing. If a formula or ingredient doesn't pass our test, we don't offer it. Users of our product see the results of this research in greater animal efficiency and performance in a brand they continue to trust to this day.

After working that first year I knew we needed to transform our safety culture from being reactive to proactive. We immediately re-wrote our safety manual and began empowering our people to speak up and become involved in our programme. We implemented annual "Safety Stand Downs" where we stop all production for two days and focus solely on safety training (more details of which can be found on pages 44 and 45).

our company and our products, I am proud to continue our family's legacy in this industry where your reputation is everything. At NGS we strive to put the right people in the right positions, give them the freedom to do their job, and hold them accountable to their tasks.

In summary we have a great company with a team that is energised, growth-focused and hungry to win. Our future is bright, and I truly believe we have an excellent opportunity to deliver significant value to our shareholders as our market recovers.

## OUR VALUES

# Our values underpin our strategic choices



### **Excellence**

We are one team, with commitment to the highest of standards and quality in our products and behaviours, fostering a mindset of continuous improvement, development and safety in everything we do.



### **Responsibility**

We provide a sense of purpose, building resilience to react to challenges on an individual and societal level. We are focused on our future and take responsibility, accountability and ownership for it.



### **Innovation**

We empower everyone to create a workplace culture that values creativity and innovation, where every person has the courage to try new things and explore new ideas, moving at pace to test, learn, adapt and act to improve.



### **Integrity**

We act with strong moral principles and always aim to follow these. We personally commit to promote a professional culture in which individuals can depend on one another and treat each other with respect.



## OUR CULTURE

# **We are focused on creating a performance- based mindset within Carr's Group**

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**Our people create a culture where:**

**we value...** active listening, mutual respect and trust among team members

**we prioritise...** communication, ensuring that information is shared transparently and effectively across the team

**we lead...** by example, upholding the values of excellence, responsibility, innovation and integrity in all

our interactions as a team

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## **CHIEF EXECUTIVE'S REVIEW**

# **In April 2024 we announced that the Board, to deliver optimal shareholder value, intended to explore options for the sale of the Engineering Division.**

The sale process has been ongoing since then and continues to progress positively. On 1 November 2024, the Group disposed of the assets of its wholly-owned subsidiary Afgritech LLC. As a result of the position at the balance sheet date, the assets of the Engineering Division and of Afgritech LLC have been classified as held for sale and trading activities presented as discontinued operations throughout this report.

During the financial year ended 31 August 2024 Agriculture revenues from continuing operations decreased 7.5% to £75.7m (FY23: restated £81.8m), while revenues from discontinued Agricultural activities of the Afgritech business were £12.2m, up 4.4% on last

year (FY23: restated £11.7m). This year's Engineering Division revenues of £60.1m were up 18.8% on the prior year (FY23: restated £50.6m). Adjusted operating profit for continuing operations was £2.2m, a decrease of 23.8% on the equivalent for FY23 (restated £2.8m). Discontinued operations saw adjusted operating profit increase to £6.7m, up 78.6% on the previous year (FY23: restated £3.8m). Group adjusted operating profit (combining both continuing and discontinued operations) of £8.9m was 34.5% up on the equivalent figure last year (FY23: restated £6.6m).

### **Health and Safety**

Health and Safety remains a priority across the business and we have continued to focus on meeting the standards prescribed by our internal audits throughout FY24. The starting point for these audits is to ensure that fundamental safety standards are in place and understood at all locations. With those standards established, we are addressing behaviours, both at an individual and organisational level, with

In FY24, there was one reportable incident, down from two in the prior year. While this reduction is pleasing, we are addressing the fact that our overall incident rate increased against the prior year, albeit driven by lower severity incidents. Near miss reporting and hazard observations continued to increase, allowing local teams to promptly address potentially unsafe conditions before accidents happen. This is a further positive development in our safety culture. A more detailed review of the Group's Health and Safety performance is included on pages 44 and 45.

### **Sustainability and Impact**

The progress made on environmental issues last year, with Green Teams established across the business, has continued during FY24 with a widening range of initiatives undertaken across the Group. Further details on these are contained in the Sustainability and Impact Report (pages 33 to 45 (inclusive)). It was also pleasing to see many colleagues place emphasis on the need for more focus on environmental





the aim that all colleagues instinctively consider how to perform their jobs in a way that ensures their colleagues, customers, suppliers and they are safe.

### **David White**

Chief Executive Officer

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sustainability during our Ideas Workshops (further details on page 38).

During the year, we have established a Sustainability and Impact Steering Committee, consisting of senior leaders across the business, to support our commitment to improvements in all environmental, social and governance aspects of the business. Further details can be found on pages 33 to 45 (inclusive).

## Continuing Operations

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

Continuing Operations	2024	2023 restated	% Change
Revenue (£m)	<b>75.7</b>	81.8	-7.5%
Adjusted operating profit (£m)	<b>5.2</b>	5.8	-10.8%
Adjusted operating margin (%)	<b>6.9%</b>	7.1%	

The decrease in revenue was primarily driven by the US feed block business which saw volumes drop by 15% against FY23, with the downturn in the US beef cycle and drought conditions in the southern US states continuing for longer than envisaged. Some volumes were also lost as a result of the closure of our plant in Silver Springs, Nevada, although the costs saved from exiting this under-performing facility meant that adjusted operating margins in the US feed block business improved by 3.2pp against the prior year.

The UK feed block business saw volumes rise by around 12%, as prices settled following the extreme cost increases which impacted volumes during FY23. The increased volumes were also supported by small reductions in gross margin, as we sought to maintain and gain market share, which meant a 2.4pp drop in adjusted operating margins.

Our UK animal health business saw revenues decrease by 8.5% year on year, with lower volumes in both the core bolus business and specialist aquaculture products. The latter have been produced under a long-standing contract which will come to an end during FY25.

## Discontinued Operations

Afgritech LLC	2024	2023 restated	% Change
Revenue (£m)	<b>12.3</b>	11.7	+4.4%
Adjusted operating loss (£m)	<b>(0.5)</b>	(0.2)	-207.2%
Adjusted operating margin (%)	<b>-4.2%</b>	-1.4%	

The closure of Afgritech in October 2024 requires the results of that business to be disclosed as a discontinued operation. As the table above highlights, the business increased revenue by 4% on FY23, but a squeezing of commodity margins and inflationary cost increases meant a worsening of the adjusted operating loss to £0.5m in FY24.

Divisional adjusted operating profit performance for FY24 was 37% ahead of last year, with adjusted operating margin improving to 12.0% (up 1.6pp on FY23), driven by a strong performance in the robotics business.

The order book finished the year at £53.6m, down 10% on the record levels seen at August 2023 (£59.8m), but still 32% up on the comparative position at the end of August 2022 (£40.6m).

## Outlook

The immediate prospects for the Agriculture Division have been enhanced by the arrival of a new leadership team and remedial actions taken on under-performing businesses during FY24. The long-term outlook for the division remains attractive with our focus now on our range of existing products, further development of that portfolio and entrance into new geographies. Any benefit from reduced drought areas and the US beef cycle turning will further complement these opportunities.

Management is confident that the sale of the Engineering Division will drive optimal shareholder value and expect strong trading in recent years to continue up to sale completion.



**David White**

Chief Executive Officer

11 December 2024

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.

	2024	2023 restated	% Change
Revenue (£m)	<b>60.1</b>	50.6	+18.8%
Adjusted operating profit (£m)	<b>7.2</b>	5.3	+36.8%
Adjusted operating margin (%)	<b>12.0%</b>	10.4%	

## **FINANCIAL REVIEW**

# **The year in overview**

The announcement in April of our decision to explore options for the maximisation of value of our Engineering Division was predicated on the differing circumstances of our two Divisions as we went into FY24. Our Engineering Division was performing strongly in structurally growing markets with an organisational design appropriate to optimise the opportunities available, whereas our Agriculture Division was unintegrated and ill equipped to optimise performance in globally challenging markets.

FY24 has therefore been a transformational year in which we have established an integrated agriculture management team and strategy, and have subsequently taken the first steps to implement that strategy at strategic and operational level, whilst continuing to focus on the long-term optimisation of value within the existing structures of the Engineering Division.

In light of the above, FY24 also marked a transitional year for our significant central costs as we embarked on a process to reduce costs following the expiration of the transitionary services associated with the FY23 disposal of the Agricultural Supplies Division whilst managing the transition to a future focused on the forward-looking Agriculture Strategy. Realisation of value of non-core investment properties and de-risking from our defined benefit pension scheme have also been progressed in order to simplify the Group with focus on future value creation.

The consequences of this have been:

- 1.** Improved performance of our strategically core agriculture businesses, supported by the benefit

The changes reflected above have resulted in improved operational performance of the Group and in Adjusted Operating Profit despite continuing challenges in the agriculture sector, however they have required significant exceptional costs in restructuring the Group and preparing for future profitable growth. The Board considers it appropriate to have incurred these cash costs and to recognise non-cash exceptional costs, detailed below, in order to optimise current and future shareholder value.

### **Presentation of Results for the Year**

The statutory presentation of financial results under IFRS is intended to give the reader the information required to assess future performance. These reflect the continuing operations of the Group and businesses, and assets within the Group that are not expected to remain part of the Group are disclosed as being "discontinued". The Engineering Division and certain other assets are reported as being "discontinued activities" in FY24 and will again in FY25 for the period prior to any transaction.

Given the transition the Group is going through it is also relevant to report the performance of the Group on an equivalent basis to FY23 in addition to the statutory disclosure noted above.

### **FY24 Performance on basis comparable to the FY23 Report and Accounts**

	<b>FY23 Reported £'m</b>	<b>FY24 Comparable £'m</b>	<b>FY24 Continuing £'m</b>	<b>FY24 Discontinued £'m</b>
<b>Revenue</b>				
Agriculture	<b>93.6</b>	<b>88.0</b>	75.7	12.3
Engineering	<b>50.6</b>	<b>60.1</b>	–	60.1
<b>Total</b>	<b>144.2</b>	<b>148.0</b>	75.7	72.3
<b>Adjusted Operating Profit</b>				
Agriculture	<b>5.6</b>	<b>4.7</b>	5.2	(0.5)
Engineering	<b>5.3</b>	<b>7.2</b>	–	7.2
Central	<b>(3.0)</b>	<b>(3.0)</b>	(3.0)	–
<b>Total</b>	<b>8.0</b>	<b>8.9</b>	2.2	6.7
<b>Adjusting Items</b>				
Agriculture	<b>(3.3)</b>	<b>(5.3)</b>	(4.5)	(0.8)
Engineering	<b>(2.3)</b>	<b>(4.8)</b>	–	(4.8)
Central	<b>(0.4)</b>	<b>(4.5)</b>	(4.5)	–

of integration of key roles, but offset by underperformance in two non-core businesses – now addressed.

2. Improved performance of the Engineering Division – partially offset by underperformance in one business – now addressed.
3. A short-term increase in central costs as a global agriculture management team has been established (realising savings at operational level) in addition to the multi-divisional central cost base that will largely be eradicated post completion of any Engineering sale.

<b>Total</b>	<b>(6.0)</b>	<b>(14.6)</b>	<b>(9.0)</b>	<b>(5.7)</b>
<b>Operating Profit</b>				
Agriculture	<b>2.3</b>	<b>(0.7)</b>	0.7	(1.4)
Engineering	<b>3.0</b>	<b>2.4</b>	–	2.4
Central	<b>(3.4)</b>	<b>(7.5)</b>	(7.5)	–
<b>Total</b>	<b>2.0</b>	<b>(5.8)</b>	(6.8)	1.0

On a basis comparable with that announced within our FY23 Annual Report and Accounts, Adjusted Operating Profit of £8.9m (FY23: £8.0m) reflects progress made in managing the activities of the Group throughout FY24 irrespective of their designation as continuing or discontinued.

## Continuing Operations

The continuing operations of the Group represent its direct interests in the feed supplements markets for pasture-based livestock in the UK and US and its joint ventures in the US and Germany.

	FY23 restated £'m	FY24 £'m	Movement %
<b>Revenue</b>			
UK Agriculture	36.1	<b>38.2</b>	6%
US Agriculture	45.7	<b>37.5</b>	-18%
<b>Total</b>	<b>81.8</b>	<b>75.7</b>	-7%
<b>Adjusted Operating Profit</b>			
UK Agriculture	2.6	<b>1.1</b>	-56%
US Agriculture	1.8	<b>2.7</b>	50%
JV	1.4	<b>1.4</b>	-5%
Central	(3.0)	<b>(3.0)</b>	2%
<b>Total</b>	<b>2.8</b>	<b>2.2</b>	-24%
<b>Adjusting Items</b>			
UK Agriculture	(2.7)	<b>(2.7)</b>	0%
US Agriculture	(0.6)	<b>(1.8)</b>	195%
Central	(0.4)	<b>(4.5)</b>	1016%
<b>Total</b>	<b>(3.7)</b>	<b>(9.0)</b>	141%
<b>Operating Profit</b>			
UK Agriculture	0.3	<b>(1.0)</b>	-491%
US Agriculture	2.2	<b>1.7</b>	-24%
Central	(3.4)	<b>(7.5)</b>	122%
<b>Total</b>	<b>(0.9)</b>	<b>(6.8)</b>	680%

In what has been a transitional year for the Agriculture business, FY24 has seen significant activity impacting each of strategy, structure and operations:

- to develop a strategy for value creation globally focused on nutritional supplements for pasture-based livestock,
- assess structure and operations in existing markets to optimise performance of core businesses
- establish a small global agriculture management team,
- integrate UK operational management,
- take first steps to integrate UK and Ireland operations,
- close one unproductive US site within the core feed block business,

## UK Agriculture

UK Agriculture comprises the Group's Crystalyx® operations in Silloth, its Scotmin operations in Ayr and the Animax operations near Bury St Edmunds.

During the year the commercial operations of the three locations were integrated under a common management team. In markets that continue to be challenging, focus was on optimising performance and future prospects through in-depth analysis of the business and the optimisation of margins and performance through market share, operating efficiency, and purchasing optimisation.

Our UK-based feed blocks revenue increased by 2% representing a volume increase of 12% offset by reductions in pricing due to movements in raw material pricing. Our bolus-producing Animax business saw an 8.5% reduction in revenue as a lucrative but non-core aquaculture contract came to an end. Our focus now is on simplifying the remaining business and achieving a profitable contribution. The benefits of commercial integration of these businesses were evident from a strong close to FY24 from our feed blocks businesses which was carried into the early months of FY25 and in progress in resolving the issues at Animax following several years of under-performance.

The overall contribution of UK Agriculture in the current year was influenced by costs associated with the formation of an integrated management team. The benefits of this integration across the UK and in the transformation of the Irish and New Zealand markets in FY25 will result in value creation. This resulted in a short-term increase in costs as well as restructuring costs in the current year only.

- throughout economic / market cycles,
- decisively address under-performing and non-core businesses,
- explore opportunities to enter new growing pasture-based livestock markets.

- develop a turnaround plan for the production of boluses serving the UK business,
- progress the closure of the loss-making New Zealand operation and establish as a distribution market,
- prepare for closure and sale of the loss-making commodity feed business – Afgritech, closed post year end and reported as "discontinued".

## **FINANCIAL REVIEW CONTINUED**

### **US Agriculture**

US Agriculture represents the Group's New Generation Supplements ("NGS") feed blocks business and the Afgritech dairy feed business.

Early in the year the decision was taken to close the NGS loss-making facility in Silver Springs, Nevada. This closure contributed to an overall reduction in NGS revenue of 18% from a volume reduction of 15%. Revenue was also impacted by reduced molasses pricing. The impact of the closure of Silver Springs combined with improved performance elsewhere resulted in the NGS contribution for the year being up year on year despite continuing challenging drought-led market conditions, particularly in the southern USA.

In FY24 the Afgritech business continued to suffer from structural movements in the commodity markets for soya and canola. The decision was taken to close the business with effect from 31 October 2024 and the assets of the business were sold on 1 November.

Late in the year the ERP implementation across the remaining NGS sites was completed, bringing the UK and US feed blocks businesses onto a common system. The £0.8m exceptional costs incurred in respect of this project in FY24 will be the final significant costs for this multi-year project.

The closure of Silver Springs and the post year end closure and sale of Afgritech also resulted in exceptional closure costs totalling £1.9m.

### **Joint Ventures**

The Group continues to target growth through its participation in joint ventures in selected geographies. In FY24 our contribution from joint ventures in Germany (1) and the US (2) was broadly flat at £1.4m. During the year the Group supported the installation of a second production line at the Gold Bar facility in the US, bringing opportunity for future growth.

### **Central**

Central costs in the year have been influenced by a number of factors required in order to prepare the Group for the future implementation of a focused agriculture strategy. Several of these factors pull in differing directions from the perspective of the level of resource required: 1) the end of the transitional services agreement under which the Group provided services to the acquirer of the Agricultural Supplies Division following its sale in FY23, 2) the completion of the Agriculture ERP implementation project, 3) the exploration of value for the Engineering Division, 4) the simplification of non-core activities through the process to dispose of investment properties and to manage pension risk. For many of these activities FY24 and into FY25 have been transitional periods and the Group is committed to materially reducing its central costs. In FY24 on an adjusted basis central costs were broadly flat on FY23 at £3.0m however Adjusting Items of £4.5m comprised costs associated with pension de-risking (£3.2m) and restructuring costs (£1.4m).

### **Discontinued Operations**

As we position the Group to implement its focused Agriculture Strategy a number of activities of the Group in FY24 meet the criteria for classification as "Held for Sale" or "Discontinued" under IFRS. As such the impact of these activities is excluded from the detail of the primary statements with the net impact reflected under "discontinued" operations.

The full impact of these activities is presented above to give visibility of the profit and loss account on a basis comparable with that presented in the FY23 Annual Report and Accounts.

These discontinued operations are:

- 1. The Group's Engineering Division.** As announced in April 2024 the Group has been exploring means of optimising value for its Engineering Division, a process which is ongoing and progressing positively.
- 2. Within Agriculture,** the Afgritech business in Watertown, New York. This business was engaged in the supply of commodity feeds to the dairy industry. In recent years it has been significantly impacted by movements in the canola commodity market. As a consequence the business lost £0.5m at adjusted operating profit level in FY24 and is non-core to the future agriculture strategy. The business was closed on 31 October 2024 with the assets of the business sold on 1 November 2024.
- 3. In the year the Group started the process to realise value for its non-core property portfolio comprising nine sites, one of**

which was sold in the year, and the Group's former head office premises in Carlisle.

## Discontinued Operations

	FY23 restated £'m	FY24 £'m	Movement %
<b>Revenue</b>			
Agriculture	11.7	<b>12.3</b>	4%
Engineering	50.6	<b>60.1</b>	19%
Agricultural Supplies	53.2	—	—
<b>Total</b>	115.5	<b>72.3</b>	(37)%
<b>Adjusted Operating Profit</b>			
Agriculture	(0.2)	<b>(0.5)</b>	207%
Engineering	5.3	<b>7.2</b>	37%
Agricultural Supplies	(1.4)	—	—
<b>Total</b>	3.8	<b>6.7</b>	79%
<b>Adjusting Items</b>			
Agriculture	—	<b>(0.8)</b>	—
Engineering	(2.3)	<b>(4.4)</b>	91%
Agricultural Supplies	—	—	—
<b>Total</b>	(2.3)	<b>(5.2)</b>	128%
<b>Operating Profit</b>			
Agriculture	(0.2)	<b>(1.4)</b>	710%
Engineering	3.0	<b>2.9</b>	4%
Agricultural Supplies	(1.4)	—	—
<b>Total</b>	1.5	<b>1.5</b>	3%

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## FINANCIAL REVIEW CONTINUED

### Adjusting Items

As referred above, given the fundamental transformation of the Group that is in progress the level of adjusting items in FY24 is significant. The Board consider that the level of adjusting items is necessary and justified in order to effect the transformation and deliver a simpler and more resilient business. The adjusting items reflected in FY24 comparable reporting are:

	Continuing £'m	Discontinued £'m	Total £'m
<b>Cash Items</b>			
Restructuring costs and costs to sell for disposal groups	2.1	1.2	3.3
ERP implementation	0.8	–	0.8
Pension de-risking	3.3	–	3.3
Profit on property sale	(0.2)	–	(0.2)
<b>Non-Cash Items</b>			
Asset impairments (excluding costs to sell for those assets held for sale)	2.9	4.0	6.9
Intangible asset amortisation	0.1	0.4	0.5
<b>Total</b>	<b>9.0</b>	<b>5.6</b>	<b>14.6</b>

### Adjusting Items

In the year the Group recognised adjusting items totalling £14.6m, of which £7.1m were cash costs (now and in the future) and £7.4m reflected non-cash value adjustments. As indicated above the Board considers that this high level of charges was required to deliver the transformation of the Group and position it for growth through delivery of its focused agriculture strategy.

### Restructuring Costs

Restructuring costs in continuing operations of £2.1m were incurred primarily in restructuring the central organisation and agriculture management structure as well as in the closure of the Silver Springs plant.

### ERP Implementation

The ERP implementation within NGS in July 2024 brought to an end the multi-year project to implement a standardised ERP system across the UK and US feed blocks business.

### Pension De-Risking

### Profit on Property Sale

In the year the sale of the first (of ten) non-core properties completed with a small gain. The process to achieve value for the remaining portfolio continues with one disposal in October 2024 bringing in cash of £1.3m and a further £2.6m expected in December 2024.

### Asset Impairments

The Group reviews the carrying value of its assets annually and where appropriate adjusts the value down through impairment. In the current year the resultant impairments are:

- Continuing: £2.2m in respect of the Animax business as a result of continued challenges in its bolus business and the loss of its aquaculture contract. The underperformance of the business is being addressed as a matter of urgency; and £0.7m in respect of the closure of the Silver Springs plant.
- Discontinued: £3.2m in respect of assets in the Engineering Division

### Restatement of Prior Year Comparatives

In the Annual Report and Accounts for FY23 the full Group at that time was reflected in FY23 reporting. That Group has been unchanged throughout FY24 however as disclosed above material parts of the Group are disclosed as Discontinued Operations in this Report and prior year comparators are adjusted to relate only to these continuing activities in accordance with IFRS. Like for Like results are presented to give a view consistent with FY23 reporting.

In addition, given the reduced size of the Group, two areas of accounting have been reviewed and revised in the year with the impact being a combined increase to revenue and cost of sales of £0.9m, FY23 impact of £0.9m (no margin or profit impact in either year) and an increase to assets and liabilities of £1.9m (FY23: £2.3m) (no net assets impact in either year). After discussion with advisors the Directors felt that both adjustments were appropriate given the strict interpretation of current IFRS given the reduced size of the continuing

The Group has recognised past service costs of £2.9m in relation to a Barber Window equalisation adjustment identified by the Trustees of the Scheme during the year, which has been recognised as an adjusting item (see note 5 to the financial statements). This equalisation adjustment was discovered during the process undertaken to seek an insurer from whom to purchase an insured bulk annuity. This "buy-in" process remains ongoing.

and £0.8m in respect of assets in Agritech LLC.

Group moving forwards. The two items have no impact on profitability or net assets.

## **Alternative Performance Measures**

The Strategic Report and this Financial Review include references to both statutory and alternative performance measures ("APMs"). The principal APMs are intended to give the reader visibility of the potentially recurring performance of the business and as such measure profitability excluding items regarded by the Directors as adjusting items (note 5). These APMs, generally referred to as "adjusted" statutory measures are used in the management of the business and also in assessing some performance objectives under the Group's incentive plan. A glossary and reconciliation of the APMs is included on pages 211 to 212.

## **Finance Costs**

Net finance income from continuing activities of £0.3m and net finance costs from discontinued activities of £0.7m reflect the higher working capital nature of the Engineering businesses held as discontinued and the retention of cash centrally. The combined finance cost of £0.3m (FY23 on a like-for-like basis: £0.4m) reflects the impact of reduced interest rates and focus on working capital management.

## **Profit Before Tax**

Adjusted profit before tax of £2.5m for continuing operations represented a reduction on a comparable basis from £2.9m in FY23. This reflects the impact of transitional costs discussed above.

The loss before tax of £6.5m (FY23: £0.8m) reflects the significant reorganisation and restructuring costs outlined above.

## **Taxation**

The net tax credit of £0.4m reflects a tax credit on continuing operations of £2.0m and a tax charge from discontinued operations of £1.6m.

## **Earnings Per Share**

## **Cash Flow and Net Cash/(Debt)**

During the period the Group moved from a position of holding net cash of £4.2m to £4.5m (total Group) as at the period end. The period end net cash comprised £8.0m net cash for continuing activities and £3.5m net debt for discontinued activities. During the period the operating activities of continuing operations generated £4.2m of cash with additional inflows including dividends received from joint ventures of £0.9m and the final £4.0m deferred consideration from the sale of the Agricultural Supplies Division in FY23. Dividends of £6.0m were paid to shareholders during the period.

## **Pensions**

The Group operates defined contribution and defined benefit pension schemes. The defined benefit scheme is closed to new members and future accrual. During the period the Board, working with the defined benefit scheme trustees, have been exploring the viability of conducting a 'buy-in' of the pension scheme in order to de-risk the future position of both the Company and members. During this process a prior shortfall in accruals for past service costs came to light dating from equalisation of retirement ages in the 1990s. A one-off charge of £2.9m has been made in the year to address this shortfall.

This one-off charge has contributed to a reduction in the net pension asset recognised on the balance sheet from £5.3m to £1.8m. The other movements were increases in assessed obligations of £1.0m offset by an increase in fund assets of £0.4m. The net pension asset reflects assets of £48.2m and assessed liabilities of £46.4m.



The total loss attributable to the equity shareholders of the Company amounted to £5.7m, equating to a basic loss per share of 6.1 pence. The basic loss per share on continuing operations was 4.8 pence. The adjusted profit per share for continuing operations was 2.6 pence (FY23 restated: 2.5 pence).

**Gavin Manson**  
Chief Financial Officer

11 December 2024

## **KEY PERFORMANCE INDICATORS**

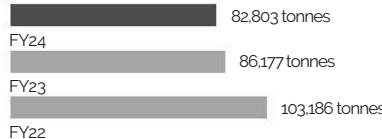
We monitor our growth and health as a business, and our performance against strategy, using the following key performance indicators.

### **Trading KPIs**

#### **Sales volumes**

(Continuing operations)

**82,803 tonnes**



Revenue in isolation is not necessarily an indicator of performance in our Agriculture Division, which is volume-driven and potentially subject to significant raw material price variations, which may be passed on to customers. Feed block volumes are monitored as part of our sales performance management, alongside selling prices and gross margins. The year-on-year decrease in revenue is driven by a reduction in volumes across our wholly-owned businesses.

#### **Operating cash flow**

(Continuing operations)

**£4.2m**



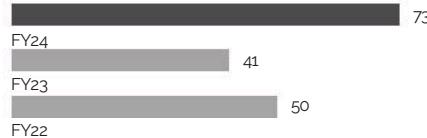
This KPI indicates how much cash is being generated by the Group's continuing operations, before being utilised for capital investment, paying dividends, or repaying borrowings. The improvement in cash inflow during FY24 reflects a decrease in inventories since last year as well as the benefit of taxation repayments.

### **Non-Financial KPIs**

#### **Near miss and hazard observations**

(Continuing operations)

# 73



By reporting near misses and potential hazards, the business can identify underlying safety risks and take proactive action to ensure these do not escalate into incidents impacting our people, customers and suppliers. We encourage all employees to report any hazards they observe, no matter how insignificant they may seem. A long-term trend of increased reporting numbers is a positive indicator of our safety culture becoming embedded across the business.

## Gross margin

(Continuing operations)

**18.8%**

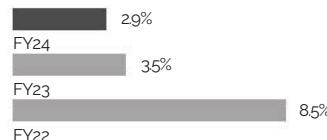


The gross margin for our Agriculture Division is impacted by the drivers of changes in revenue (volume and price) as well as fluctuations in raw material costs. In FY24, we saw raw material costs reduce after extreme increases in FY23 and this, along with an increase in volumes sold, has contributed to a margin improvement.

## Adjusted Group operating margin

(Continuing operations)

**2.9%**

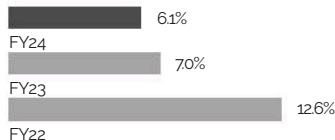


The operating margin reflects the gross margin achieved, as well as the distribution costs and administrative expenses required to support our operations. The decrease against last year reflects the reduction in adjusted operating profit in the Agriculture Division, as well as the Group's central costs being attributable to continuing operations only.

## Return on net assets

(Continuing operations)

**6.1%**

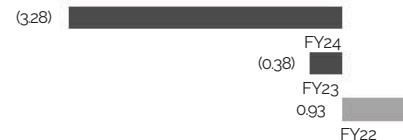


This calculation takes adjusted profit before taxation generated over the assets used to deliver that profit. The decrease in FY24 is mainly driven by the lower adjusted profit before taxation in the year, partially offset by a decrease in net assets (for continuing operations only) driven by inventory reductions.

## Net (cash)/debt to adjusted EBITDA

(Continuing operations)

**(3.28)**



This reflects the ability of the Group to service its debt. The negative measurement at the end of both FY24 and FY23 results from the net cash position of the Group at both balance sheet dates.

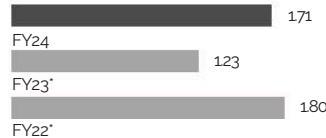
## Reportable incident rate

(Continuing operations)

## Intensity metric (tCO<sub>2</sub>e per £m turnover)

(Continuing and discontinued operations)

# 1.71



We ensure that information relating to all injuries and potential incidents, no matter how serious, is properly captured and reported to enable us to continually improve the health and safety of our people whilst at work. One RIDDOR injury was reported in the year (down from two in FY23). Further details on H&S performance are contained on pages 44 to 45.

\* Prior year figures have been restated to reflect continuing operations only.

# 47



We carefully monitor our carbon emissions and are developing a strategy to ensure that these continue to reduce as we work towards achieving net zero status in the long term.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

**The future success of the Group will depend on our ability to fully exploit the opportunities afforded by our strategy whilst managing the risks inherent in both our strategy and the global environment in which we operate.**

This requires us to identify and maximise the opportunities generated by our businesses and the markets in which we work, whilst operating an embedded approach to risk management which puts risk, risk appetite and opportunity assessment at the heart of our strategy and operations.

### **Our approach to risk management**

The Group operates a structured approach to risk management designed to ensure a systematic and planned approach to identifying, assessing, mitigating, and monitoring risks throughout the Group.

The Board has overall responsibility for the risk management framework. Risks are assessed and managed at the lowest relevant organisational level in the Group and reported, reviewed and assessed by an executive risk management process leading to Audit and Risk Committee review of Operational Risks and Board review of Strategic Risks and key Operational Risks.

### **Risk appetite**

In order to assist in this process, the Board regularly undertakes an assessment of risk appetite across a broad range of financial and non-financial risks identified as being relevant to the Group, its strategy and stakeholders. This assessment of risk appetite is key in informing decisions over the level of risk management or avoidance that is required in respect of each risk.

### **Board assessment of compliance with the risk management framework**

The Board regularly carries out an assessment of the principal risks facing the Group together with any emerging risks. This is supported by the Audit and Risk Committee which undertakes regular reviews of operational risk

During the year, no significant incidents arising from internal control failure were identified, however an internal review of controls and processes identified a number of weaknesses in the control environment and operation of controls, primarily as a result of the decentralised control structure inherent in the Group organisational design. Prioritised actions to improve the control environment were implemented immediately with actions aligned with Group transformation being implemented in a structured process.

### **Principal risk factors**

In the year under review and until any sale of our Engineering Division, our business operates across two distinct sectors and serves a wide variety of industries, making it subject to a wide range of risks and uncertainties. On the

The objective of the risk management framework operated across the Group is to achieve a balanced approach to acceptance of the level of entrepreneurial risk necessary for the Group to achieve its strategic and operational objectives. In doing this the Group identifies and manages risks to the extent appropriate in order to have comfort over the ability of the Group to deliver its financial, social and environmental objectives.

registers and an annual review of the risk management system.

The Board, through the Audit and Risk Committee, also considers the internal controls in place across the Group and whether these provide assurance over the Group's risk management framework.

following pages we have identified the risks we regard as most significant to the Group as well as steps being taken to mitigate these risks where possible.

The risks identified below are those deemed most critical to the Group, with the potential to impact the Group as a whole or one or both operating divisions to a significant extent at Group level.



Change in risk (increase/decrease/no change)

Risk	Description of the risk	What we are doing to manage the risk
<b>Reliance on Key Customers and Customer Demand</b>  	The Agriculture Division relies on a specific range of products and on customers primarily located in the UK and North America. There is a risk that external factors can materially impact the cost of products, affecting manufacturing costs, selling prices and therefore associated demand levels.	The strength of our brands allows the Agriculture Division to maintain long-term relationships with key customers. Ensuring our products evolve to meet customer needs and expectations will allow the existing customer base to be maintained and expanded.
	The Engineering Division is a global business and less susceptible to those factors, although it remains heavily focused on the nuclear sector.	In Engineering, we assess the suitability of our products and services to opportunities in sectors beyond nuclear to widen our customer base.
<b>Political and External Societal Factors</b>  	The rise in importance of sustainable business practices creates risks regarding the ingredients we source and how these are used during our production processes.	Our product management capability has been enhanced to allow us to commit to supporting decarbonisation, both in the products we supply to customers and in the ingredients used.
	Changes to farming policies in the UK and North America can impact our Agriculture Division and we are sensitive to risks regarding trade agreements covering either territory.	We monitor legislation across the markets in which we operate and assess the impact of changes proposed and made on our businesses.
<b>Economic</b>  	While the high inflation levels seen during FY23 have receded, input costs of our products have not significantly reduced. The Agriculture Division must consider the risk of our customers deciding to use cheaper, less effective alternatives to our premium products.	The Group monitors raw material and commodity pricing, buying forward where we expect this to minimise input costs for us and our customers. Where macro-economic trends dictate a likely increase or decrease in demand for our products, we adapt production plans accordingly which allows us to cope with recessionary periods as well as increased levels of demand.
	Both Divisions are reliant on particular raw materials and components which, if not available in the quantities and quality required, would pose a significant risk to the Group's operations.  The Group operates specific activities across multiple sites, with minimal crossover of equipment and capability. This poses a risk that a stoppage in production at specific sites could pose a material risk to the Group.	The Group has strong, long-term relationships with strategically important suppliers in both Divisions and our procurement capability, particularly in UK Agriculture, has been enhanced during the year. Supplier selection and buyer processes have been improved to reduce reliance on single sources of supply.  During the year, we have completed a set of business continuity plans, for each location across the Group, which aim to minimise the time taken to restart operations in the event of an unexpected shutdown. Acknowledging the bespoke nature of production at each of our locations, we also retain insurance to protect against the cost of major business interruptions.
<b>Legal, Regulatory and Reputational</b>  	Our Agriculture products are critical components of the food chain and any failures in our quality management system could mean that these	Our technical leaders monitor the regulatory environment across the Agriculture Division and all existing and new product registrations are subject to

products do not meet regulatory requirements. The products and services of our Engineering Division are often used in extremely hazardous environments, meaning any product failure carries a reputational risk. These projects also carry risks related to unfavourable contractual terms and potential margin erosion.

a rigorous process.

The Engineering Division follows robust quality management processes and each business is staffed by experienced and qualified personnel. We have invested in staff training and in equipment to ensure that all products are fit for purpose prior to customer delivery and installation. Major bids are subject to Board review, while those of smaller value follow a well-established review and approval process.

## PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

**AVD** Change in risk (increase/decrease/no change)

Risk	Description of the risk	What we are doing to manage the risk
<b>Health and Safety</b> 	<p>There is a risk that health and safety hazards could cause harm to customers, employees or the general public.</p>	<p>Health and safety performance is reviewed at all Board meetings and the Board consider this a priority for the business. The Group's health and safety programme is founded on a learning culture, which aims to ensure early identification of potential risks and hazards as well as empowering all employees to report these.</p> <p>Health and safety audits take place regularly at all sites, with most locations supported by on-site functional safety experts who provide oversight and supervision of routine activities. The Group also has an occupational health programme in place for employees.</p>
<b>People</b> 	<p>Human capital is our most valuable asset and the success of the Group relies on being able to attract, integrate and recruit talented people. Strategic growth will be founded on the skills, experience and knowledge of all colleagues.</p> <p>There is a risk that a failure to retain critical capability will impact the Group's performance and progress to our strategic objectives.</p>	<p>During FY24, the Group has enhanced its talent management programme, with improved recruitment and induction processes. Succession plans are embedded in both Divisions and changes made to our organisational structure has improved focus and support for the development of our people.</p> <p>Our remuneration policies are designed to ensure we are competitive in the locations in which we operate and that once recruited, employees are motivated to progress their careers with the Group.</p> <p>During the year, the Agriculture Division undertook an employee engagement initiative which allowed all employees to provide feedback on all aspects of the business. Actions in response to that feedback are underway across the Group and all colleagues have been encouraged to participate in these. This process was aimed at maintaining and improving, where necessary, working environments for all colleagues across the business.</p> <p>The Engineering Division continues to invest in young, local talent through apprenticeship schemes and placements in the UK and Germany. Our partnership with a local training provider in the UK has been successful in developing a pipeline of talent to support growth in this business.</p>
<b>IT and Cyber-Security</b> 	<p>Data confidentiality and financial loss are at risk from a successful cyber-attack on the Group. Technology plays a key part in supporting the business and all systems must be secure and reliable. We continue to invest in new technology, as witnessed by the implementation of a new ERP system in our US feed</p>	<p>Our centrally managed IT function allows us to maintain consistently high cybersecurity standards across the entire business. Our systems are supported by a team who review internal practices as well as the nature and risk associated with external threats. Our IT solutions are assessed and</p>

blocks business.

tested by third parties where appropriate.

All major IT initiatives are governed by robust project management processes and in the case of the US feed blocks ERP, the Board was updated regularly on progress.

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Risk	Description of the risk	What we are doing to manage the risk
<b>Treasury</b> 	<p>The Group must manage its funding facilities to ensure that all businesses can operate on a day-to-day basis as well as invest in growth opportunities. Failure to adequately control funding and accurately forecast cash flows creates risk.</p> <p>Following the sale of the Engineering Division, there is a risk that the reduced size of the Group's continuing operations will mean a decrease in the level of funding facilities available.</p> <p>The Group has international businesses which mean fluctuations in the value of currencies can impact the results through transactional and translational exchange movements. Translational exchange rate risks can impact the translated value of assets and earnings of foreign subsidiaries and joint ventures.</p>	<p>The Group renewed its banking facilities in December 2023 and these expire in December 2026. These facilities are regularly reviewed by the CFO and the cash position of the Group is reviewed every week.</p> <p>The Group's bankers are aware of our strategic intentions, and we will continue to work closely with them to ensure a level of funding is available commensurate with the size of the Group going forward. The Board will consider available funding while assessing the allocation of capital following the sale of the Engineering Division.</p> <p>The forecast cash position is assessed regularly and the Group maintains a flexible funding position to minimise its interest costs where possible.</p>
<b>Climate Change*</b> 	<p>The Agricultural Division is at risk of being impacted by climate change, in respect of changing weather patterns as well as the availability and cost of raw materials, as well as how sustainably these can be sourced. If the pace of demand for sustainable products outstrips our ability to innovate, there is also a risk of product obsolescence.</p> <p>Climate change can pose a risk to the Engineering Division, notably at Chirton Engineering, a business operating in the oil and gas sector and therefore at risk to the impact of fluctuations in the oil price.</p>	<p>The diverse locations in which the Agriculture Division operates offers some mitigation against climate change risk and local weather volatility. Our focus on international growth markets, away from the UK and North America will provide further mitigation and will see the development of products which thrive in different environments. Our investment in procurement resources in the UK will allow us to better manage the sourcing of raw materials in future.</p> <p>Business development focus at Chirton Engineering has been on diversification away from oil and gas into new sectors including aerospace and renewable energy.</p>

\* Further details of climate related risks and opportunities can be found on pages 46 to 64 (inclusive).

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## VIABILITY STATEMENT

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group over a three-year period to August 2027, taking account of the current financial position, future prospects and the principal risks, as detailed on pages 28 to 31 (inclusive).

The Group's strategic planning process is led by the Chief Executive, supported by his leadership team. The Board participates in the review process, offering a broader perspective on our markets and the macro-economic environment. The key deliverable from this process is a strategic plan, underpinned by financial forecasts which consider the period to August 2027. The Group's operating budget for the year to 31 August 2025 is the basis for the first year of these plans and is reviewed and re-forecast, if required, on a regular basis during the financial year.

As noted on page 18, the proposed disposal of the Engineering Division represents the next stage of the Group's strategy and scenarios which considered a successful and unsuccessful sale were considered during the process. Given the uncertainty over the precise timing of any disposal of this division, a variety of scenarios for FY25 were modelled and those most likely to arise presented to the Board for review.

The Group remains in a net cash position, supported by bank facilities which were renewed in December 2023 and fall due for expiry in December 2026. The initial cash received from the sale of the Agricultural Supplies Division in October 2022 was augmented by receipt of £4m cash during FY24, the final settlement related to that transaction which complemented operating cash generation during the year.

The Group's bank facilities have a range of maturity and renewal dates, some of which fall within the three-

The Board continues to believe that a period of three years to 31 August 2027 is the most appropriate for the purpose of a viability assessment, based on the strategic planning undertaken, the immediate benefit from changes in the Agricultural Division structure (e.g. the disposal of trade and assets of Afgritech) and the predictability of demand over this period for beef, lamb and dairy (and by extension, our products).

The Group's principal risks are set out on pages 28 to 31 (inclusive) and summarise those matters that could prevent the Group from delivering on its strategy. A number of other aspects of the principal risks – because of their nature or potential impact – could also threaten the Group's ability to continue in business in its current form if they were to occur. Of the principal risks identified, the two most important to the assessment of the viability of the Group remain the same as they were last year:

1. Reliance on key customers and customer demand
2. Supply chain and operations

From the modelling undertaken, it was determined that neither of these risks, either in isolation or in aggregation, would compromise the Group's viability. In addition, a variety of scenarios beyond those included in the Group's strategic plan have been tested and their financial impact estimated and quantified. These estimates have been overlaid on the detailed financial forecasts, to represent severe but plausible scenarios that the Group could experience.

The results confirmed that the Group would be able to withstand the impact of these scenarios during the forecast period under review. In addition, the Group has options to mitigate these scenarios and to maintain cash flow, including restricting capital expenditure and lowering potential returns to shareholders.

The Group also considered the impact of a failure to dispose of the Engineering Division, but concluded that the expected FY25 trading performance and strength of the order book would deliver positive cash generation from that division in the short and medium terms.

As part of our Task Force on Climate related Financial Disclosures ("TCFD") the Group has assessed potential financial impacts from climate change to the business. The TCFD disclosures consider how financial performance may be impacted by climate change including supply chain disruption, inflation in raw material costs and any significant changes in climate-related policy (as well as any associated increase in regulatory costs). None of the physical and transition risks which are considered material to our business would present a risk to viability over the planning period. These risks are detailed on pages 28 to 31 (inclusive) and 46 to 64 (inclusive).

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 August 2027. The Directors also considered it appropriate to

year period covered by the viability review. The change in the Group's size and structure following a disposal of the Engineering Division will result in a reduction in the Group's facilities, to a level more commensurate with the remaining business.

These wider scenarios are considered individually and in aggregate during this exercise, to ensure that the impact of unconnected scenarios on profitability and related cash flows is fully considered. This acknowledges the diverse nature of the business both by division and geography.

prepare the financial statements on the going concern basis, as explained in the Basis of accounting, and Going concern paragraphs in the Principal Accounting Policies on page 147 of the accounts.

## **SUSTAINABILITY AND IMPACT REPORT**

**three ESG sections as set out below:**

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### **1. Environmental...**

- operating our facilities
- developing our products
- reporting transparency

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### **2. Social...**

- improving our workplace
- developing our people
- enhancing diversity and inclusion
- engaging with our communities

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### **3. Governance...**

- accountability and oversight
- acting with integrity

Underpinning this is a revised governance structure to ensure Board oversight that our business practices are sustainable and impact the areas most important to Carr's. Further details are on the pages which follow.

Our Sustainability and Impact Report also contains details of our Health and Safety

reporting (pages 44 and 45 (inclusive)), and TCFD reporting (pages 46 to 64 (inclusive)).

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# **Environmental**

We are acutely aware of our responsibility to contribute positively to the global environment and believe our products and services support that.

Our agriculture products have been developed over many years to complement grass-based livestock farming, while our engineering business supports the increasing demand for sustainable energy solutions worldwide.

### **Operating Our Facilities**

Progress on our sustainability goals requires the support of all our colleagues across the business. Their knowledge journey begins with our new starter induction process, which covers our approach to the environment and sustainability. To provide focus on our environmental objectives, we established Green Teams at all Carr's Group sites during FY23. Our Green Teams are responsible for considering resource efficiencies together with the environmental and social impacts of our business at a local level.

Green Teams have been crucial in promoting sustainability and advocating and implementing sustainable practices across our businesses. Local initiatives delivered in FY24 include:

- Increased energy efficiency through investment in voltage optimisation and low-energy, motion-controlled lighting
- Lower vehicle emissions by introducing more electric and hybrid vehicles to our fleet, as well as improved journey planning to reduce traffic between sites
- Waste reduction by eliminating consumable items from processes and working with suppliers to provide

### **Developing Our Products**

The evolution of our products is critical not only to the ongoing success of the business but also to supporting our environmental objectives. In Agriculture, we continue to promote the use of the Bio-tub®, a patented container made from a blend of ground straw and wood fibres, which over time, breaks down, degrades, and disappears. We also review the recipes for our supplementation products and FY24 saw a new product introduction at Afgritech, one of our US subsidiaries, with reduced palm fat, lessening the deforestation impact of that product.

In UK Agriculture, we have invested in a new technical team, bringing greater capabilities to deliver enhanced products which will consider not only the environmental benefit to our customers and their livestock, but also the raw material inputs and their associated impact on the planet.

### **Reporting Transparency**

We are mindful of our wider responsibilities across the sustainability agenda and during the year we have revised our governance structure to recognise this. In May 2024 we established a Sustainability and Impact

During FY23 we introduced a reporting platform across the Group, allowing us to accurately measure our carbon footprint, provide insights into each site and make informed decisions on carbon reduction strategies. This continues to be an important pillar in measuring the progress of our environmental strategy.

This platform will enable us to establish the full carbon footprint and impact on our environment under Scopes 1, 2 and 3, which will underpin our journey to net zero by 2050. This year has seen the Group take its first step towards reporting on Scope 3 emissions with an exercise undertaken this year to measure employee commuting, and the associated carbon emissions (see pages 35 and 36 for details). By investigating employee commuting patterns and quantifying the associated carbon emissions, we can identify opportunities to reduce the carbon footprint associated with the Group. Improved understanding of commuting, and travel in general, will also allow us to consider the impact of this on our colleagues' wellbeing and safety.

There are a wide variety of Scope 3 emissions which impact the Group meaning that reporting will take time and be progressed over the coming

sustainable alternatives

Committee ("S&IC") to ensure we focused on the social and governance aspects of the business, complementing the existing environmental activities.

The role of the Steering Committee is to advise the Board on the development, review and oversight of the Company's sustainability and impact strategies, targets, key performance indicators, policies, procedures, reporting and disclosures. The Committee is chaired by our CEO and comprises senior leaders from across the business.

years. We continue to partner with World Kinect to record Scope 1 and 2 emissions as well as develop our Scope 3 reporting.

## **Looking Forward**

We have a target of 3.4% energy reduction year on year which will result in achieving Net Zero by 2050. The reduction in energy use during FY24 was 2%, following a 9% reduction in FY23. We will continue to challenge ourselves to deliver on our commitments in advance of 2050.

## **TCFD**

Information in relation to the Task Force on Climate-Related Financial Disclosures ("TCFD") can be found on pages 46 to 64 (inclusive).

## **Streamlined Energy and Carbon Reporting ("SECR")**

Energy use across the Group in the year totalled 34,202,553 kWh (FY23: 34,734,015 kWh) of which 10,554,475 kWh of which is attributable to UK operations<sup>1</sup> (FY23: 8,789,192 kWh).

The methodology used followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol – Corporate Standard. The 2023 UK Government's Conversion Factors for Company Reporting for all fuels with the exception of electricity use outside of the UK was also used. The 2023 United States Environmental Protection Agency ("EPA") emissions factors have been used for electricity consumed in the USA with respect to regional relevance and 2022 Association of Issuing Bodies ("AIB") emissions factors have been used for electricity used in Germany. We have used an operational approach to define our boundary and scopes.

The primary source for gas and electricity energy consumption is supplier invoices. Where supplies are not directly billed, the consumption data was provided by the landlord. The primary source of data for all other fuels was delivered quantities. Mileage data was primarily used to calculate transport usage. Where data was unavailable consumption was estimated based on historic mileage data.

The information used to compile the SECR (Streamlined Energy Carbon Reporting) data was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines 2019.

Scope 1 emissions are direct greenhouse gas ("GHG") emissions that occur from sources that are controlled or owned by the Group and include LPG, mains gas, gas oil, and company vehicles. Scope 2 emissions are indirect energy emissions from electricity purchased by the Group. We report in terms of CO<sub>2</sub>e (Carbon Dioxide Equivalent) which includes CO<sub>2</sub> and other greenhouse gases which enables reporting based on their relative global warming potential. Reporting in this way provides a truer figure of the Group's impact on the environment.

As Scope 3 emissions are associated with the operations of the Group that are not under our direct control, we remain in the process of collecting primary data from all our sites, with further engagement with our supply chain required to provide an accurate baseline. As noted above, we have established a baseline for employee commuting.

tCO<sub>2</sub> e<sup>1</sup>

	FY24	Change versus FY23	FY23	Change versus Baseline	Baseline FY21
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## **SCOPE 1**

Agriculture UK

977

848

896

Agriculture overseas	<b>3,649</b>	4,033	4,977		
Engineering UK	<b>183</b>	206	170		
Engineering overseas	<b>55</b>	51	5		
Head office	<b>199</b>	18	21		
<b>Total Scope 1 (tCO<sub>2</sub>e)</b>	<b>5,062</b>	2%	5,156	17%	6,069

1. The figures represent Carr's Group plc's operationally controlled sites and do not include other sites such as joint ventures where Carr's Group plc has no operational control.  
 2. Figures for FY24 and FY23 are for electricity, LPG, mains gas, gas oil, and company vehicles.

## SUSTAINABILITY AND IMPACT REPORT CONTINUED

tCO <sub>2</sub> e <sup>1</sup>	FY24	Change versus FY23	FY23	Change versus Baseline	Baseline FY21
<b>SCOPE 2</b>					
Agriculture UK	<b>380</b>		330		431
Agriculture overseas	<b>909</b>		978		885
Engineering UK	<b>284</b>		276		302
Engineering overseas	<b>279</b>		308		199
Head office	<b>24</b>		27		30
<b>Total Scope 2 (Location-based) (tCO<sub>2</sub>e)</b>	<b>1,877</b>	<b>2%</b>	1,919	-2%	1,847
Agriculture UK	<b>466</b>		238		33
Agriculture overseas	<b>909</b>		978		885
Engineering UK	<b>6</b>		22		-
Engineering overseas	<b>101</b>		99		199
Head office	-		-		-
<b>Total Scope 2 (Market-based) 2 (tCO<sub>2</sub>e)</b>	<b>1,482</b>	<b>-4%</b>	1,428	-33%	1,117
Total Scope 1 kWh's (inc grey fleet Sc3)	<b>27,416,549</b>		28,013,899		
Total Scope 2 kWh's	<b>6,786,004</b>		6,720,116		
Total Global kWh's	<b>34,202,553</b>		34,734,015		
Total UK kWh's	<b>10,544,475</b>		8,789,192		
<b>Total emissions (tCO<sub>2</sub>e) Scope 1, 2 &amp;3</b>	<b>6,964</b>	<b>2%</b>	7,075	12%	7,916
Agriculture UK	<b>1,357</b>	<b>-15%</b>	1,178	-2%	1,327
Agriculture overseas	<b>4,558</b>	<b>9%</b>	5,011	22%	5,862
Engineering UK	<b>468</b>	<b>3%</b>	482	1%	472
Engineering overseas	<b>333</b>	<b>7%</b>	360	-63%	204
Head office	<b>248</b>	<b>-456%</b>	45	-385%	51
<b>Intensity metric tCO<sub>2</sub>e/£m turnover</b>	<b>47</b>	<b>4%</b>	49		66
<b>£m Turnover</b>	<b>147</b>		143		120

1. The figures represent Carr's Group plc's operationally controlled sites and do not include other sites such as joint ventures where Carr's Group plc has no operational control.

Commuting  
miles<sup>1</sup> Employee tCO<sub>2</sub>e

## SCOPE 3

Agriculture UK	387,170	99
Agriculture overseas	244,304	69
Engineering UK	646,783	166
Engineering overseas	380,683	100
Head office	85,849	18
<b>Total</b>	<b>1,744,789</b>	453

1. Mileage included in the employee commuting footprint includes travel by petrol, diesel, electric and hybrid vehicles as well as that completed on foot, by bicycle or motorcycle. No prior period comparatives are available as data was not recorded in previous periods.

# Social

As at the date of this report there were 626 colleagues across the Group with 406 located in the UK, and 220 overseas. Building and retaining a skilled and motivated workforce is crucial for the Group and we understand the importance of investing in our colleagues and supporting them, ensuring that we have the appropriate skills the Group needs now and in the future.

## Improving Our Workplace

The execution of the first stage of the Group's strategy, the disposal of the Agricultural Supplies business in October 2022, has driven significant changes across the Group. Our focus on the two remaining Divisions, Agriculture and Engineering, has provided opportunities to improve the workplace experience for many colleagues. Our People strategy is founded on a restructured Human Resources function, with central oversight reduced and business partners joining the leadership teams in both Divisions. These new roles allow us to focus on the specific demands in each business, better understand the needs of our colleagues and develop the capabilities needed to deliver profitable growth for the Group.

Improving access to communications has been a priority, with efforts ongoing to ensure all office-based colleagues have access to the Group's intranet, CarrsConnect. This is an intranet platform where key messages are posted and employee news is shared. During FY24, this has been expanded to include news from across our sites, an interactive health and safety platform, a more accessible approach to benefits and advice, as well as a database of policies and procedures. CarrsConnect will evolve to provide easy access to information for colleagues, particularly as we explore ways to improve communications with those colleagues who are not office-based.

Communication with colleagues is also essential for our Board to operate effectively. Interaction with our Non-Executive Directors can empower colleagues, foster inclusivity and enhance the Board's understanding of the business and our people. Board meetings can be held at operational sites and individual members of the Board have also visited locations in the UK, US and Germany during FY24, providing a valuable opportunity to meet our teams and view the operations of the Group.

Our Employee Assistance Programme covers all UK employees, with alternative local programmes available for Germany and USA. The programme has continued to support colleagues through FY24 with a range of support for mental health, financial issues, legal support, and medical assistance. Colleagues have access to a 24-hour helpline where online information, advice and newsletters are published.

We understand that colleague well-being is critical to sustained productivity and engagement, and refreshed wellness programmes, focused on mental health and work-life balance, are being developed as part of our social pillar within the People plan.

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## SUSTAINABILITY AND IMPACT REPORT CONTINUED

### Developing Our People

We believe our people are our greatest asset. By nurturing their talents, fostering a culture of continuous learning, and providing opportunities for career development, we ensure our team is equipped to meet future demands. Throughout the past year, we have prioritised initiatives that empower our employees with the skills and resources they need to excel. Our focus on professional growth enhances individual performance and drives collective success across the organisation.

We believe our people understand what is needed for us to invest, grow and evolve as a Group, so we launched our inaugural Ideas Workshops across most of the business to hear their voice. These sessions were designed to encourage colleagues to give feedback on where we can improve performance across the business, and how they felt we could deliver meaningful change.

One aim of these sessions was for all colleagues to feel empowered to contribute to the Group. We asked everyone to:

- Speak up
- Solve it
- Shape our Future

These sessions delivered hundreds of ideas for improvement, with themes as diverse as improving channels for customer feedback, investing in our facilities and reducing our impact on the environment. We have created project teams to define and execute key, large-scale initiatives but have also, for the first time, set up dedicated Action Communication Teams ("ACT") across our sites. The ACTs are local, site-specific teams who will work with senior leadership to deliver and implement local suggestions which have been collated from the sites. We are committed to regularly showcasing these

Many of these initiatives provide opportunities for colleagues to learn new skills, be involved in projects which would fall outside their normal responsibilities and to work with colleagues from across the business. These activities will form a key part of the development of our workforce, individually and collectively, going forward.

One ongoing initiative is the Carr's Engineering Skills Academy, based in Carlisle, where we actively support homegrown apprentices and their professional development. By investing in the growth of employees and the community at large, we are confident in the Group's ability to achieve sustainable success in the years ahead.

Learning and development continue to be focal points at all levels, for new and existing colleagues. Colleagues are required to complete mandatory training modules upon joining the Group and periodically throughout their career with Carr's. We reviewed and made improvements to our Learning and Development framework to ensure its relevance to individual roles and effectiveness in meeting evolving organisational needs, all of which has led to a more tailored approach for our colleagues. We recognise that continuous feedback and clear performance expectations are crucial to maintaining a high-performing workforce. To this end, our Performance Development Reviews ("PDRs") have been a cornerstone of development plans, helping individuals grow while contributing to the Company's overall success. Our PDR process is designed to ensure that all colleagues' objectives are aligned with the Company's strategic goals by setting clear expectations, regularly reviewing progress, and providing constructive feedback.

The Group's approach to colleague reward is aligned with national standards, and we regularly review our rewards package to ensure it remains competitive. In the UK we have a comprehensive benefit package which includes Pensions Contributions, the Employee Assistance Programme, Cycle Scheme, Tech Scheme, Give-As-You-Earn and Carr's Go Green electronic vehicle scheme. Internationally, there are localised benefits which include subsidised gym membership, cycle to work scheme, flexitime, and performance bonuses.

Recruitment processes for leadership and senior roles throughout the Group are overseen by our HR leaders, who encourage internal candidates alongside external applicants. In certain cases, independent recruitment consultants are used to ensure that we have access to the best talent in the market. Throughout the year, the senior leadership team evaluate succession planning for management roles and key personnel, as well as leadership development initiatives and training programmes across the Group. There is also now an increased emphasis on talent management on the Board agenda, with twice yearly talent reviews scheduled.

The Sharesave ("SAYE") scheme, available to all qualifying employees, including Executives, offers a valuable opportunity to participate in any success of the Group. This is a UK-based, HMRC-approved initiative, based on a three-year savings contract, which allows participants to purchase shares at a discounted price after the specified period. No performance conditions are attached, offering a straightforward path for participants to exercise their options under the scheme and share in the success of the Group.

initiatives to the Board, which will provide another opportunity to improve Board engagement with the wider workforce.



## **Enhancing Diversity and Inclusion**

We understand the strength derived from a range of diverse and new perspectives and seek to embrace that in our approach to recruitment, retention and reward. The Group recognises the importance of attracting the broadest and most diverse range of candidates for all roles within our businesses, and the benefit such wide-ranging skills, expertise and experiences brings to the Group.

We have clear policies in place to ensure that all decisions relating to employment practices will be objective, free from bias, and based upon the individual needs of the businesses within the Group. There is a Board Diversity and Inclusion Policy which supports the Group's commitment to ensuring diverse representation at Board and Committee level.

The Group's Equal Opportunities Policy encompasses existing colleagues as well as potential colleagues in the recruitment process and our interview and recruitment training aligns with our policies. These focus on ensuring that we select the right person for every role.

For more information see page 43. Details on employee gender diversity can be found on page 91 and details on Board diversity and inclusion can be found on pages 74 and 75.

The Ideas Workshops (see page 38) were designed to ensure that all colleagues, irrespective of gender, role, location or function, had a voice which could be heard without fear of recrimination of any kind. Acting with Integrity is one of our core values and sets a clear standard for acceptable behaviours; we know that if colleagues are not valued and treated respectfully, they will take their talents elsewhere.

An inclusive culture is integral to our values. We are committed to ensuring that everyone can bring their full self to work and thrive in their career. The fair treatment of people with disabilities during recruitment, employment and in the event of becoming disabled during employment is embedded in the Group's Equal Opportunities Policy.

We regularly monitor our gender statistics to ensure that they are reflective of the industries we work in, as well as the geographies in which our businesses operate. Both engineering and agriculture remain predominately male workplaces, but we strive to ensure that female colleagues are given support to help them thrive and are considered for career development roles where their experience and skills merit it. Our annual pay review ensures that colleagues undertaking the same or similar roles are paid equally regardless of gender, race or any other differences between colleagues.

## **Engaging With Our Communities**

We understand the impact that businesses can have on the communities in which they operate and we strive to be a force for good wherever possible. Colleagues across the business work with local communities in various forms, including charitable contributions, voluntary efforts and other collaborative initiatives.

## **Spotlight on Bendalls Engineering**

We are enormously proud of our role in the Carr's Engineering Skills Academy based in Carlisle, on which we have worked closely with Lakes College to provide apprenticeships to local school leavers. Bendalls Engineering had a total of 22 apprentices at the end of August, supplemented by a September 2024 intake of 13, making up around 39% of the workforce of Bendalls. The skills and experience our apprentices gain through a combination of classroom teaching and on-the-job experience provides a great starting point for career development. Apprentice Focus Groups at each site consider how we can improve this experience for future intakes.

The team at Bendalls also participate in a number of local community initiatives including:

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### **Career support**

- Skills workshops for the unemployed
- Open days and skills fairs
- Work experience for schoolchildren
- Apprentice exchanges

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### **Together for good**

- First aid training support for local charitable organisations
- Building disabled access ramp for new college

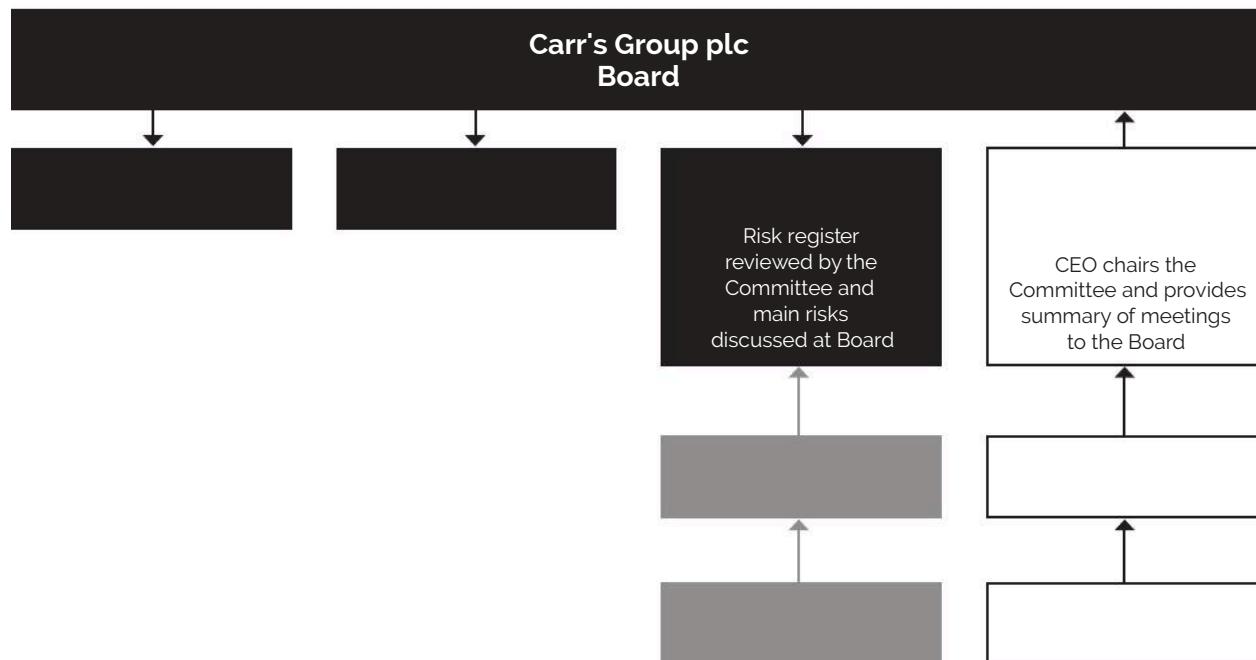
<b>Volunteering and donations</b>	<ul style="list-style-type: none"><li>• Electrical equipment testing for local children's charity</li><li>• Apprentice-built shelters and benches for local not-for-profit organisations</li><li>• Planters and hanging baskets for hospice</li><li>• Fundraising through local charity events</li></ul>
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# Governance

## Accountability and Oversight

During FY24, the Executive Directors proposed changes to the governance structure relating to the Board's oversight of environmental, social and governance matters. The aim was to ensure that equal focus was given to each element of ESG. This included establishing a new Sustainability and Impact Steering Committee to focus on the activities of each of the three areas of Environmental, Social and Governance, and reporting to the Board.

**The Board approved the structure as depicted below:**





## **Green Teams**

Green Teams at each of our sites are responsible for considering environmental resource efficiencies as well as the environmental and social impacts of our business at a local level. They promote sustainability and advocate and implement sustainable practices across our businesses and also set, monitor and deliver against local targets. Our Green Teams support the Environmental Advisory Group.

## **Environmental Advisory Group**

The Environmental Advisory Group brings together representatives from the Green Teams. The role of the Environmental Advisory Group is to advise the Sustainability and Impact Steering Committee regarding the review and oversight of the Company's strategies, goals, policies, procedures, performance, and disclosures related to environmental matters as described in these terms of reference.

Further details on the work of the Environmental Advisory Group and the Green Teams can be found on page 34.

## **The Sustainability and Impact Steering Committee**

The Sustainability and Impact Steering Committee is responsible for setting and monitoring progress against the activities of each of the three areas of Environmental, Social and Governance. The Committee meets regularly and comprises members of the Senior Management Team as well as our CEO who is the Committee Chair. Updates from the Committee are

## **Board**

The Board has oversight of ESG matters and manages this responsibility through the governance structure as outlined on page 40. The CEO report which is presented at each Board meeting includes updates from the Sustainability and Impact Steering Committee as well as health and safety reports. The Board Committees also have delegated responsibility for various aspects of environmental, social and governance matters impacting the Group as detailed below.

## **Audit and Risk Committee**

The Audit and Risk Committee is responsible for monitoring the Group's compliance with climate change reporting and reviewing the TCFD disclosures. The Audit and Risk Committee is also responsible for reviewing the Group's internal controls and risk management systems, as well as the Group Risk Register, which includes risks related to ESG matters.

## **Remuneration Committee**

The Remuneration Committee sets performance-related remuneration targets aligned with strategy, including the achievement of environment and sustainability goals, and assesses performance against those targets. For example, environmental performance measures are linked to the annual bonus award for the CEO. Individual objectives for the Senior Management Team also include ESG matters.

## **Nomination Committee**

Annual Board evaluations together with skills assessments ensure that the performance and effectiveness of the Board and its Committees are regularly reviewed, and that the Board and Board Committees possess the right balance of skills and experience to provide oversight for matters including ESG matters.

## **Board Engagement with Stakeholders**

The Board is mindful of its duties to stakeholders, including its employees, customers, strategic partners, investors and its communities. Information about the Board's engagement with stakeholders can also be found on pages 82 to 87.

## **Sustainability and Impact Risk Reporting**

Any material risks and opportunities identified in connection with environmental, social or governance matters are integrated into the Group's risk management framework. The Group Risk Register is reviewed regularly by the Audit and Risk Committee including those risks related to ESG matters. Principal risks are reviewed by the Board on a twice yearly basis.

For further information about risk management, please see pages 28 to 31 (inclusive). The Corporate Governance Report on pages 68 to 125 provides further details on the role of the Board and the Board Committees and the activities which each have been involved in during FY24.

included in each Board meeting as part  
of the CEO update or as stand-alone  
items if merited.

## SUSTAINABILITY AND IMPACT REPORT CONTINUED

# Acting With Integrity

We live by our values of excellence, responsibility, innovation and integrity. We lead by example, and expect our suppliers and our partners to operate with the same high standards and professionalism. Our policies and practices are designed to ensure that we continue to operate as an ethical and sustainable business.

### Human Rights

We publish our Anti-slavery and Human Trafficking Statement online at [www.carrsgroup-ir.com](http://www.carrsgroup-ir.com). We are committed to the sustainable development of our business, including ensuring that our business and supply chain remain free from modern slavery and human trafficking. We will not undertake business with any third parties where concerns arise in relation to unethical business practices and will accordingly report such circumstances to appropriate authorities. Our policies and practices, supported by training on the issues of modern slavery and human trafficking, ensure that there are systems in place to raise awareness, protect against the risks of slavery and human trafficking, and to provide a means by which colleagues can raise concerns.

### Whistleblowing

Our Whistleblowing Policy and independent whistleblowing service, AAB People (previously known as SeeHearSpeakUp), is made available to all personnel 24 hours a day, seven days a week. This enables colleagues at any of our global locations to report concerns easily, anonymously, and in total confidence. We provide training in respect of whistleblowing and how to report any concerns within our employee induction programme.

### Anti-bribery

We operate and encourage a culture of honesty and openness and we take a very firm stance against unethical behaviours including bribery and other corruption. These behaviours are prevented through a robust framework of controls, including standardised policies and transparent practices, which every employee is made aware of, as well as focused training for sales colleagues.

### Conflicts of Interest

Our policies require the regular declaration of gifts and hospitality by all personnel. The acceptance of gifts and hospitality are subject to strict rules underpinned by the policy, and any matters which could give rise to a conflict of interest must be declared to the Group's Legal Services function.

### Charitable Giving

Our Charitable Donations Policy provides guidance when using Company funds for financial donations to ensure accountable and responsible use of funds.

### Tax Transparency

We are committed to tax transparency and to being fully compliant with all tax disclosure, payment, and filing requirements in every country in which we operate and to paying appropriate amounts of tax. The Group's Tax Strategy and Tax Code of Conduct is published online at [www.carrsgroup-ir.com](http://www.carrsgroup-ir.com).

### Ethics

Our Code of Ethics brings together Group-wide policies and best practice regarding a range of circumstances which could potentially be encountered in the modern workplace. It is reflective of our commitment to high standards and professional behaviour at all levels of the organisation. The Code of Ethics provides us with a framework for continuous improvement in this area.

### Data Security and Privacy

Our Privacy Statement outlines the Group's policy on managing the personal data of all individuals sharing their personal information with us. During FY24, through continuous monitoring, we identified several attempted cyber-attacks on Group businesses, but no leaks, thefts, or losses of customer data were identified as a result of these attacks and no substantiated complaints were received concerning breaches of customer privacy.



## **HR Policies**

During FY24, we have focused on updating our Human Resources policies so they are up-to-date with current practices and legislation, supportive and aligned with our values and strategic goals. By focusing on inclusivity, colleague well-being and professional development, we have strengthened our commitment to creating an environment where colleagues feel valued and empowered. Key HR policy development and implementation include a Flexible Working Policy and a Capability and Attendance Management Policy.

## **Diversity and Equal Opportunities**

Our commitment to diversity and equal opportunities is fundamental to who we are as a business. We believe that a diverse workforce enhances innovation, improves decision-making, and creates a culture where everyone feels valued and respected. In the past year, we have strengthened our efforts to build an inclusive environment that not only welcomes diverse perspectives but also ensures equal access to opportunities for all colleagues. Our initiatives have focused on recruitment, development, and community engagement to foster a culture that benefits from our colleagues' unique backgrounds and experience. Further information on diversity and inclusion can be found on page 39, pages 74 and 75 and on page 91.

## **Health and Safety**

Health and Safety is a key priority. It is essential that a safe place to work is provided for our employees and visitors to sites. Each site has also developed specific health and safety training particular to their operational areas. All colleagues are required to complete mandatory training modules including Manual Handling, Slips Trips and Falls, Working Safely, and Workplace Health & Safety. More information on Health and Safety can be found on pages 44 and 45.

## **Risk Management**

Our policies and training strengthen the risk management framework that is embedded across our businesses. In addition to the Group risk register, business unit and functional risk registers are in place across our teams, which enable colleagues at every level to contribute to our risk assessment and assurance processes. Colleagues are encouraged to report all risks. For more details see pages 28 to 31 (inclusive).

## **Group Policies**

Our Group Policies serve as the foundation for maintaining consistency, transparency, and integrity across all areas of our organisation. These policies provide clear guidelines for operational standards, ethical conduct, and regulatory compliance, helping us achieve our strategic goals while upholding our values. Colleagues are introduced to these policies in our induction programme and training modules, and they can access these policies during their employment via our intranet service – CarrsConnect. We regularly review our policies and practices to ensure that a positive culture within the businesses remains a priority for everyone.

## **Ongoing Training and Development**

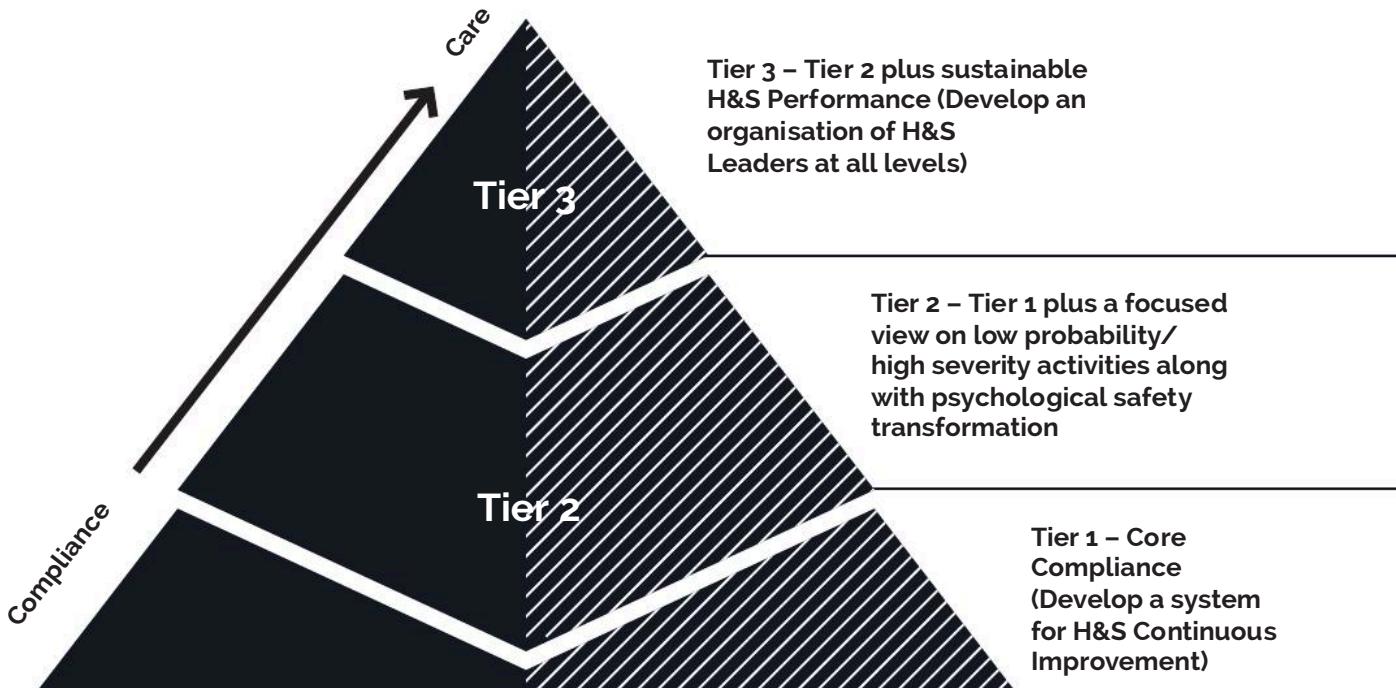
As part of their induction to the Group, all colleagues undertake mandatory training modules which are revised and revisited annually. These training modules focus on ensuring that colleagues at all levels of our businesses act safely, professionally, fairly and with integrity. Colleagues are required to complete mandatory modules which are available via our intranet service – CarrsConnect. Over the past year we have expanded our training programmes to provide colleagues with access to new skills and career advancement opportunities, ensuring that they are equipped to excel in an evolving landscape.

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# Health and safety

We are committed to creating a culture where health and safety are top priorities for everyone in the organisation. We encourage all colleagues to share any safety concerns they have and where incidents do take place, we embrace these as learning events. Our aim is to better understand the processes on which our businesses are founded and wherever possible, anticipate where potentially unsafe conditions may arise. We acknowledge that behaviours will drive performance and are striving to ensure that we recognise and share good practice wherever possible.

Our cultural safety took a significant step forward during FY23, with a multi-tier audit approach adopted, to underpin our "compliance to care" Health and Safety ("H&S") principles. This has continued to evolve during FY24, with businesses across the Group executing those actions identified as necessary improvements to reduce our H&S risk.





Tier 1

## H&S Training and Competence

Our learning culture is designed to equip all colleagues with the necessary skills and knowledge to prevent incidents wherever possible. Our colleagues are expected to consider both the hazards that could potentially cause harm and the effectiveness of the barriers in place to avoid harm should something go wrong. Mandatory H&S e-learning training continues for all new joiners and we have ongoing safety awareness programmes across our businesses.

We continue to look at ways to reinforce the importance of safety, through refreshed messaging and activities. This year, we introduced "3D" thinking around everyday activities, asking colleagues to consider what is Difficult, Different or Dangerous about the activity they are planning to undertake.

Each part of the business has local H&S representatives who support site-specific training and operational processes aligned to the industry standards in which we operate. Responsibility for colleague, customer and visitor safety, however, rests with every individual member of the team.

## Sharing Best H&S Practice

In recent years, the team at New Generational Supplements, one of our US Agriculture businesses, has undertaken an annual safety standdown. During these periods, production is halted to focus on safety training, education and culture. This gives all colleagues an opportunity to assess and reflect on incident prevention, as well as consider ways in which they

During that time, dedicated time was spent on each of the following areas:

- First Aid, CPR, and AED certifications for all employees
- Required OSHA annual training
- A review of incidents, injuries and their root causes from the prior year
- Refresher training on how to use our safety equipment (fire extinguishers, confined space monitors, harnesses, LOTO)
- "Safe Food Safe Feed" training

Training is provided by internal subject matter experts and third parties where required. Local management participates in the training throughout the standdown alongside plant personnel, demonstrating their commitment to the safety of all colleagues.

These events underpin the safety culture at New Generation Supplements and, in keeping with the sharing of best practice, a mini safety standdown was also undertaken during the year at one of our UK Engineering facilities. This saw production activities paused for a shorter duration, and was focused on a specific risk, but nevertheless provides evidence to the team that their safety is of paramount importance.

## Health and Safety Performance

The shift in focus towards learning events when investigating incidents established in FY23 has helped to encourage reporting of potential and minor events, with the number of potential incidents reported in FY24 (139) being more than double those reported in FY23 (62). Each observation or report also provides an opportunity to learn and prevent events happening, being repeated or leading to more serious incidents. While the progress in hazard observation and near miss reporting is positive, there is work to be done to embed this across all operating sites.

The trends for the Group's performance are shown in the table below. These demonstrate an increase in reportable incidents overall year on year ("TRIR") but also highlight a reduction in the more severe incidents ("LTIR" and "RIR"), both down on FY23. Our focus remains on preventing all incidents, regardless of severity. Figures for prior years in the table below have been restated, correcting an error in calculations used in FY23.

## Key Metrics

Lagging Performance	FY24	FY23	FY22
Lost Time Incident Rate ("LTIR") x 100k	<b>0.26</b>	0.74	0.34
Reportable Incident Rate ("RIR") x 1 million hours	<b>3.42</b>	8.83	3.39
Injury Incident Frequency Rate ("IIFR") x 100k	<b>4.53</b>	4.12	2.03

can work better together to improve safety performance.

At the most recent standdowns, at our facilities in South Dakota (June 2024) and Oklahoma (August 2024) production was paused for two days.

TRIR x 1 million hours	<b>14.53</b>	13.98	5.09
RIDDOR/OSHA	<b>1</b>	2	0
All Incidents	<b>53</b>	56	24

TRIR: Fatalities, days away from work, restricted work, medical treatment beyond first aid, loss of consciousness or a significant injury, illness or disease diagnosed by a doctor or physician.

## **TCFD DISCLOSURES**

# **Our approach to climate change**

### **Introduction**

This section presents our FY24 climate-related financial disclosures, aligned with FCA Policy Statement 20/17 and listing rule LR 9.8.6R(8). This year marks our third year reporting against the Task Force on Climate-related Financial Disclosures ("TCFD") framework, demonstrating our commitment to begin integrating climate-related considerations into our business strategy and decision-making processes. Since our previous disclosure in the FY23 Annual Report and Accounts, there have been several notable changes, detailed throughout this report, which reflect our dedication to enhancing transparency.

The TCFD is an internationally recognised initiative with a primary objective of improving understanding of the material financial and operational implications of climate change, enabling more informed decisions in investment, lending, and insurance underwriting. By fostering transparency with stakeholders, the TCFD seeks to strengthen the resilience of the financial system and facilitate a smooth transition to a sustainable, low-carbon economy.

A key area of progress this year includes conducting a qualitative scenario analysis to evaluate both previously identified and newly recognised climate-related risks and opportunities. This analysis has provided deeper insights into the potential impacts of climate change under various plausible future scenarios, enabling us to identify mitigation strategies and identify opportunities for sustainable growth.

The following sections of this report analyse our performance against the 11 recommended disclosures, organised within the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

### **Governance**

- 1. Describe the Board's oversight of climate-related risks and opportunities;**
- 2. Describe management's role in assessing and managing climate-related risks and opportunities.**

In FY24, we made enhancements to our environmental governance structure, aiming to streamline reporting processes and incorporate broader social and governance elements. Our governance structure is detailed visually on page 40.

The CEO and the Board hold ultimate responsibility for overseeing and executing the agenda for climate-related risks and opportunities. The former Environmental Steering Group has been succeeded by the Sustainability and Impact Steering Committee (S&IC), chaired by the CEO, and the Environmental Advisory Group ("EAG"), which reports directly to the S&IC. In FY24, there were seven Board meetings scheduled. Climate-related issues are communicated to the Board through the CEO, who provides summaries of the S&IC's discussions at the Board meetings, either as part of the CEO's update or as a standalone item if necessary.

Climate-related risks, as with other risks, were reported through Local Risk Registers and subsequently consolidated into the Group Risk Register. The Audit and Risk Committee review the Group Risk Register, including climate-related risks, on a regular basis. Looking forward, it has been agreed that this review will occur at every Audit and Risk Committee meeting. Principal risks were discussed at the Board level twice this financial year.

Customer feedback on environmental concerns is taken into consideration during product management and development.

Climate-related issues are considered within our risk management policies through their inclusion into the Local and Group Risk Registers, however they are not addressed within annual budgeting. There are some limited incentives for sustainability actions, captured within general incentive plans, but they are not specifically addressed within the business planning processes. Climate considerations do not currently influence our strategy or major plans of action, and are not currently considered in relation to capital expenditures, acquisitions or divestments.

However, climate and sustainability targets are embedded within our core business objectives. The CEO's non-financial performance objectives include specific sustainability and impact targets, agreed upon with the Remuneration Committee following recommendations from the Board Chair. The Board Chair regularly evaluates the CEO's performance against these targets and advises the Remuneration Committee on outcomes after the performance period, which typically aligns with the financial year. Remuneration targets associated with environmental and sustainability objectives have been expanded to place increased emphasis on social and governance factors, ensuring more comprehensive alignment with our broader ESG agenda.

The S&IC, through the CEO, advises the Board on sustainability and impact strategies, targets, KPIs, policies, procedures, and disclosures, covering all ESG matters. The S&IC includes at least four members, including the Group's CEO, management, and representatives from across the Group with relevant expertise in sustainability strategy and target-setting. The committee meets

at least three times annually and receives input from the EAG, which met twice during this financial year – in February 2024 and April 2024, at which time it was called the Environmental Steering Group. The EAG comprises representatives from across our operational sites and head office, comprising management and board-level members. The EAG was chaired by the Environment and Sustainability Manager, who reported updates to the CEO to include in S&IC meetings.

The Group has ten Green Teams, each tasked with enhancing resource efficiencies and managing the environmental and social impacts of operations at the local level. These teams establish, monitor, and deliver on local targets, actively promoting sustainable practices across the Group. New members of the Green Teams are encouraged to complete environmental training available online through the Group's intranet. Initiatives led by the Green Teams during the financial year included installing LED and motion-sensor lighting, conducting a detailed review of waste management processes, and implementing voltage optimisation.

Our ongoing climate-related target from the previous year is Net Zero Scope 1 and Scope 2 emissions by 2050, targeting a decrease of 3.4% per annum. New climate-related targets have been established through collaboration between our CEO and Deputy Company Secretary alongside our external sustainability consultant. Our climate-related metrics and targets are further detailed in Metrics and Targets on pages 62 to 64 (inclusive). Our new climate-related metrics and targets have not yet been integrated into action plans to mitigate climate-related risks or take advantage of climate-related opportunities. No processes have currently been put in place for monitoring of our new climate-related targets, with no Board oversight as of yet.

## **Strategy**

- 3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term;**
- 4. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.**

In our previous TCFD disclosure within the FY23 Annual Report and Accounts, we conducted a comprehensive evaluation of both physical and transitional climate-related risks, examining their severity, timescale, potential impact, and potential mitigation strategies. We defined short-, medium- and long-term horizons to align with our Group's planning cycle as well as our risk and viability statement approach, ensuring a structured approach to risk assessment. This year, we have further advanced our risk assessment process by undertaking a qualitative scenario analysis on our principal risks. Through this analysis, we now evaluate existing and newly recognised risks and opportunities across varying climate scenarios in addition to the three time horizons. This enhanced approach provides a more specific understanding of potential impacts under diverse climate conditions, enabling more resilient strategic planning to be undertaken. The climate-related risks and opportunities scanning and subsequent qualitative scenario analysis was completed in collaboration with our external sustainability consultant, McGrady Clarke, with input from the CEO and the Deputy Company Secretary.

## **Time Horizons**

For this year's assessment, the timescales remain unchanged, as follows:

- "short-term" – risks with a horizon of between one year and three years
- "medium-term" – risks with a horizon of between three years and eight years
- "long-term" – risks with a horizon of more than eight years

## Climate Scenarios

In order to qualitatively assess our updated climate-related risks and opportunities list, we have chosen to utilise three of the Shared Socioeconomic Pathways ("SSPs") from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report. Each pathway represents a distinct trajectory for global social, economic, and environmental conditions, providing a comprehensive view of potential impacts on our business:

This pathway is aligned with the goals of the Paris Agreement, envisioning a sustainable future with robust cooperation at local, national, and international levels, thus reducing emissions and limiting global temperature rise. In SSP 1, proactive climate policies and the implementation of new strict climate-related laws are adopted globally, leading to significant investments in renewable energy, energy efficiency, and sustainable practices across industries.

## **TCFD DISCLOSURES CONTINUED**

SSP 3 describes a fragmented world whereby geopolitical tensions, economic and social disparities, and regional divisions lead to limited international cooperation on climate action. Under this pathway, each region prioritises its own energy security, resource access and economic growth. This leads to reliance on domestic fossil fuel sources and relaxed environmental regulations, hindering global mitigation and adaptation efforts.

In SSP 5, the world pursues rapid economic growth driven primarily by fossil fuels, resulting in high greenhouse gas emissions and environmental degradation. Public support for green funding measures such as carbon taxes decline, favouring cheaper fossil fuels and prioritising urban and societal gains over environmental protection. This scenario anticipates relying on advanced technologies to address the severe environmental impacts. While this pathway initially reduces transition risks, given limited regulatory restrictions, it is unsustainable as the eventual need for decarbonisation becomes pressing.

## **Impact of Climate-related Risks and Opportunities**

The process for the quantification and prioritisation of climate-related risks and opportunities is discussed in the Risk Management section. We conducted a materiality assessment on all previously identified climate-related risks, as well as an assessment of additional climate-related risks and opportunities. These risks included both transition risks, which are associated with the shift to a low-carbon economy, and physical risks resulting from physical climatic changes. The opportunities identified were linked to various aspects including resource efficiency, energy sourcing, products and services, market potential, and resilience.

The refined selection of climate-related risks and opportunities, in addition to their potential impacts in the specified time horizons and climate scenarios are outlined the table below. The climate-related risks and opportunities were rated based on our risk matrix for impact, which takes into account the predicted impact and probability of each risk and opportunity in the different SSPs and time horizons.

Climate-related Risks			SSP 1 Sustainability			SSP 3 Regional Rivalry			SSP 5 Fossil-fuelled Development		
			Short	Medium	Long	Short	Medium	Long	Short	Medium	Long
Physical Risks	Acute	Extreme Weather Events	2	4	6	4	6	9	4	6	9
	Chronic	Water Scarcity	12	9	6	12	12	16	12	9	16
		Rising Mean Temperatures	6	9	6	6	12	12	6	9	16
Regulatory and Economic Risks	Market	Loss of Clients due to Poor Environmental Performance	12	15	20	9	9	6	4	6	9
	Policy and Legal	Exposure to Litigation	12	12	9	9	6	16	12	8	6
		Enhanced Emissions-Reporting Obligations	12	12	16	12	16	16	12	8	6
		Mandates on and Regulation of Existing Products and Services	6	8	12	6	9	12	6	4	2
	Financial	Changing Insurance Premiums	18	15	12	15	12	10	18	15	12

Transition Risks	Landscapes	6	12	12	8	12	16	6	9	12
Reputation	Negative Press Coverage Related to Support of Projects or Activities with Negative Impacts on the Climate				12	9	9	9	6	4
	Greenwashing Accusations	12	16	20	12	8	6	9	12	12
	Costs to Transition to Lower Emissions Technology	8	8	10	6	8	8	6	9	6
	Increased Cost of Raw Materials	8	12	15	8	15	20	9	12	16

Scoring above is based on consideration of impact and likelihood of each risk and opportunity (details on page 61).

### Climate-related Physical Risk – Acute: Extreme Weather Events

The increasing intensity of extreme weather events such as storms and flooding disrupts operations, damages infrastructure, and pressures supply chains. These events can lead to impacts of increased operational costs and logistical challenges, affecting overall productivity and financial performance. This risk is expected to impact the whole of the Group, with worst impacts potentially occurring within the USA and UK.

SSP	Time Horizon			Description
	Short	Medium	Long	
SSP 1	2	4	6	Enhanced global emissions reductions and investments in climate adaptation infrastructure mitigate the worst impacts of extreme weather, but disruptions may persist in areas with lagging adaptation efforts.
SSP 3	4	6	9	Fragmented climate policies and limited investment in climate resilience worsen extreme weather impacts, causing inconsistent adaptation, supply chain disruptions, and increased costs.
SSP 5	4	6	9	Rapid economic growth prioritises technology over sustainability, offering localised resilience in wealthier regions but leaving many vulnerable to worsening extreme weather impacts.

- Develop contingency logistics plans with alternative transportation routes.
- Diversify raw material sourcing and establish alternative supplier partnerships within different regions.
- Invest in flood defences, storm-resistant construction, and drainage systems at at-risk locations.
- Use advanced weather monitoring and predictive analytics for proactive disruption planning.
- Train staff in climate risk preparedness and emergency response protocols.

### Climate-related Physical Risk – Chronic: Water Scarcity

Reduced water availability poses significant risks to agriculture and industrial processes, leading to increased operational costs and competition for limited resources. Water scarcity also raises regulatory and reputational risks, particularly in water-stressed areas. This risk is expected to impact our Agriculture Division. Expected impacts include disruptions to operations and supply chains, leading to increased costs, as well as damage to infrastructure, raw material supply, and manufacturing processes. Additionally, droughts in key markets such as the southern US states have reduced cattle herd sizes in recent years, directly reducing the addressable market in these regions.

SSP	Time Horizon			Description
	Short	Medium	Long	
SSP 1	12	9	6	International cooperation and sustainable resource management are likely to improve water conservation efforts. Advanced technologies and governance further alleviate water stress, enhancing long-term resilience for industries like agriculture.
SSP 3	12	12	16	Limited global cooperation and inadequate investment in water infrastructure exacerbate water scarcity risks, leading to supply chain disruptions and rising

				operational costs in water-intensive sectors.
<b>SSP 5</b>	12	9	16	Economic growth supports short-term water management through technological advances, but prioritisation of resource-intensive activities and insufficient environmental focus worsen water scarcity risks in the long term, particularly in vulnerable regions.

- Invest in water-efficient technologies and recycle and reuse systems.
- Collaborate with local organisations to secure sustainable water sources in high-risk areas.
- Prioritise drought-resistant crops and optimise water use in livestock operations.
- Educate teams on water conservation practices to promote sustainable use.
- Partner with suppliers committed to efficient water management.

## TCFD DISCLOSURES CONTINUED

### **Climate-related Physical Risk – Chronic: Rising Mean Temperatures**

Higher temperatures affect productivity and increase cooling and energy costs, potentially reducing yields and worker performance in high-heat environments. Rising temperatures also intensify health and safety risks and necessitate costly facility adaptations. This risk is expected to impact the whole of the Group. Potential impacts include higher costs and supply challenges in water-stressed or less developed regions, as well as risks to agricultural productivity, livestock health, and product quality.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	6	9	6	Global collaboration and proactive climate policies should mitigate some temperature-related risks through adaptation strategies. Advancements in technology and sustainable practices limit long-term negative impacts on agricultural productivity and infrastructure.
<b>SSP 3</b>	6	12	12	Weak global cooperation and limited adaptation exacerbate temperature-related risks, intensifying challenges for crop yields, livestock health, and operational efficiency, especially in vulnerable regions.
<b>SSP 5</b>	6	9	16	Economic growth and technological innovation help manage immediate temperature-related risks. In the long-term, prioritisation of high-emission industries without sufficient climate adaptation increases exposure to long-term negative impacts on productivity and operational costs.

- Adjust livestock feed formulations to address heat stress and maintain productivity.
- Upgrade equipment to withstand high temperatures and ensure operational continuity.
- Strengthen cooling systems, adopt heat-resistant infrastructure, and provide shaded areas with hydration stations to protect workforce health.
- Introduce monitoring systems to track temperature impacts and optimise management.

### **Climate-related Transition Risk – Market: Loss of Clients due to Poor Environmental Performance**

Clients prioritising sustainability may shift spending to competitors with better environmental performance. Failing to meet customer expectations risks reputational damage and loss of market share. This risk is expected to impact the whole Group. Potential impacts include client and investor loss from failing to meet sustainability standards, as well as reduced revenue and competitiveness due to reputational damage.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	12	15	20	Heightened sustainability expectations drive clients to favour responsible suppliers, making strong environmental credentials essential for competitiveness and market retention.
<b>SSP 3</b>	9	9	6	Inconsistent policies and inconsistent demands create uneven pressures, with businesses in regulated regions facing higher risks of client loss and market misalignment.

<b>SSP 5</b>	4	6	9	A focus on economic growth reduces immediate environmental pressures, although progressive clients in certain industries may demand stronger environmental commitments.
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- Establish clear carbon reduction and sustainability targets across the Group.
- Monitor customer expectations and adjust offerings to align with green priorities.
- Build robust sustainability marketing campaigns to retain customer trust.
- Regularly report on environmental performance and supply chain progress to clients and stakeholders.

### **Climate-related Transition Risk – Policy and Legal: Exposure to Litigation**

Increased scrutiny over emissions and inadequate risk disclosures from investors, insurers and shareholders heightens the risk of climate-related litigation. Legal challenges can result in potential impacts of financial penalties, reputational damage, and rising compliance costs. This risk is expected to impact the whole Group.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	12	12	9	Strong global climate action and regulatory alignment increase compliance demands, but proactive adaptation reduces the risk of litigation. Over time, comprehensive climate frameworks minimise litigation exposure through robust transparency and sustainability practices.
<b>SSP 3</b>	9	6	16	Weak global coordination and fragmented regulations lead to inconsistent compliance, heightening the risk of legal challenges. Over the long term, intensifying climate impacts and delayed regulatory enforcement result in widespread litigation against organisations with inadequate climate disclosures.
<b>SSP 5</b>	12	8	6	Litigation risks are reduced by economic growth and innovation taking priority over sustainability reporting.

- Strengthen compliance with environmental standards to reduce legal risks.
- Maintain transparent reporting and align with best practices for emissions reduction.
- Regularly train staff on regulatory obligations and proactive risk management.
- Develop a robust governance framework to ensure accountability and sustainability.

### **Climate-related Transition Risk – Policy and Legal: Enhanced Emissions-Reporting Obligations**

Governments are implementing stricter emissions-reporting standards, requiring detailed climate disclosures. These mandates have potential impacts of increasing administrative and operational burdens as well as compliance costs, whilst failure to meet reporting standards can lead to financial penalties and reputational risks. This risk is projected to impact the whole of the Group.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	12	12	16	Harmonised global climate policies drive standardised emissions reporting, increasing compliance costs but enhancing transparency and accountability.
<b>SSP 3</b>	12	16	16	Fragmented regulations create inconsistent reporting obligations, increasing inefficiencies, compliance risks, and potential financial, operational and reputational impacts for multinational operations.

- Align emissions reporting with industry best practices and calculate Scope 3 emissions.
- Train teams on emerging standards and conduct regular internal reviews.
- Monitor and adapt to evolving regulations to ensure compliance.
- Apply 5S standards to improve efficiency and reduce environmental impact.

## **TCFD DISCLOSURES CONTINUED**

### **Climate-related Transition Risk – Policy and Legal: Mandates on and Regulation of Existing Products and Services**

Stricter regulations on emissions and sustainability across supply chains increase compliance complexity and costs. Meeting these evolving mandates requires significant operational adjustments and investments in sustainable technologies. This risk is expected to impact the whole Group. Potential impacts include increased costs to adapt products and operations to stricter environmental standards, as well as reputational and financial risks from delayed compliance with evolving regulations.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	6	8	12	Coordinated global climate action increases compliance costs but fosters innovation through stringent regulations and adoption of low-carbon products.
<b>SSP 3</b>	6	9	12	Inconsistent regional regulations increase compliance costs, operational risks, and market access challenges in stricter jurisdictions with advanced environmental standards.
<b>SSP 5</b>	6	4	2	Minimal regulation prioritises economic growth, allowing businesses to continue operations with limited environmental constraints.

- Regularly review operations for compliance improvement opportunities.
- Partner with suppliers to ensure product traceability and alignment with environmental goals.
- Conduct internal and third-party audits to ensure compliance.
- Allocate a budget for unexpected compliance needs to respond swiftly to new mandates.

### **Climate-related Transition Risk – Policy and Legal: Changing Insurance Landscapes**

Rising climate risks are causing insurers to reassess coverage and raise premiums for high-risk sectors. These changes could impact the organisation by increasing operational costs and limiting coverage availability, particularly in vulnerable regions. It is projected that this risk will impact the Group as a whole.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	6	12	12	Insurers' integration of climate-related risks increases costs but rewards sustainable practices with tailored coverage while penalising high-risk operations.
<b>SSP 3</b>	8	12	16	Fragmented insurance markets and rising climate-related claims drive higher premiums, reduced availability, and increased risk absorption for vulnerable sectors.
<b>SSP 5</b>	6	9	12	Minimal regulatory oversight keeps premiums relatively stable, but insurers may

- Communicate openly and effectively with insurers regarding mitigation measures.
- Increase reserve funds to manage potential financial exposure from coverage gaps.
- Diversify insurance providers, exploring options with climate risk coverage specialists for policies aligned with our needs.

### **Climate-related Transition Risk – Reputation: Negative Press Coverage Related to Support of Projects or Activities with Negative Impacts on the Climate**

Associations with high-emission industries or unsustainable practices attract negative scrutiny, impacting reputation. Transparent, sustainable sourcing and operational practices are critical to maintaining trust and mitigating reputational risks. It is predicted that this climate-related risk is likely to particularly impact the Agriculture Division. Potential impacts include reputational damage and reduced investor confidence due to media scrutiny, as well as increased pressure to enhance sourcing and sustainability practices.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	12	16	20	Amplified public awareness and climate policies increase scrutiny, making unsustainable associations a significant risk to reputation, market position, and investor confidence.
<b>SSP 3</b>	12	9	9	Uneven regulations create varied scrutiny, with businesses in stricter regions or prominent industries facing heightened reputational risks.
<b>SSP 5</b>	9	6	4	Economic growth-focused policies reduce immediate scrutiny, though environmentally progressive stakeholders may still highlight harmful practices.

- Commit to sustainable sourcing and transparent practices for materials like palm oil and molasses.
- Collaborate with suppliers to enhance transparency, set environmental standards, and ensure responsible sourcing.
- Invest in climate-friendly alternatives to reduce reliance on high-risk resources, prioritising certified suppliers from biodiversity-supporting regions.
- Partner with independent auditors to validate supply chain sustainability claims and establish traceability systems to document sustainable practices and align with environmental goals.

### **Climate-related Transition Risk – Reputation: Greenwashing Accusations**

Exaggerating sustainability claims risks reputational damage and stakeholder distrust. Ensuring transparency and substantiating environmental initiatives are essential to avoiding such allegations. This risk is expected to affect the whole Group. Potential impacts include reputational and financial risks from perceived misrepresentation of sustainability efforts, as well as potential loss of clients and investors prioritising genuine environmental commitments.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	12	16	20	Rising transparency expectations and stringent regulations enhance greenwashing risks, making verifiable sustainability claims essential to avoid reputational and financial liabilities.
<b>SSP 3</b>	12	8	6	Fragmented regulations expose organisations in progressive regions to credibility risks, with strong environmental activism amplifying reputational challenges. Continued

				regulatory disparities may limit widespread accountability.
<b>SSP 5</b>	9	12	12	Market-driven sustainability increases greenwashing risks, as businesses prioritise growth and technology advances. This may lead to advancements in real-time tracking and data accessibility which can expose misleading sustainability claims.

- Back sustainability claims with measurable, transparent data and align with global ESG reporting standards.
- Train employees on ESG standards, greenwashing risks, and best practices.
- Set specific, measurable targets aligned with industry standards and track progress annually.
- Engage stakeholders to define realistic climate goals, provide transparent updates, and acknowledge areas for improvement.
- Partner with reputable organisations for independent audits and certifications.

## **TCFD DISCLOSURES CONTINUED**

### **Climate-related Transition Risk – Technology: Costs to Transition to Lower Emissions Technology**

Shifting to lower-emission technologies involves significant upfront investment in equipment and infrastructure. Delays or inadequate adaptation may result in operational inefficiencies. This risk is expected to impact the whole of the Group. Potential impacts include high investment costs for emissions-reducing upgrades and the risk of delays leading to regulatory non-compliance and competitive disadvantage.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	8	8	10	Government incentives drive cleaner technology adoption, reducing costs and fostering innovation, while lagging organisations face competitive and regulatory challenges.
<b>SSP 3</b>	6	8	8	Limited global collaboration and inconsistent support increases transition costs, with delayed technology adoption leading to higher expenses and inefficiencies.
<b>SSP 5</b>	6	9	6	Rapid economic growth prioritises traditional energy, keeping transition costs high – market-driven adoption initially burdens early movers but later benefits from technological advances.

- Prioritise investment in energy-efficient technologies and renewable systems.
- Develop cost-benefit analyses to identify high-impact upgrades.
- Continuously evaluate and adopt the Best Available Techniques for renewable and low-emission technologies.

### **Climate-related Transition Risk – Technology: Increased Cost of Raw Materials**

Climate-related disruptions increase costs and uncertainty for critical raw materials, which potentially impacts supply chain stability and raises production expenses, affecting profitability. It is most likely that this risk will impact the Agriculture Division of our operations.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	8	12	15	A global sustainability focus increases costs for high-emission materials, encouraging alternatives and benefiting organisations adopting sustainable practices.
<b>SSP 3</b>	8	15	20	Fragmented policies and resource scarcity drive raw material shortages and price volatility, with rising costs disproportionately affecting regions with limited supply chain access.
<b>SSP 5</b>	9	12	16	High industrial demand increases raw material costs, while technological advancements mitigate pressures, but resource competition challenges traditional material reliance.

- Diversify suppliers and establish long-term agreements and collaborate to improve resource efficiency and traceability.
- Explore alternative materials and integrate circular economy practices.
- Maintain inventory buffers for critical inputs to reduce supply chain risks.
- Regularly monitor market conditions and climate impacts on key materials.

Climate-related Opportunities			SSP 1 Sustainability			SSP 3 Regional Rivalry			SSP 5 Fossil-fuelled Development		
			Short	Medium	Long	Short	Medium	Long	Short	Medium	Long
Opportunities	Energy Systems	Promotion of Low-Carbon Energy Solutions	8	15	20	8	6	2	8	6	2
	Markets	Improved Finances Through Access to New Markets and Green Product Development	8	15	20	8	6	2	8	6	9
	Products and Services	Development of Climate-Resilient Nutrition Solutions	12	12	20	12	12	6	12	12	16
		Low-Carbon Nutrition Solutions	15	20	25	12	9	6	15	12	6
		Reputational Benefits Resulting in Increased Demand for Goods/ Services	9	16	20	9	12	12	9	6	8
	Resilience	Monitoring of Medium- and Long-Term Risks	10	15	15	10	6	12	10	12	12
		Market Expansion and Resilience	8	12	20	6	6	4	8	6	8
		Enhanced Supply Chain Resilience through Resource Substitution and Diversification	6	12	20	6	6	8	6	6	12
	Resource Efficiency	Use of More Efficient Production and Distribution Processes	12	16	20	12	8	8	12	8	12
		Reduced Water Usage and Consumption	15	15	15	12	12	12	12	12	15

Scoring above is based on consideration of impact and likelihood of each risk and opportunity (details on page 61).

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## **TCFD DISCLOSURES CONTINUED**

### **Climate-related Opportunity – Energy Systems: Promotion of Low-Carbon Energy Solutions**

Promoting low-carbon energy solutions supports the adoption of sustainable energy sources with minimal emissions. This positions companies to lead the transition from fossil fuels and meet growing demand for clean energy. This opportunity is expected to impact our Agriculture Division. Potential impacts include building a reputation as a sustainability leader and attracting environmentally conscious stakeholders.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	8	15	20	International cooperation and policy incentives drive demand for low-carbon energy, enabling the Group to align with global goals and strengthen our sustainability leadership.
<b>SSP 3</b>	8	6	2	Weak global alignment restricts low-carbon energy opportunities to select regions, with fragmented adoption driven by local sustainability efforts and climate pressures.
<b>SSP 5</b>	8	6	2	Economic growth and innovation boosts private investment in low-carbon energy, enabling the Group to develop technologies and partnerships, enhancing profitability and competitiveness.

- Invest in low-carbon energy partnerships.
- Advocate for low-carbon policies in industry forums and discussions.
- Explore opportunities to include low-carbon solutions in product portfolios.

### **Climate-related Opportunity – Markets: Improved Finances through Access to New Markets and Green Product Development**

Accessing new markets and developing green products enhances financial performance by meeting the growing demand for sustainable goods. By aligning products with environmental values, organisations can attract a wider customer base and gain a competitive edge in an evolving economy. It is expected that this opportunity will impact our Agriculture Division. Potential impacts include opening new revenue streams through sustainable product offerings and enhancing investor appeal by aligning with green market trends.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	8	15	20	Global collaboration and sustainability-driven markets boost demand for low-carbon products, expanding our portfolio and strengthening financial performance.
<b>SSP 3</b>	8	6	2	Regional disparities in green demand require tailored offerings and focused sustainable innovation to address market limitations and sustain competitiveness.

Economic growth and innovation drive niche opportunities for green products, with scaling reliant on aligning offerings to market-driven demand.

- Focus R&D on environmentally friendly products such as low-carbon nutrition solutions.
- Target markets with demand for climate-resilient or low-emission products.
- Partner with industry groups and suppliers committed to green standards.

### **Climate-related Opportunity – Products and Services: Development of Climate-Resilient Nutrition Solutions**

Developing climate-resilient nutritional supplements involves formulating products that adapt to diverse agricultural conditions and reduce reliance on climate-sensitive ingredients. By incorporating locally sourced alternatives where possible, this opportunity could have impacts of enhancing supply chain stability, mitigating climate-related risks, and supporting sustainable agricultural practices. Our Agriculture Division is predicted to be impacted by this opportunity.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	12	12	20	Global sustainability efforts boost demand for climate-resilient feed products, positioning the Group as a leader in sustainable agriculture.
<b>SSP 3</b>	12	12	6	Regional disparities and weak collaboration concentrate demand for climate-resilient feed in high-stress areas, while inconsistent infrastructure limits global opportunities.
<b>SSP 5</b>	12	12	16	Economic growth and innovation drive cost-effective, climate-resilient feed development, offering opportunities to scale and strengthen profitability and market position.

- Invest in R&D to create climate-resilient formulations.
- Collaborate with experts to develop nutritionally effective solutions for diverse climates.
- Continue to conduct trials to ensure product performance under varying conditions.

### **Climate-related Opportunity – Products and Services: Low-Carbon Nutrition Solutions**

Providing low-carbon nutrition solutions entails developing products that support animal health while reducing environmental impact. Product development is vital to making progress and turning this into viable commercial opportunity, aligning with increasing demand for sustainable practices and enabling organisations to innovate and strengthen their market position. Our Agriculture Division is predicted to be impacted by this opportunity. Potential impacts include enhanced competitiveness and customer loyalty through sustainable offerings, along with strengthened ESG commitments and alignment with global climate goals.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	15	20	25	Global cooperation and environmental awareness enhance demand for low-carbon nutrition, enabling market expansion and strengthening sustainability and competitiveness.
<b>SSP 3</b>	12	9	6	Limited collaboration and regional disparities hinder low-carbon product demand, creating growth challenges and supply chain constraints in fragmented markets.
				Economic growth and innovation drive competition, enabling the Group to expand

- Develop feed with reduced carbon footprints using low-emission ingredients.
- Partner with sustainable suppliers and implement energy-efficient production methods.
- Educate and market to customers on the benefits of low-carbon products.
- Use customer feedback to refine products continually.

## **TCFD DISCLOSURES CONTINUED**

### **Climate-related Opportunity – Products and Services: Reputational Benefits Resulting in Increased Demand for Goods/Services**

Reputational benefits drive increased demand for goods and services when organisations demonstrate strong environmental and social responsibility. A positive reputation enhances brand image, attracting sustainability-focused customers and investors. It is predicted that this opportunity will impact our Agriculture operations. Potential impacts include attracting environmentally conscious customers and ESG-focused investors, while building brand trust and driving competitive market advantage.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	9	16	20	Leveraging sustainability initiatives is able to attract increasingly eco-conscious customers and investors, boosting demand and strengthening brand loyalty and market leadership.
<b>SSP 3</b>	9	12	12	Uneven global sustainability priorities necessitate targeted reputation-building in eco-aware markets to sustain demand amid fragmented climate progress.
<b>SSP 5</b>	9	6	8	Rapid growth and competition create niche opportunities for our low-carbon products in eco-conscious segments. Economic focus persists, but credible environmental leadership secures demand in sustainable markets.

- Highlight emissions reduction and sustainable practices through marketing.
- Obtain certifications like ISO 14001 for third-party endorsement.
- Support local projects like reforestation to enhance credibility.
- Set and communicate ambitious ESG goals and progress.

### **Climate-related Opportunity – Resilience: Monitoring of Medium- and Long-Term Risks**

Monitoring medium- and long-term risks enables organisations to anticipate industry challenges, including regulatory changes and shifting consumer demands. Our Agriculture Division is expected to be impacted by this opportunity. Potential impacts include facilitating proactive adaptation to industry shifts and regulatory changes, while enhancing resilience and positioning the Group as an environmentally conscious leader.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	10	15	15	International cooperation enables the Group to align with climate standards, understand and manage risks, and strengthen resilience and competitiveness.
<b>SSP 3</b>	10	6	12	Inconsistent policies and regional disparities demand localised strategies, advanced forecasting, and scenario planning to address regulatory and climate uncertainties.

- Participate in industry forums to stay informed on risks.
- Develop flexible strategies to adapt to future changes in the market.

### **Climate-related Opportunity – Resilience: Market Expansion and Resilience**

Market expansion and resilience involves developing products that address the challenges of changing climate conditions, such as drought-resistant feed or heat-resilient supplements. Our Agriculture Division is predicted to be affected by this opportunity. Potential impacts include strengthening market position in climate-impacted sectors with adaptive products and building a reputation as a leader in sustainable, climate-smart solutions.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	8	12	20	International collaboration and demand for sustainable products drives market expansion, with global networks and standards supporting growth in climate-adaptive solutions.
<b>SSP 3</b>	6	6	4	Fragmented policies and regional disparities constrain market opportunities, necessitating localised resilience to address supply chain and consumer challenges.
<b>SSP 5</b>	8	6	8	Rapid growth and technological innovation drive demand for climate-resilient products, positioning the Group as a leader in scalable, adaptive solutions for evolving pressures.

- Develop adaptive products for regions affected by climate change.
- Strengthen supply chains by sourcing from multiple suppliers and regions.
- Partner with local suppliers and distributors to enhance regional presence.

### **Climate-related Opportunity – Resilience: Enhanced Supply Chain through Resource Substitution and Diversification**

Enhancing supply chain resilience through resource substitution and diversification involves sourcing sustainable, climate-resilient materials to reduce dependency on high-risk resources. This opportunity can impact the organisation through mitigating climate-related disruptions, supporting long-term stability, and aligning with sustainability goals, strengthening the organisation's position as a proactive, climate-conscious business. This opportunity is predicted to impact our Agriculture operations.

SSP	Time Horizon			Description
	Short	Medium	Long	
<b>SSP 1</b>	6	12	20	Global cooperation fosters sustainable materials and resilient supply chains, enhancing stability and supporting long-term environmental and financial sustainability.
<b>SSP 3</b>	6	6	8	Fragmented policies and regional tensions hinder resource diversification, making local partnerships vital to mitigate risks from scarcity and supply chain disruptions.
				Technological advances and market competition enhance supply chain resilience

- Identify sustainable alternatives and source materials locally where feasible.
- Strengthen facilities with climate-resilient features and secure long-term supply agreements.
- Optimise stocks and implement flexible logistics strategies.
- Engage in partnerships to monitor resource availability and address risks proactively.

## **TCFD DISCLOSURES CONTINUED**

### **Climate-related Opportunity – Resource Efficiency: Use of More Efficient Production and Distribution Processes**

Adopting efficient production and distribution processes through energy-efficient technologies reduces energy use and emissions while minimising exposure to energy price fluctuations. This is expected to impact the whole Group. Potential impacts include reduced energy costs through long-term savings and decreased vulnerability to price volatility, along with alignment with sustainability goals and enhanced financial stability.

SSP	Time Horizon			Description
	Short	Medium	Long	
SSP 1	12	16	20	The Group can enhance energy efficiency to reduce Scope 1 and 2 emissions, supported by progressive policies, innovation, and industry collaboration.
SSP 3	12	8	8	Energy efficiency offers cost-saving opportunities, but global fragmentation may restrict access to innovations, limiting widespread advancements.
SSP 5	12	8	12	Organisations prioritise energy-efficient processes for cost savings, with market-driven advancements enhancing energy opportunities long-term.

- Invest in energy-efficient equipment and automated controls to reduce energy use.
- Optimise processes with analytics to identify inefficiencies.
- Streamline logistics by consolidating shipments and optimising delivery routes.
- Enhance facility efficiency with better insulation and smart energy systems.
- Educate employees on energy-saving practices and monitor consumption regularly.

### **Climate-related Opportunity – Resource Efficiency: Reduced Water Usage and Consumption**

Reducing water usage through operational efficiencies and technologies minimises resource dependency, reduces costs, and enhances sustainability. This approach addresses water scarcity, reduces environmental impact, and aligns with regulatory and societal expectations for responsible resource management. This opportunity is likely to impact the operations of our Agriculture Division. Potential impacts include cost reductions by decreasing water dependency in water-intensive operations, along with enhanced resilience to water scarcity and strengthened ESG commitments.

SSP	Time Horizon			Description
	Short	Medium	Long	
SSP 1	15	15	15	Reducing water usage improves regulatory compliance and resilience to water shortages in resource-stressed regions.
SSP 3	12	12	12	Reducing water usage enhances compliance with regulations and strengthens resilience against conflicts and shortages in resource-stressed regions.

<b>SSP 5</b>	12	12	15	The Group can reduce water usage for cost savings, with advancements in water-efficient technologies offering long-term profitability and operational benefits.
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- Upgrade to water-efficient equipment like low-flow valves and recycling systems.
- Capture, treat, and reuse water in production processes.
- Install water-saving fixtures such as low-flow faucets and smart water systems.
- Educate employees on water conservation practices.
- Partner with suppliers using sustainable water management.

## **Disclosure of Assumptions and Analytical Choices**

The qualitative scenario analysis involved making certain assumptions and estimations. For instance, it has been assumed that the business structure and geographical presence of the Group will remain fairly consistent over time. However, changes in operations could influence the potential impacts (in terms of severity, likelihood, or potential effects) of climate-related risks and opportunities.

This qualitative assessment has been guided by current expert knowledge, but uncertainties persist due to the complex and evolving nature of climate change. Whilst future analyses will aim to improve reliability and determine numerical outputs through the use of climate modelling and quantitative scenario analysis, these efforts will not eliminate all uncertainties.

## **5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower temperature scenario.**

Currently, we view climate-related risks as having low impact on our operations across our three analysed climate scenarios. Nevertheless, internal risk identification and management measures have been implemented to allow us to act against potential future impacts of climate-related risks. Because of our view of these risks as low impact, combined with our internal risk measures, we believe the Group's strategy is currently resilient to climate-related issues. However, we understand that climate-related issues may become more prominent over time, and will consider future adaptation to the organisational strategy as climate change evolves.

At present, identified climate-related issues do not significantly impair business areas within the Group. We have a strong organisational structure surrounding climate-related issues, as described in the Governance section, with control over the management of the identified climate-related risks and opportunities over several levels in the governance hierarchy. Remuneration policies integrate climate-related goals alongside other social and governance matters for a holistic ESG approach. We invest in producing and offer sustainable products within our portfolio, such as BioTub® which leaves no to little waste after its use.

## **Risk Management**

### **6. Describe the organisation's processes for identifying and assessing climate-related risks;**

### **7. Describe the organisation's processes for managing climate-related risks;**

### **8. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**

Climate-related risks are fully integrated into our overall risk management process and are identified and managed in line with all other business risks. Climate-related risks are integrated into the corporate risk register which receives Board oversight. As with other risks, climate-related risks were either reported directly onto the local risk register or were raised through the EAG and ultimately through to the S&IC.

Some new climate-related risks and opportunities have been integrated into these disclosures, which were identified by our external sustainability consultant, McGrady Clarke, and discussed with our CEO and Deputy Company Secretary. Corresponding potential impacts on the Group and potential mitigation measures have been included. These mitigation measures are only suggestions and have not been implemented. For instance, the transition risk of Uncertainty in Market Signals is newly incorporated, with a suggested mitigation measure of diversifying our products with low-carbon and sustainable options to meet evolving consumer and regulatory demands. This can also be viewed as a climate-related opportunity, as the development of new products can attract and retain customers who are more environmentally conscious. We have already started enhancing our product portfolio with sustainable options, such as our product Crystalyx™ which can help to reduce methane output from livestock.

Our commitment to improving our processes ensures that climate-related risks are dynamically assessed alongside other business risks for a robust framework. The CEO and CFO conduct assessments by reviewing both strategic and operational risks across the Group. The occurrence, impact, likelihood, and financial exposure for each business is evaluated in collaboration with the leader (typically the Managing Director) of each business. The financial size of each business is included within each review, determining the potential impact of each risk on the overall Group.

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## **TCFD DISCLOSURES CONTINUED**

Our risk matrix, which scores impact and probability, ensures consistency in evaluation. This matrix is shown below. The risk matrix is used to score the risk, indicating the size and scope of the identified risks, then materiality to the Group is considered. All risks undergo a risks assessment utilising this risk scoring matrix, with interdepartmental discussions. Previously identified climate-related risks are included in our standard risk management process and are explicitly considered within each business.

		Impact					
		NIL	Negligible	Minor	Moderate	Severe	Extremely Severe
Probability	NIL	0	0	0	0	0	0
	Extremely Unlikely	0	1	2	3	4	5
	Highly Unlikely	0	2	4	6	8	10
	Unlikely	0	3	6	9	12	15
	Possible	0	4	8	12	16	20
	Highly Possible	0	5	10	15	20	25

Additionally, climate-related risks outlined in the FY22 and FY23 reports have been further evaluated in FY24. This evaluation involved assessing risks and their impacts across various climate scenarios, detailed further in the Strategy section. During collaboration with the CEO, Deputy Company Secretary, and our external sustainability consultant, additional risks were identified; these were assessed using the same risk-scoring matrix and incorporated into the scenario analyses. The use of scenario analysis on identified climate-related risks and opportunities allows for an enhanced understanding of their potential future impacts on the Group.

The Audit and Risk Committee consider regulatory requirements related to climate change through the monitoring of the Group's compliance with TCFD disclosures and climate reporting at least annually as part of the Annual Report and Accounts process. Internal controls and risk management systems are reviewed by the Audit and Risk Committee at each meeting. If a risk is identified as a principal risk, it is escalated to the Board during Board meetings.

Responsibility for implementing mitigation strategies lies with the respective risk owners, with oversight ultimately provided by the Audit and Risk Committee; this ensures a clear and concise approach to managing climate-related risks. Leadership teams within the businesses own the risks, and as risks are managed at a local level, we do not currently make decisions relating to transferring, accepting, and controlling climate-related risks. Currently, the mitigation actions for climate-related issues are only suggestions as to how we can address the risks, as specific actions have yet to be agreed upon or implemented.

### **Metrics and Targets**

**9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process;**

**10. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks;**

**11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.**

Since the previous reporting year, we have increased our suite of climate-associated metrics and targets, and endeavour to report on these annually going forward.

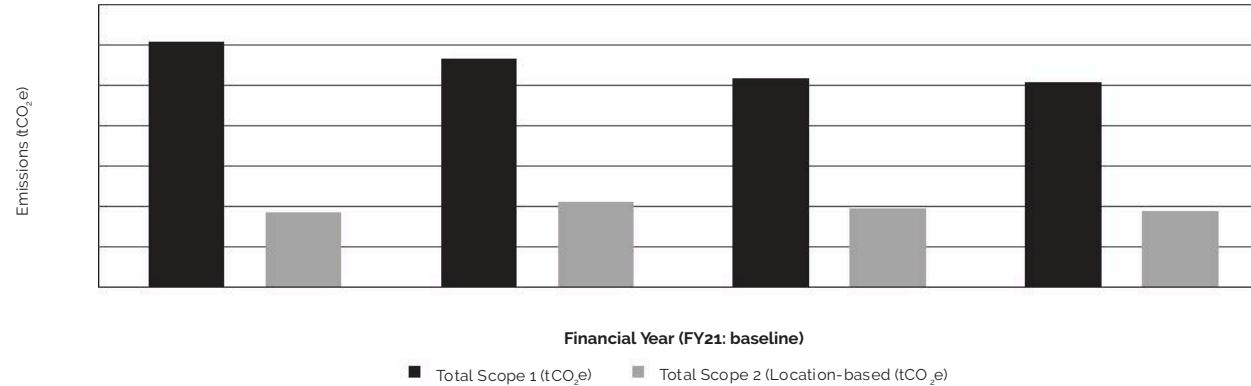
Climate-related performance metrics are integrated into remuneration policies to ensure accountability on sustainability objectives where climate-related issues are material. For the CEO, non-financial performance objectives include sustainability and impact targets, covering environmental, social, and governance (ESG) factors. These targets are developed in agreement with the Remuneration Committee, based on recommendations from the Board Chair, to ensure alignment with the organisation's broader ESG strategy.

This financial year, remuneration-linked targets have been expanded to strengthen focus on social and governance factors, promoting a holistic approach to ESG. Progress against these climate-related targets is regularly reviewed by the Board Chair, who then advises the Remuneration Committee on outcomes after the performance period.

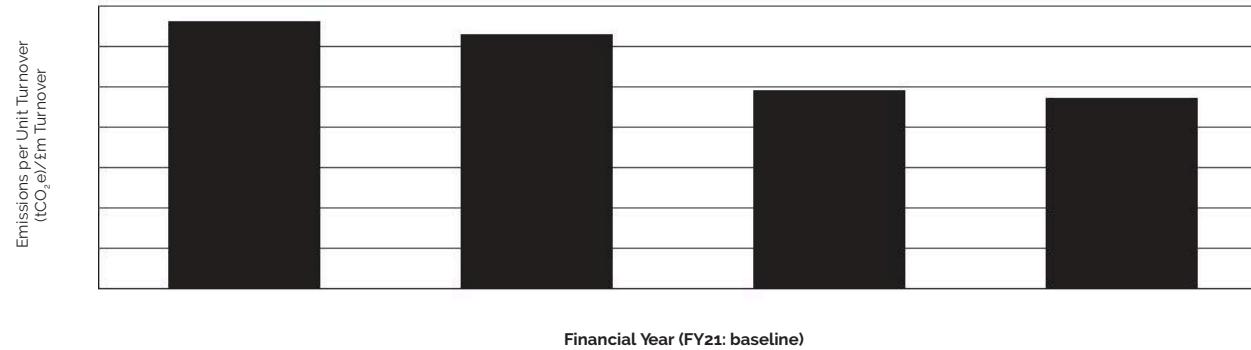
We have no internal carbon prices in place due to the early years of reporting. Our future plans for product development, which include climate considerations such as considering methane-reducing nutritional supplements, are not sufficiently advanced to incorporate financial metrics. Therefore, we use no climate-related metrics relating to our products.

Scope 1 and 2 greenhouse gas (GHG) emissions and a related intensity metric (emissions per unit turnover, tCO<sub>2</sub>e/£M) have been calculated since the baseline of FY 2021. Figure 1 and Figure 2 present our historical GHG metrics.

**Figure 1 Historical Scope 1 and 2 Emissions (Location-based) (tCO<sub>2</sub> e)**



**Figure 2 Historical GHG Intensity Metrics (tCO<sub>2</sub> e per £m turnover)**



**Figure 3 Historical and Projected Location-based Scope 1 and 2 Emissions (tCO<sub>2</sub> e)**

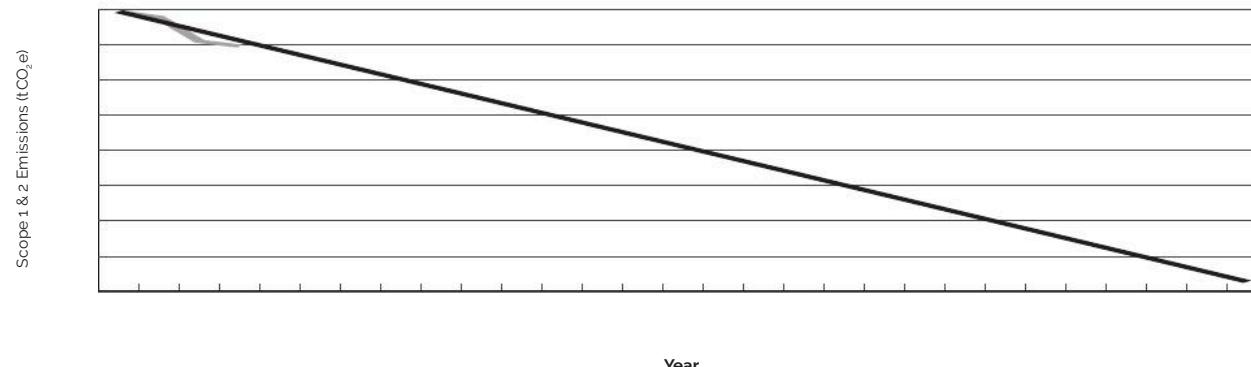


Figure 3 presents the historical and projected location-based Scope 1 and Scope 2 emissions from our emissions, with a FY21 baseline. The projected emissions follow a glideslope from the baseline to 2050, aiming for Net Zero by 2050. We are targeting an annual 3.4% reduction of our Scope 1 and Scope 2 emissions in order to achieve Net Zero emissions in these scopes by 2050. In the current year, we have achieved a reduction of 2.0%, following an 8.8% reduction last year.

The breakdown of these emissions by division and year can be found within our Streamlined Energy and Carbon Reporting ("SECR") section, on pages 35 and 36. As in previous years, the SECR methodology followed the 2019 HM Government Reporting Guidelines and the GHG Reporting Protocol – Corporate Standard. Emissions were calculated using DEFRA emissions factors where relevant for each financial year. For electricity consumption, EPA emissions factors were applied in the USA for regional accuracy, and AIB emissions factors were used for Germany. An operational control approach was adopted to define our reporting boundary and scopes.

## **TCFD DISCLOSURES CONTINUED**

In future reporting years, we are committed to mapping, evaluating and disclosing our Scope 3 emissions, which will enable us to identify key climate-related risks and inefficiencies within our supply chain and wider activities.

In this financial year 2024, the Group has implemented several energy saving measures aimed at reducing our energy consumption. We are part of the Go Green Scheme, which provides support on making more environmentally friendly transportation choices to our teams. An automated process has been put in place at the Suffolk plant to reduce electricity usage. Voltage optimisation has been undertaken at relevant sites to enhance energy efficiency where possible.

The Group has begun to monitor various new climate-related metrics associated with our operations, emissions, and identified climate-related risks and opportunities within this reporting year. The table below presents our climate-related metrics and targets. In future reporting years, we aim to consider trends relating to the below metrics in order to refine our targets where necessary. As many of these metrics related to climate-related risks and opportunities are new for this year, they are not yet linked to remuneration policies or decision-making processes. The metrics do not currently influence our capital planning, acquisitions, or investments.

Our range of metrics and targets highlight our progress in emissions reductions, employee engagement, and governance improvements. Tracking and managing our climate-related metrics and targets is key to being in control of our climate-related risks and opportunities.

<b>Category</b>	<b>Climate-related Metric</b>	<b>Associated Climate-related Risk/Opportunity</b>	<b>Unit of Measure</b>	<b>FY23 Value</b>	<b>FY24 Value</b>	<b>Target Related to Metric</b>
Greenhouse Gas Emissions	Scope 1 & Scope 2 emissions (absolute)	Increased pricing of greenhouse gas emissions	tCO <sub>2</sub> e	7075	6939	Reduce Scope 1 and 2 emissions by 3.4% annually
Greenhouse Gas Emissions	Emissions intensity metric (relative)	–	tCO <sub>2</sub> e/£M Turnover	49	47	Reduce emissions intensity annually
Governance	Number of Green Team meetings (absolute)	–	–	24	19	Reach minimum target of Green Team meetings per site annually
Energy	Total global Scope 1 & 2 energy consumption (SECR; absolute)	–	kWh	34,734,015	34,202,553	Reduce SECR energy consumption annually
Transition Risk / Climate-related Opportunity	Number of climate-related risks screened annually (absolute)	Inability to attract investors due to uncertain risks related to the climate; monitoring medium and long-term risks	–	n/a	22	Increase or maintain number of risks screened annually
Transition Risk / Climate-related Opportunity	Number of energy efficiency measures implemented (absolute)	Rising energy costs; use of more efficient production and distribution processes	–	n/a	4	Increase or maintain number of energy efficiency measures implemented annually
Climate-related Opportunity	Market-based Scope 2 emissions (absolute)	Use of lower-emission sources of energy; participation in renewable energy programs and adoption of	tCO <sub>2</sub> e	1,428	1,482	Reach zero tCO <sub>2</sub> e market-based Scope 2 emissions by 2050



## **NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT**

In line with Sections 414CA and 414CB of the Companies Act 2006, we have set out below where relevant information we are required to report on can be found.

<b>Reporting Requirement</b>	<b>Group Policies and Standards</b>	<b>Location in Annual Report</b>
<b>Climate-related Financial Disclosures</b>	Environmental Policy	TCFD Disclosures (see pages 46 to 64 (inclusive)) Viability Statement (page 32)
<b>Environmental Matters</b>	Environmental Policy Carr's Group Intranet (CarrsConnect)	Sustainability and Impact Report (see pages 33 to 45 (inclusive)) TCFD Disclosures (see pages 46 to 64 (inclusive))
<b>Employees</b>	Employee Handbook Health and Safety Policy Code of Ethics Speak-up/Whistleblowing Modern Slavery Carr's Group Intranet (CarrsConnect)	Sustainability and Impact Report (see pages 33 to 45 (inclusive))
<b>Social Matters</b>	Charitable Donations Policy Carr's Group Intranet (CarrsConnect)	Sustainability and Impact Report (see pages 33 to 45 (inclusive))
<b>Human Rights</b>	Employee Handbook Modern Slavery Statement and Policy Carr's Group Intranet (CarrsConnect)	Sustainability and Impact Report (see pages 33 to 45 (inclusive))
<b>Anti-Corruption &amp; Anti-Bribery</b>	Anti-Bribery Policy Gifts and Entertainment Carr's Group Intranet (CarrsConnect)	Sustainability and Impact Report (see pages 33 to 45 (inclusive))
<b>Policy Implementation and Due Diligence</b>	Employee Handbook Financial and Other Controls Internal Due Diligence/Integration Processes Carr's Group Intranet (CarrsConnect)	Strategic Report (see pages 06 to 65 (inclusive))
<b>Business Model</b>	-	Business Model (see pages 12 to 13 (inclusive))
<b>Principal Risks</b>	-	Principal Risks and Uncertainties (see pages 28 to 31 (inclusive))
<b>Non-Financial KPIs</b>	Environmental Policy Health and Safety Policy Employee Handbook Carr's Group Intranet (CarrsConnect)	KPIs (see pages 26 to 29 (inclusive))

### **Strategic Report Approval**

The Strategic Report on pages 01 to 65 (inclusive) comprises the Highlights and At a Glance sections, the Chair's Statement, the Our Markets section, the Business Model, Strategy, Meet the Team, Our Values, Our Culture, the Chief Executive's Review, the Financial Review, Key Performance Indicators, Principal Risks and Uncertainties, the Viability Statement, the Sustainability and Impact Report (including SECR details on pages 35 and 36), the TCFD Disclosures, and the Non-Financial and Sustainability Information Statement, as well as the s.172 Statement on pages 82 to 87 (inclusive).

The Strategic Report was approved by the Board on 11 December 2024.

By order of the Board



**Justin Richards**

Company Secretary

11 December 2024

# Strengthening foundations, enhancing leadership









## Corporate Governance

Corporate Governance Report  
Nomination Committee Report  
Audit and Risk Committee Report  
Remuneration Committee Report  
Directors' Report

# CORPORATE GOVERNANCE REPORT



## Tim Jones

Non-Executive Chair

### BOARD MEMBERS\*

**Tim Jones**  
(Non-Executive Director)

**David White**  
(Chief Executive Officer)

**Martin Rowland**  
(Non-Executive Director)

**Shelagh Hancock**  
(Non-Executive Director)

**Stuart Lorimer**  
(Non-Executive Director)

**Gillian Watson**  
(Non-Executive Director and  
Senior Independent Director)

**Fiona Rodford**  
(Non-Executive Director)

\* As at the date of this report

## Chair's introduction

I am pleased to present the Corporate Governance Report for FY24 on behalf of the Board. This report is presented in the following sections:

### 1. Overview of FY24

Key matters which were considered by the Board and the Board Committees are outlined below, with further details set out in the Report on the Corporate Governance; the Audit and Risk Committee Report; the Remuneration Committee Report; the Nomination Committee Report and the Directors' Report. The Overview of FY24 forms part of the Report on Corporate Governance for FY24.

### 2. The Report on Corporate Governance for Fy24

The corporate governance of the Group is continuously being reviewed as the Group evolves, to ensure that the Directors focus on what matters, improve business and operations, and continue to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. Information about the Board and Board Committees can be found on pages 70 to 119 (inclusive). How we engage with our stakeholders can be found on pages 82 to 87 (inclusive).

### 3. Compliance Statement

The Corporate Governance Report outlines our approach to governance and describes how Carr's Group plc adopts the UK 2018 Corporate Governance Code<sup>1</sup>. The Board has considered each principle of the UK 2018 Corporate Governance Code to review how it is applied and how it relates directly to the Group. The Board's statement of compliance can be found on page 87.

## **1. Overview of FY24: Strategy**

When making strategic decisions, it is key that the Board remains committed to maintaining good governance. It is central to the Group's values of integrity, excellence, responsibility and innovation that we continue to operate in an open and transparent manner with all of our stakeholders.

On 18 April 2024, the Board announced that it had taken the decision to explore options to maximise shareholder value with regard to the Engineering Division. The Board had commenced a review of strategic options for each of the Group's divisions to evaluate the potential to grow shareholder value during FY22 and had completed the disposal of the Group's Agricultural Supplies division in October 2022. The Board continued to assess the performance, composition and organisation of the Group's operations with a view to maximising shareholder value and the Board concluded that continuing with two Divisions (Agriculture and

1. As published on the Financial Reporting Council's website, the UK 2018 Corporate Governance Code was updated in January 2024. The UK 2024 Corporate Governance Code will apply to financial years beginning on or after 1 January 2025. The UK 2018 Corporate Governance Code remains in place until that time.

Engineering) was an inefficient operating model. The lack of synergy between the divisions meant that there was little real benefit to being part of the same group of companies and resulted in additional central overhead costs, both of which were recognised as dilutive to management's and investment focus.

The Board has worked with external advisers to examine alternatives and identify the best options to enhance shareholder value, and to consider the implications of the available options. The Board considered the long-term benefit of all stakeholders, including factors relating to Sustainability and Impact as they apply specifically to the sectors in which the Group operates. An update on the disposal of the Engineering Division will be provided through our website [www.carrsgroup-ir.com/](http://www.carrsgroup-ir.com/) and via a regulatory news service (RNS) announcement in due course.

At the same time, the Board was cognisant of the need to focus on the Agriculture Division, which, like many businesses in the agriculture sector, has faced some challenges in recent years. We now have a new leadership team in place to deliver the turnaround and growth plan for the continuing business. For more details, see pages 66 to 15 (inclusive).

### **Board Changes**

During FY24 we welcomed two new Non-Executive Directors to the Board, Gillian Watson and Fiona Rodford. We also said farewell to Non-Executive Director John Worby who stood down from the Board on 31 October 2023. There were also changes to the Executive Directors. Martin Rowland, who had joined the Board as a Non-Executive Director of the Company as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood, was appointed Executive Director of Transformation with effect from 13 November 2023. Former CFO David White was appointed by the Board as CEO with

Justin Richards, joined the Group on 25 September 2023 as Company Secretary and Legal Director providing expert support and guidance to the Board and Board Committees on governance matters as well as providing legal support to the wider business.

We have started FY25 saying farewell to Ian Wood who stood down as a Non-Executive Director with effect from 8 October 2024, and we will also be saying goodbye to Shelagh Hancock, who stands down as a Non-Executive Director on 31 December 2024. As announced on 12 November 2024, Martin Rowland was re-appointed as a Non-Executive Director on 13 November 2024 following the end of his 12-month contract as Executive Director of Transformation.

### **Employee Engagement**

The Board's Employee Engagement Representative is Fiona Rodford who was appointed to the role from 31 July 2024. Given Fiona's prior experience as a Chief People Officer working within several global businesses, Fiona was ideally placed to succeed Ian Wood who had been the Board's Employee Engagement Representative since 2021. Fiona has responsibility for reporting on employee-related matters to the Board and ensuring that employee interests are properly considered in Board decision-making.

### **Shareholder Engagement**

In FY24 we specifically engaged with a major shareholder in relation to voting at the AGM on 20 February 2024. At that meeting, around 44% of votes cast were against Resolution 17, which sought authority for the Company to buy up to a maximum of c.10% of its own ordinary shares. In addition, of the votes cast in respect of Resolution 18, which sought to shorten the notice period for general meetings of the Company from 21 to 14 clear days, around 44% were against. Both of these resolutions are consistent with prevailing UK market practice but as special resolutions, neither was passed. Through engagement with shareholders,

of the shares on our shareholder register were contacted. This dialogue was not limited to discussion on the relevant vote, with feedback also being invited on the proposed Directors' Remuneration Policy which was being put to shareholders at the AGM on 20 February 2024. The feedback received was considered by the Remuneration Committee and the Committee was confident that the proposed Directors' Remuneration Policy supported the strategy going forward, and provided increased flexibility on performance conditions.

### **Sustainability and Impact**

The governance structure in relation to sustainability has been reworked during FY24. Mindful of the work that had been undertaken on environmental impact, the Board was keen to ensure that sufficient focus was also given, and recorded, for the Group's social and governance efforts. To address this, the Sustainability and Impact Steering Committee, Chaired by the CEO, David White, was established. Whilst this Committee reports its work to the Board, it is not a formal Board Committee. The Environmental Steering Group has been refreshed and renamed as the Environmental Advisory Group, which reports into the Sustainability and Impact Steering Committee. Green Teams continue to be active at our sites, ensuring that sustainability is considered at all levels throughout the Group. Details can be found in the Sustainability and Impact Report and the TCFD Disclosures on pages 46 to 64 (inclusive).

### **Board Evaluation**

Board effectiveness reviews take place annually, with every third review being facilitated by an external provider. Internal reviews are facilitated by the Company Secretary on behalf of the Chair and are carried out in between external reviews.

The Board effectiveness review for FY24 was externally facilitated. The Board engaged consultants Bvalco, who in June 2024 undertook an assessment of the Board as well as the Board

effect from 17 November 2023, taking over from Peter Page who stood down from the Board and left the Group. David has been succeeded in the role of Chief Financial Officer by Gavin Manson with effect from 13 November 2023. Gavin is not a member of the Board but attends Board meetings by invitation.

Changes in the Board composition are detailed in full in the Nomination Committee Report on pages 88 to 91 (inclusive).

There was also a change to the Company Secretary, with Matthew Ratcliffe leaving the Group after seven years at Carr's, to take up a new role. Matthew's successor,

members of the Board subsequently received focused feedback on the use of the Company's cash reserves for share purchases in relation to Resolution 17, and the shortening of time for shareholders' consideration of the business proposed for a general meeting in relation to Resolution 18.

In addition, in FY24 we also published the outcome of discussions with a major shareholder in relation to the voting on the Report of the Remuneration Committee at the General Meeting on 2 May 2023. As reported in the FY23 Annual Report and Accounts, our eight largest shareholders, representing just over 50%

Committees and provided feedback at the Board meeting in July. The findings were the subject of detailed and constructive discussion. Details of the process and its outcomes are set out in this Corporate Governance Report.



**Tim Jones**  
Non-Executive Chair

11 December 2024

## **THE BOARD\***

**Tim  
Jones**



**David  
White**



**Martin  
Rowland**



**Committee Membership**

- Nomination Committee Chair
- Member of the Remuneration Committee

**Term of Office**

Tim was appointed to the Board as Non-Executive Chair on 21 February 2023.

**Biography**

Tim is an FCA approved person, a member of the Chartered Institute of Securities and Investments and an Associate of the Chartered Insurance Institute. Tim served as Non-Executive Chair of Treatt plc between 2012 and January 2023.

**External Appointments**

Tim is Chair of Allia Charitable Group and Allia C&C, Chair of SP-Logistics Holdings Limited, and a Non-Executive Director of RCB Bonds plc, as well as Cambridgeshire & Peterborough Combined Authority.

**Committee Membership**

None

**Term of Office**

David White was appointed to the Board as an Executive Director in the role of Chief Financial Officer on 21 February 2023 and was appointed as Chief Executive Officer with effect from 17 November 2023.

**Biography**

David is a Chartered Accountant having qualified in London in 1997 and spent time at Ernst & Young. David joined the Company from Aggreko plc where he held a variety of senior roles, most recently as Finance Director of the Global Products and Technology division.

**External Appointments**

None

**Committee Membership**

None

**Term of Office**

Martin was appointed a Non-Executive Director on 6 March 2023, and was appointed as Executive Director of Transformation with effect from 13 November 2023. Martin was re-appointed as Non-Executive Director on 13 November 2024.

**Biography**

Martin is a representative of Harwood Capital Management Limited ("Harwood") and was appointed to the Board as a Non-Executive Director pursuant to a relationship agreement between the Company and Harwood. Martin spent a year as Executive Director of Transformation before returning to the role of Non-Executive Director. Martin spent the last 14 years in a variety of investment roles

and prior to this Martin held operational and strategic roles in mid and large-scale corporates. He has been a director of companies in an executive and non-executive capacity, helping businesses to scale organically and through acquisition.

**External Appointments**

Martin is currently Chairman of Centaur Media plc and a Director of DeepHarbour Ltd, Thontel Limited and Your Past Memories Limited, as well as being a member of Opro Partners LLP.

\* As at the date of this report

## **Shelagh Hancock**



### **Committee Membership**

- Member of the Remuneration Committee
- Member of the Audit and Risk Committee
- Member of the Nomination Committee

### **Term of Office**

Shelagh was appointed to the Board as a Non-Executive Director on 1 September 2022 and, as announced on 12 November 2024, will step down from the Board and its Committees on 31 December 2024 to allow her to focus on her role as Chief Executive Officer of First Milk.

### **Biography**

Shelagh brings to this role over 30 years' experience in the food and agricultural supply sectors and, prior to her current role with First Milk, Shelagh held several executive positions across the UK dairy industry, including at Milk Link (formerly Glanbia Foods) and

## **Stuart Lorimer**



### **Committee Membership**

- Audit and Risk Committee Chair
- Member of the Remuneration Committee
- Member of the Nomination Committee

### **Term of Office**

Stuart was appointed a Non-Executive Director and joined the Board on 1 September 2022.

### **Biography**

Stuart is a qualified accountant and began his career at KPMG. Prior to his current role with AG Barr plc, Stuart was with Diageo plc for 22 years in various senior roles working across Europe, the USA and Asia, ultimately as Finance Director for Diageo's Global Supply Operation. Stuart brings strong finance expertise together with a wealth of experience in supply chain operations, logistics and business optimisation. He is

## **Gillian Watson**



### **Committee Membership**

- Member of the Remuneration Committee
- Member of the Audit and Risk Committee
- Member of the Nomination Committee

### **Term of Office**

Gillian was appointed a Non-Executive Director and joined the Board on 9 October 2023.

### **Biography**

Gillian has more than 35 years' executive and non-executive experience across a range of sectors and geographies. Gillian's executive career was spent in corporate finance advisory with both Morgan Stanley and Standard Chartered Asia and business strategy and energy with TXU Europe and Endesa SA.

### **External Appointments**

Gillian is an Independent Non-Executive Director at Statera Energy Limited.

## **Fiona Rodford**



### **Committee Membership**

- Remuneration Committee Chair
- Member of the Nomination Committee
- Member of the Audit and Risk Committee

### **Term of Office**

Fiona was appointed as a Non-Executive Director and joined the Board on 20 February 2024.

### **Biography**

Fiona has had many years as a commercially focused Chief People Officer and Transformation Director with extensive experience of leading business and people transformation in both public and private organisations including Fenwick Ltd, TUI Aviation, BAA (now Heathrow), Alliance & Leicester Group PLC and Booker Group PLC. Fiona also works as an adviser and coach supporting boards and business leaders through

Medina Dairy, having trained as an animal nutritionist. Shelagh is currently CEO at First Milk, the British farmer-owned dairy co-operative, where she is highly respected for delivering significant growth in member returns since being appointed in 2017.

#### **External Appointments**

Shelagh is the CEO at First Milk Limited as well as being a director on a number of the First Milk group's subsidiary boards.

currently Finance Director at AG Barr plc, the FTSE-listed drinks brand owner, a role which he has held since 2015.

#### **External Appointments**

Stuart is Finance Director at AG Barr plc, and a director on a number of the AG Barr group's subsidiary boards.

Vidrala, S.A. and Gentrack Limited as well as Non-Executive Chair of charity Limited and DC 25 investment Fund.

their change agendas.  
**External Appointments**  
Fiona is currently Deputy Chair of Pilotlight, a member of the Remuneration Committee of the REC (Recruitment and Employment Council) and is Non-Executive Chair of Zenova Group plc, having previously served as Senior Independent Director ("SID"), Non-Executive Director and Chair of its Remuneration Committee.

# CORPORATE GOVERNANCE REPORT CONTINUED

## 2. Report on Corporate Governance at Carr's Group

The Group's corporate governance measures are designed to ensure good decision-making, which in turn promotes the direction, effectiveness and accountability of the Group. This report covers:

- The Corporate Governance Framework
- The Responsibilities and Activities of the Board
- The Directors of the Board
- Accountability and Integrity of the Board
- Board Activity in FY24

### The Corporate Governance Framework

#### THE BOARD

The Board is responsible for promoting the long-term sustainable success of the Group for the benefit of its shareholders and supporting all stakeholders. The Board establishes the Group's purpose and sets its strategic direction, ensuring that they remain aligned with the Group's ethics and culture. The Board consists of Executive Directors together with experienced Non-Executive Directors. Details of the Board members can be found on pages 70 and 71.

#### BOARD COMMITTEES

The Board Committees ensure that there is independent oversight of the matters within their respective remit and assist the Board in fulfilling its responsibilities. Each Board Committee is chaired by a Non-Executive Director. Written Terms of Reference govern the responsibilities of the Committees, which are reviewed regularly by the relevant Committee and made available on the Group's website. At every Board meeting each of the Committee Chairs report how that Committee has discharged its responsibilities.

The Audit and Risk Committee's key responsibilities are to review the effectiveness of the Company's financial reporting, the performance of the external auditor and the Group's systems of risk management and internal control. Details of the work, responsibilities and governance of the Audit and Risk Committee are set out in the Audit and Risk Committee Report on pages 92 to 95 (inclusive).

The Remuneration Committee's primary role is to review and set the reward structures for Executive Directors and oversee reward structures for Senior Management to ensure that these promote the correct behaviours and are appropriate when considered in conjunction with the levels of pay and benefits offered across the Group. Details of the work, responsibilities and governance of the Remuneration Committee are set out in the Remuneration Committee Report on pages 96 to 119 (inclusive).

The role of the Nomination Committee is to ensure that an appropriate balance of skills, experiences and backgrounds is achieved across the Board, and that the Group is properly prepared for the succession of members of the Board and Senior Management. Details of the work, responsibilities and governance of the Nomination Committee are set out in the Nomination Committee Report on pages 88 to 91 (inclusive).

#### SUSTAINABILITY AND IMPACT STEERING COMMITTEE

The Sustainability and Impact Steering Committee is responsible for setting and monitoring progress against the

#### SUBSIDIARY AND JOINT VENTURE OPERATING BOARDS

The Subsidiary and Joint Venture Operating Boards monitor performance and commercial developments. These

#### EXECUTIVE DIRECTORS

The Executive Directors are responsible for implementing the strategy agreed by the Board and reviewing strategic

activities of each of the three areas of Environmental, Social and Governance. It meets on a regular basis, is chaired by our CEO and includes Senior Management from across the Group. The Sustainability and Impact Steering Committee is supported by the Environmental Advisory Group and Green Teams, which have been established at each site (for further details, see pages 34 to 36 (inclusive) and pages 46 to 64 (inclusive)).

boards include subsidiary management, Executive Directors, leaders of Group functions and, where appropriate, managing directors and executives from joint venture partners. Meetings take place regularly and feedback on business performance and key developments is shared with the Board.

opportunities and initiatives; ensuring alignment on business priorities, investments and actions; management of the operational divisions and central functions on a day-to-day basis; and the management of matters relating to the Group's workforce.

SENIOR MANAGEMENT TEAM	ALL COLLEAGUES
<p>The Senior Management Team is responsible for implementing policies, the operational delivery of the Group's strategies and monitoring performance and commercial developments.</p> <p>The Senior Management Team consists of the Executive Directors, senior leaders of Agriculture and Engineering businesses and Group functional leaders for Finance and Legal. Members of the Senior Management Team regularly engage with Board members.</p>	<p>Regular colleague meetings are held in each of the Group's businesses, and also in each of the Group's central functions. These meetings are designed to manage and monitor day-to-day operations, improving the speed and efficiency of decision making. Each site also has a Green Team, which is responsible for considering resource efficiencies together with the environmental and social impacts of the Group businesses at a local level. In FY24 we launched our inaugural ideas workshop across most businesses designed to encourage colleagues to help us improve by delivering meaningful change.</p> <p>Fiona Rodford is the Board's Non-Executive Director for Employee Engagement, providing a link between the Board and colleagues across the Group.</p>

## The Responsibilities and Activities of the Board

### Meeting Activities

The Board's principal responsibilities can be grouped into eight areas as outlined below. Board agendas are set by the Chair in consultation with the Executive Directors and with the assistance of the Company Secretary to include an appropriate balance of these areas:

	Role of the Board	Board Activity
<b>Strategy</b>	To set strategic aims and objectives, including those relating to Environmental, Social and Governance considerations.	<ul style="list-style-type: none"> <li>Reviewing progress against strategic aims and objectives throughout the year.</li> <li>Reviewing new business developments and opportunities including potential acquisitions and investments.</li> <li>Refining strategic priorities in line with market developments.</li> </ul>
<b>Financial Performance</b>	To assess financial performance, track capital investment and financial planning.	<ul style="list-style-type: none"> <li>Monitoring financial performance.</li> <li>Overseeing preparation and management of the financial statements.</li> <li>Approving budgets.</li> <li>Ensuring adequate cash and external finance.</li> <li>Approving major capital projects, acquisitions or materially significant contracts.</li> <li>Determining dividend policy.</li> <li>Determining pensions strategy.</li> </ul>
<b>Health and Safety</b>	To approve the Health and Safety strategy, monitor performance and drive a culture of safety and care.	<ul style="list-style-type: none"> <li>Focus on performance through Health and Safety metrics and targets reports from management at the start of each meeting.</li> <li>Providing support where appropriate to drive continuous improvement.</li> </ul>
<b>Risk Management and Internal</b>	To set the approach to risk management and oversee the Group's risk and internal control	<ul style="list-style-type: none"> <li>Considering feedback from the external auditor and internal audit activities.</li> <li>Reviewing financial forecasts and other considerations in support of</li> </ul>

<b>Controls</b>	framework.	the Viability Statement.
<b>Sustainability and Impact</b>	To set sustainability priorities and oversee climate-related risks and opportunities. To ensure decisions are sustainable in the long term and the approach to climate change is addressed through work on strategy, operations and risk.	<ul style="list-style-type: none"> <li>Considering environmental and climate-related impacts on the Group and wider stakeholders.</li> <li>Setting climate-related and sustainability goals and Executive Director and Senior Management remuneration structures linked to environmental objectives.</li> <li>Reviewing progress against the Group's sustainability strategy.</li> </ul>
<b>People and Culture</b>	To understand employee views and set the cultural tone underpinning a fair workplace and ethical business practice.	<ul style="list-style-type: none"> <li>Promoting the Group's culture, values and behaviours.</li> <li>Monitoring and assessing feedback from employees and ensuring employee interests are considered.</li> <li>Succession planning for Board Members and Senior Management.</li> </ul>

## CORPORATE GOVERNANCE REPORT CONTINUED

	Role of the Board	Board Activity
<b>Stakeholder Engagement</b>	To ensure that effective engagement with employees, shareholders and other stakeholders is carried out, and feedback considered.	<ul style="list-style-type: none"> <li>Approving strategy for stakeholder engagement.</li> <li>Approval of public announcements.</li> <li>Considering feedback from investor meetings and roadshows.</li> </ul>
<b>Governance</b>	To promote responsible leadership based on transparency	<ul style="list-style-type: none"> <li>Ensuring compliance with legal, regulatory and disclosure requirements.</li> <li>Determining Group delegations of authority, including matters reserved for the Board, and Terms of Reference for Board Committees.</li> <li>Reviewing potential conflicts of interest.</li> <li>Overseeing Board and Committee performance evaluation.</li> <li>Succession planning and Board appointments.</li> </ul>

### The Directors of the Board at Carr's

#### Composition

As at the date of this Annual Report, the Board comprises one Executive Director and six Non-Executive Directors, including the Chair. There is also a Company Secretary. The appointment and removal of Directors is governed by the Company's Articles of Association and the Companies Act 2006. In accordance with the UK 2018 Corporate Governance Code, all Directors stand for election or re-election annually at the Group's AGM.

#### Details of Board members

Details of the Board can be found on pages 70 to 71.

#### Diversity and Inclusion

The Board has in place a Board Diversity Policy which extends to the Board Committees and sets out the Board's diversity objectives. A copy of the Board Diversity Policy can be found on our investor website [www.carrsgroup-ir.com](http://www.carrsgroup-ir.com). Further details on diversity and inclusion can be found on page 39, page 43 and page 91.

For FY24, members of the Board and Senior Management were asked to complete a diversity disclosure questionnaire to confirm which of the categories set out in the table below and on the following page they identify with and to provide data on wider diversity aspects.

In accordance with UK Listing Rule 6.6.6(R)(9) to (11) (previously 9.8.6R(9) to (11)) below is the numerical diversity data of the Board as at 31 August 2024 in the format set out in UK Listing Rule 6 Annex 1 (previously 9 Annex 2.1).

#### Gender Identity

Gender identity	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management (Senior Management Team)	Percentage of executive management (Senior Management Team)
Men	5	62.5%	2	10	77%

Women	3	375%	1	3	23%
Non-binary	0	0%	0	0	0%
Prefer not to say	0	0%	0	0	0%

## Ethnic Background

Ethnic background	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management (Senior Management Team)	Percentage of executive management (Senior Management Team)
White British or other White (including minority-White groups)	8	100%	3	13	100%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

## FCA's UK Listing Rules Targets on Board Diversity

At the end of FY24, 37.5% of the individuals on the Board were women. At the date of this report 42.9% of individuals on the Board are women (four men and three women). Since 31 October 2023 the role of Senior Independent Director has been held by a woman, Gillian Watson, and from 31 July 2024 the position of Remuneration Committee Chair has been held by a woman, Fiona Rodford. No member of the Board is from a minority ethnic background. Details of Board succession planning during FY24 and candidate diversity can be found on pages 88 to 91 (inclusive).

Positive steps have been taken in recent years in relation to the Board's approach to diversity and inclusion, and the Board is now more balanced in terms of gender than it ever has been. Historically, the geographical location of the Group, together with the industries in which the Group operates, have impacted the ability of the Board to attract persons who not only possess the appropriate skills and experience, but also meet diversity targets. However, we believe that a truly diverse Board will include and make good use of differences not just in gender and ethnic background, but also in other distinctions between Directors such as social background, experience and cognitive and personal strengths. As we continue to review the composition of the Board, these wider distinctions will be taken into account alongside the FCA's UK Listing Rules targets on Board diversity.

## Skills and Experiences

Having an appropriate mix of skills, qualities and industry experience on the Board enables delivery of the Company's strategic objectives for the benefit of its shareholders as a whole. We aim to ensure that the skills and backgrounds collectively represented on the Board reflect the business environment in which the Group operates. The Board regularly reviews the range of skills, attributes and experience on the Board, to ensure that it remains effective, balanced and suited to the Group's strategic priorities. The outcome of such reviews has been used to inform Non-Executive Director succession planning and continues to be considered and revisited as the strategy progresses. The biographical details of the current Directors, including their relevant experience, are set out on pages 70 and 71.

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## CORPORATE GOVERNANCE REPORT CONTINUED

### Attendance at Meetings

The Board met on seven scheduled occasions during FY24. Meetings are scheduled around events in the corporate calendar, such as finalisation of the full and half-year accounts, year-end and the AGM. In addition to regular scheduled meetings, a number of additional meetings took place during the year in order to deal with specific business arising from time to time.

Details of Director attendance at scheduled Board and Board Committee meetings during FY24, against the number of scheduled they were eligible to attend, are shown below:

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Total number of scheduled meetings	7	6	5	2

### Directors in post during FY24

David White	7 (out of 7)	N/A	N/A	N/A
Martin Rowland	7 (out of 7)	N/A	N/A	N/A
Tim Jones	7 (out of 7)	N/A	5 (out of 5)	2 (out of 2)
Shelagh Hancock	6 (out of 7)	5 (out of 6)	4 (out of 5)	1 (out of 2)
Stuart Lorimer	7 (out of 7)	6 (out of 6)	4 (out of 5)	2 (out of 2)
Gillian Watson <sup>1</sup>	7 (out of 7)	5 (out of 6)	4 (out of 5)	1 (out of 2)
Fiona Rodford <sup>2</sup>	4 (out of 4)	N/A	2 (out of 2)	1 (out of 1)
John Worby <sup>3</sup>	1 (out of 1)			
Peter Page <sup>4</sup>	1 (out of 1)	N/A	N/A	1 (out of 1)
Ian Wood <sup>5</sup>	6 (out of 7)	5 (out of 6)	4 (out of 5)	1 (out of 2)

#### Notes:

N/A – Not applicable (where a Director is not a member of a Committee).

Executive Directors may attend Committee meetings (or parts of such meetings) by invitation where required.

Several unscheduled Board, Nomination Committee and Remuneration Committee meetings were held during FY24 in relation to Board member changes and Senior Manager appointments.

1. Gillian Watson joined the Board on 9 October 2023.

2. Fiona Rodford joined the Board on 20 February 2024.

3. John Worby stood down from the Board on 31 October 2023.

4. Peter Page stood down from the Board and left the Group on 17 November 2023.

5. Ian Wood stood down from the Board on 8 October 2024.

All Directors are expected to attend scheduled Board meetings and relevant Committee meetings in addition to the AGM unless they are prevented from doing so by prior work or extenuating personal commitments. In advance of all Board meetings the Directors are supplied papers covering the matters to be considered. Members of Senior Management and other third parties may also attend meetings, or parts of meetings, by invitation. Were a Director unable to attend a particular meeting, he/she would receive relevant briefing papers and be given the opportunity to discuss matters with the Chair or other Directors.

### Accountability and Integrity of the Board

#### Internal Controls and Risk Management

The Board has overall responsibility for the Group's internal control systems. The structure of the Group's control environment

and processes have been adapted in recent years in order to remain appropriate within the changed structure of the Group. The Audit and Risk Committee supports the Board in considering the control environment and the report on pages 92 to 95 (inclusive) provides further information.

The Group's financial reporting processes are a critical part of the Group's internal controls framework. Monthly reports are received from all of the Group's subsidiaries and joint ventures. Submitted information is consolidated in the Group's financial reporting system and subject to validation checks by the central Group finance team, before being reviewed by the CFO. Information on performance is presented to the Board on a monthly basis and subject to review at every Board meeting. All monthly reporting is prepared in line with Group accounting policies, which are reviewed annually and are also subject to review by the Group's external auditor, Grant Thornton. The Group's internal risk-based control systems have been operative throughout the year and up to the date of this Annual Report and Accounts. As noted in the Audit and Risk Committee Report, improvements to the control environment and the consistent application of controls are being implemented as part of the Group's continuous review and improvement process.

Initial identification of risks, and the actions required to mitigate these, arises through regular reviews held between the Executives and the management team of each business unit. These are subsequently discussed with the Executives to consider the potential implications of these risks and to consider which pose the greatest threat to Group performance. The effectiveness of mitigating actions is also considered and appropriate steps taken.

The Audit and Risk Committee reviews the effectiveness of risk management and internal control systems. Reports on operational risk are delivered to the Board which, together with direct involvement in strategy, strategic risks, investment appraisal and budgeting, enable the Board to report on the overall effectiveness of internal control.

A summary of the risk management framework and key risks to the Group are set out on pages 28 to 31 (inclusive).

## **Division of Responsibilities**

The UK 2018 Corporate Governance Code requires there to be a clear division of responsibilities between the leadership of the Board and the operation of the Group's businesses by the Executive leaders. The roles of the Executive Directors, the Chair, the Senior Independent Director and the Non-Executive Directors are reviewed regularly by the Board, most recently in April 2023, with details set out on the Group's website, and referenced below:

### **NON-EXECUTIVE CHAIR**

#### **Role**

The Chair leads the Board, ensuring its effectiveness while taking account of the interests of the Group's various stakeholders, promoting high standards of corporate governance.

#### **Key responsibilities:**

- Chairing the Board, its Nomination Committee and General Meetings, including the AGM.
- Ensuring the Board Committees are properly constituted and effectively chaired.
- Ensuring that appropriate arrangements exist for the delegation of the Board's authority to Executive management and Board Committees.
- Ensuring the effective running of the Board, demonstrating objective judgement and the highest standards of corporate governance, ensuring that sufficient time is afforded for the proper consideration of key matters.
- Promoting openness and debate on the Board.
- Ensuring the timely flow of information to the Board and ensuring members are well-informed to enable constructive discussion and sound decision-making.
- Setting the Board's agenda in conjunction with the CEO and Company Secretary, focusing on strategy, performance, culture, stakeholders and accountability, and ensuring that it takes full account of the important issues facing the Group.
- Ensuring the effective oversight of risk management by the Board.
- Leading the performance evaluation of the Board and each of its members.
- Providing a sounding board for the CEO on key business decisions, challenging proposals where appropriate.
- Promoting the profile and perception of the Group publicly and amongst its stakeholders.
- Ensuring effective communication and engagement with shareholders and other stakeholders on key matters and that members of the Board understand the views of such shareholders and other stakeholders.
- Ensuring the effective oversight of Board membership and succession planning in conjunction with the Nomination Committee, taking into account the skills, experience, knowledge, and diversity of Board members.
- Ensuring, with the support of the CEO and Company Secretary, that effective induction programmes exist for onboarding new Board members.
- Encouraging the continued development of the Directors and the Board as a whole.

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# CORPORATE GOVERNANCE REPORT CONTINUED

## CHIEF EXECUTIVE OFFICER

### Role

The Chief Executive leads in the development and implementation of strategy and has overall responsibility for the management and performance of the Group and its businesses.

### Key responsibilities:

- Developing and implementing the Group's strategy and commercial objectives.
- Promoting the Group's culture and behaviours and adhering to the highest standards of integrity and governance.
- Managing risk and risk mitigation strategies to safeguard the reputation of the Group and its businesses.
- Effecting the decisions of the Board and its Committees.
- Establishing an annual budget consistent with the agreed strategy.
- Providing input into the Board's agenda.
- Ensuring that dialogue is maintained with the Chair on important issues facing the Group.
- Ensuring open and regular communication and engagement with shareholders and other stakeholders.
- Developing and overseeing the Group's Environmental, Social and Governance work, and sustainability strategy.

## SENIOR INDEPENDENT DIRECTOR ("SID")

### Role

The Senior Independent Director acts as a sounding board for the Chair, providing him with support in the delivery of his objectives.

### Key responsibilities:

- Serving as an intermediary for other Directors, where necessary.
- Being available to shareholders to deal with concerns which cannot otherwise be resolved through ordinary channels.
- Leading in the performance evaluation of the Chair.
- Ensuring an orderly succession process for the Chair.

## NON-EXECUTIVE DIRECTORS (INCLUDING THE CHAIR AND THE SID)

### Role

The Non-Executive Directors bring skills, knowledge and experience to the Board.

### Key responsibilities:

- Providing independent and constructive challenge to the Executive Directors.
- Helping to develop Group strategy with an independent outlook.
- Devoting time to develop and refresh knowledge and skills, and being well-informed about the Group.
- Serving on Board Committees.
- Satisfying themselves as to the accuracy of the Group's financial results and the effectiveness of controls and systems of risk management.
- Determining appropriate levels of remuneration for Executive Directors.
- Having a key role in succession planning.

The Board is supported by the Company Secretary, who assists the Chair and the rest of the Board to uphold corporate governance standards. The Company Secretary ensures compliance with Board procedures and provides support to the Chair. He advises the Board on corporate governance developments and ensures that the Board receives information in a timely manner. The Company Secretary is able to access appropriate resources, services and advice to support the Directors as required. The Company Secretary also arranges and considers Board effectiveness reviews in conjunction with the Chair, facilitates Directors'

induction programmes for new members and assists with ensuring that the Board has appropriate training.

### **Powers and Responsibilities**

The powers of the Directors are set out in the Company's Articles of Association which can be located on our investor website [www.carrsgroup-ir.com/](http://www.carrsgroup-ir.com/). In addition, the Directors have responsibilities and duties under legislation, in particular those arising under section 172 of the Companies Act 2006.

## **Non-Executive Director Independence**

The Board reviews the independence of its Non-Executive Directors regularly. Taking into account all circumstances, including those factors set out in the UK 2018 Corporate Governance Code, the Board considers Non-Executive Directors Shelagh Hancock, Stuart Lorimer, Gillian Watson and Fiona Rodford to be independent. The Board considers Tim Jones as Non-Executive Chair to be independent. Martin Rowland was appointed as a Non-Executive Director of the Company on 6 March 2023. Martin is appointed as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood. On 13 November 2023, Martin was appointed as Executive Director of Transformation for a fixed term of 12 months. As announced on 12 November 2024 Martin was re-appointed as a Non-Executive Director of the Company on 13 November 2024. As a representative of Harwood and former Executive Director, the Board does not consider Martin Rowland to be independent. Ian Wood stood down as a Non-Executive Director on 8 October 2024 having served a total of nine years and seven days, in order to allow a smooth handover following year-end; the Board does not consider that Ian's independence was impaired by the length of his appointment.

## **Directors' External Appointments**

Prior to appointment to the Board, Directors are required to disclose any significant commitments outside of the Company. Clearance is also required in advance of taking on any new commitments to ensure that any impact on the time devoted to the Company can be identified and addressed.

## **Directors' Conflicts of Interest**

The Companies Act 2006 and the Company's Articles of Association require the Board to consider any actual or potential conflicts of interest. The Board has a policy for managing and, where appropriate, authorising actual or potential conflicts of interest, or related party transactions. Directors are required to declare any interests they or close family members have in any organisations that are not part of the Group, as well as other circumstances which could give rise to a conflict of interest. Registers of related parties and third-party interests are regularly reviewed by the Board. Directors are required to seek clearance before taking on any new appointments to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed Directors are considered by the Board prior to an individual's appointment. In FY24, there were no declared conflicts of interest relating to external appointments, and there have been no declared conflicts of interest in the period from 1 September 2024 to the date of this Annual Report and Accounts.<sup>1</sup>

At the outset of every Board meeting, Directors are required to declare any actual or potential conflicts in relation to matters on the agenda.

In the first half of FY24, discussions concerning CEO and CFO succession took place, as well as discussions relating to the appointment of the Executive Director of Transformation. In respect of such discussions, Peter Page (in respect of CEO succession), David White (in respect of CEO and CFO succession), and Martin Rowland (in relation to the appointment of the Executive Director of Transformation) were directly interested and therefore were not present when such matters were discussed. In the first half of FY25 Martin Rowland was not present when discussions took place in relation to Martin's re-appointment as a Non-Executive Director.

1. As announced on 12 November 2024 Shelagh Hancock will be standing down from the Board with effect from on 31 December 2024. This will result in the Board being comprised of three independent Non-Executive Directors (excluding the Chair) and two non-independent Directors (David White as CEO, and Martin Rowland as the Non-Executive Director representative of Harwood).

## **Director Induction and Development**

Upon joining the Group, each Director completes an induction which ensures each new Director is fully informed and has the necessary support. Once appointed, each Director is provided with information on the Group's corporate governance arrangements, together with key policies and procedures and access to Board and relevant Committee papers. New Director inductions also typically include meeting with the CEO, CFO, Company Secretary and members of the Senior Management Team and visits to several of the Group's operational sites.

The Chair is responsible for ensuring that all Directors receive comprehensive information on a regular basis to enable them to perform their duties properly. Briefings are provided to the Board where necessary on areas including regulatory updates, the UK

## **Support and Advice**

All Directors have access to the advice and the services of the Company Secretary and access to Senior Management across the Group where required.

Directors can obtain independent professional advice at the Group's expense in performance of their duties as Directors. None of the Directors obtained independent professional advice at the Company's expense during FY24.

The Board and the Board Committees are also supported by external advisers on a regular basis in respect of matters such as remuneration, pensions, property, governance and compliance. PricewaterhouseCoopers LLP ("PwC") continued to act as professional advisers to the Remuneration Committee during the year. Further details can be found in the Remuneration Committee Report on pages 96 to 119 (inclusive).

# CORPORATE GOVERNANCE REPORT CONTINUED

## Board Activity in FY24

### Area of Focus

In addition to the regular items, during FY24, specific areas of focus for the Board identified at the start of FY24 included:

Area of focus	Progress
Development of the strategy across both divisions to increase shareholder value.	The Board has overseen the options to dispose of the Engineering Division during the year and has reviewed, challenged and approved the strategic plan for the Agriculture Division.
Embedding new Agriculture divisional leadership, supporting them to develop commercial opportunities and drive operational efficiencies.	Members of the Board were consulted during the appointment of the Global Agriculture CEO (Josh Hoopes) and have supported the induction of Josh and other members of his leadership team. As noted above, the Board thoroughly reviewed the Agriculture strategy in June 2024.
Assessment of opportunities to invest in the Engineering Division, to optimise production capacity and maximise growth potential.	Support has been provided to invest in the UK Engineering business in particular, with a long-term property lease approved for an industrial property in Carlisle. This expansion in available capacity supports future growth plans.
Strengthening the role of the Environmental Advisory Group in setting the direction of the Group's response to climate-related risks and opportunities.	Approval of the Sustainability and Impact Steering Committee and its associated terms of reference (as well as interaction with the Environmental Advisory Group) has strengthened the Group's response to climate-related risks and opportunities.
Driving further improvements in the Group's financial reporting processes to improve performance management and forecast accuracy.	The Board has supported changes in personnel and system improvements which will provide a foundation for improved performance management.
Implementation of ERP system in US feed blocks business.	The Board had oversight of the successful go-live of the ERP system in July 2024.
Onboarding new Board members.	During FY24, two new Board members joined the Board: Gillian Watson as Senior Independent Director, and Fiona Rodford, who became Remuneration Committee Chair from 31 July 2024. New Board members completed an induction, met with other Board members and members of the Senior Management Team and completed visits to several of the Group's operational sites.

### Focus for FY25

At the date of writing this Annual Report and Accounts, it is anticipated that the following areas will receive focus by the Board during FY25:

- Oversight of the conclusion of plans for the disposal of the Engineering Division and the transition to the Agricultural operation model
- Review allocation of capital and consider returns to shareholders in light of the distinct strategies for the Engineering Division and the Agriculture Division
- Assessment of opportunities in the Agriculture Division to improve operating margin across the portfolio
- Refresh approach to sustainability to support Agriculture strategy

## **Board Evaluation**

The Board reflects on its performance and effectiveness annually. In FY24, the Board review was facilitated externally with the support of a third party, Bvalco, working alongside the Chair with support from the Company Secretary. Bvalco do not have any connection to the Company or to any member of the Board, other than having previously carried out a third-party board evaluation at another company where Board Chair Tim Jones was, at that time, the Chair.

The feedback was the subject of review and discussion by the Board. Overall, there was a positive response to the functioning of the Board and Committees. As there had been a number of changes at Board and Committee level during the year, the evaluation provided a timely and valuable perspective on Board Governance. The recommendations which the Board plan to take forward for FY25 are set out below. An update will be provided in the Company's FY25 Annual Report and Accounts.

Recommendation	Proposed Action	Progress to date
<b>Recommendations from external evaluation during FY24:</b>		
Effectiveness of the Chair	Maintain focused discussion and summarise more frequently.  Ensure 1-2-1 annual feedback sessions for all the NEDs.	Ongoing – started at July meeting and will continue.
More regular communication about progress on key projects	To keep the Board appraised of progress against key milestones.	Regular NED calls diarised outside of existing Board meetings. Project updates are provided between Board meetings when merited.
Deepen oversight of the performance of the business	Ensure the Board has a deeper connectivity to the businesses and performance and has a visible presence.	Structured visits to operational sites by NEDs throughout the year are planned, ensuring as many sites as possible are visited by various Board members.
Increase focus on Group purpose and strategy	Consider scenario planning to support improved ultimate decision making.	Current focus is on options to dispose of the Engineering business and the successful execution of the Agriculture strategy.
Increase Board knowledge of our people	Establish a programme which will ensure Board interaction with key and high-potential employees.	Board timetable now includes "Talent Management" as a topic to be covered at least twice per year. Visits to sites by Board members (as noted above) will also enhance knowledge of team capabilities.
Review Board size and composition (including the Committees)	Consider the optimal Board size and composition to support each of the strategies for the two Divisions.	Board size and composition will be considered as part of wider transition plan following a successful disposal of Engineering Division.
Improve team cohesiveness of the Board	Deepen working relationships among Board members.	Following any revised Board composition, create a plan to build teamwork and enhance existing working relationships among Board members.

The recommendations agreed following the internal review in FY23 were a focus for the Board throughout the year. A summary of the recommendations together with actions taken and future plans are set out below:

Recommendation	Proposed Action	Progress in FY24
<b>Recommendations from internal evaluation during FY23:</b>		
Focus on Group purpose and values	Review of the Group's purpose and values to ensure these are reflective of the strategy and Group.	New values were rolled out across the Group during FY24 following a programme of engagement with all areas of the business. For more information see pages 16.
Stakeholder engagement	More structured engagement programme for the Board with all stakeholder groups together with informal engagement opportunities to be reviewed to enable	The Board has continued to engage with its stakeholder groups throughout the year. A programme for communications and engagement will continue to evolve as the Group's strategy progresses during FY25.  Details of stakeholder engagement during FY24 can be

	the Board to be closer to stakeholders.	found in the Corporate Governance Report on pages 68 to 87 (inclusive).
Ongoing review of Board performance, composition and skills throughout the year	Regular review of skills and experience to ensure the Board is well positioned to continue reviewing strategic options for the Group.	Appraisals of the Non-Executive Directors and the Chair took place during FY24. Changes in the composition of the Board during the year reflect the focus on delivering the strategy. For further details, see the Nomination Committee Report on pages 88 to 91 (inclusive).
Board focus	Review of Board agenda topics, updates and focus to ensure Board and Committee meetings are effective and continue to have an in-depth understanding of the market in which the businesses operate.	The annual Board Planner was reviewed and updated to reflect the Board's focus for FY24, and to ensure that the Board had a holistic view of the Group, as well as matters impacting the business and colleagues. Standing agenda items were refreshed and refocussed and Board and Committee dates and locations reviewed and revised where appropriate to better reflect the corporate calendar.

# Engagement with stakeholders during FY24

## Section 172 Statement

Effective engagement enables us to focus on what matters, improve business and operations, and create long-term value for all our stakeholders. It enables us to understand the interests and perspectives of our stakeholders and to take those into account in the discussions and decisions of the Board and Board Committees. Engagement supports the principles of Section 172 of the Companies Act 2006 which requires directors of a company to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the factors set out in Section 172(1) (a-f).



These factors are carefully considered in the Board's key decisions and strategic discussions. The Board receives regular updates and reports from business areas which include matters concerning our stakeholders. Directors are also provided with details of our strategic progress, financial performance and risk management with Health and Safety, sustainability and impact and corporate governance being discussed at each Board meeting. The information received is considered in the Board's discussions, with the



Board seeking further information and assurances where appropriate.

## **Case Study**

### **Disposal of the Engineering Division**

In FY24 we undertook another important step in our strategy by commencing the process to dispose of our Engineering Division. The Board was aware that any sale of the Engineering Division would be a significant milestone in shaping the Group's future and require careful consideration of the views of our stakeholders. The internal strategic review process which took place during 2022 started with the consideration of the views of our various stakeholder groups, details of which can be found on page 44 of the FY22 Annual Report and Accounts. There followed the disposal of the Agricultural Supplies Division in October 2022, and in April 2024 we announced that we were exploring options to dispose of our Engineering Division. The Board have considered the consequences of proceeding with the disposal of the Engineering Division, and the impact on the stakeholder groups. The Board is confident that a

disposal will deliver optimal shareholder value and will leave the Group fully focussed on improving performance in the Agriculture Division. Employees are considered likely to benefit from a disposal, by placing both divisions in a position to concentrate on their respective sectors. For the remaining Group, plans to evolve our Agriculture products and explore new market opportunities have included considerations of the environmental benefits of our products and the impact on our planet as well as the effects on local communities. Growth in existing markets alongside an enhanced product portfolio will benefit customers, suppliers and ultimately shareholders.

## **Case Study**

### **Board Succession and Senior Management Appointments**

During FY24, the Board oversaw the appointment of Gillian Watson as a Non-Executive Director and successor to John Worby as Senior Independent Director; and the appointment of Fiona Rodford as a Non-Executive Director and successor to Ian Wood as Remuneration Committee Chair. The Board also announced the departure of Peter Page from the Board and the Group, and subsequently the appointment of former CFO, David White, as CEO, and Martin Rowland as Executive Director of Transformation, Martin having previously been

a Non-Executive Director. The Remuneration Committee also oversaw the appointments of Gavin Manson as CFO, and Josh Hoopes as CEO, Global Agriculture, both Senior Management positions. These changes at Board and Senior Management level required full consideration of the interests and impact upon our colleagues, investors, strategic partners, suppliers and customers.





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## CORPORATE GOVERNANCE REPORT CONTINUED

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On the following pages, we highlight our key stakeholders, how we have engaged with them during FY24 and the actions taken as a result of such engagement. These disclosures demonstrate our recognition of, and regard for, the matters set out in section 172(1) of the Companies Act 2006.

## Employees

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### Engagement

We value open communication, active listening, and mutual respect and trust. For the Board to operate effectively, it is essential that we communicate with colleagues at all levels regarding matters which impact them.

Communication and engagement with colleagues takes place through a variety of methods. Executive Directors have an open door policy, which allows for informal conversations and meetings. The Executive Directors also hold briefings and meetings wherever possible in person and utilising Teams to inform colleagues of Group performance and business-related matters. The Group's intranet, CarrsConnect, also enables colleagues to keep up to date with news across the Group, and is a platform where key messages, briefings and announcements are posted. Historically, the Group has undertaken online employee engagement surveys and/or engagement meetings to obtain feedback direct from our employees. Board meetings can be held at operational sites, and Board members visit sites in between Board meetings which enables the Board to understand the views of our people together with the issues and opportunities for them and their businesses. The Board has an appointed Employee Engagement representative, Fiona Rodford, who is responsible for ensuring that the interests of all colleagues are properly considered at Board meetings.

### Action

During FY24, we launched our inaugural "Ideas Workshops" across most of the business. These in-person, facilitated meetings enabled people to speak up, solve issues and shape the future of the business. As a result of these meetings, dedicated Action Communication Teams ("ACT") have been created to deliver on the ideas and actions for improvement generated by the Ideas Workshops, and the Board receives regular updates on the progress of actions. Throughout the year, the CEO provided updates to the Board on employee matters, which now includes metrics such as starters and leavers, and diversity and inclusion data. The impact on employees of the decisions to make corporate and organisational changes in the Group have also been considered by the Board during FY24. Members of the Board have visited sites in the UK, USA and Germany and Board meetings have been held at different sites when possible.

## Investors

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### Engagement

All investors, whether private individuals, employee shareholders or institutional investors, need to be able to trust us to manage their assets and execute the Group's strategy in an ethical, sustainable manner, and in accordance with good governance, acting fairly as between members of the Company.

We communicate with our investors using a variety of different mediums. Members of the Board and the Company Secretary regularly engage with investors on governance issues and other matters concerning the Board and our CEO and CFO meet with investors following half-year and year-end results announcements, and as requested at other times. All

### Action

During the year, our CEO, Executive Director of Transformation and CFO met with institutional shareholders, brokers and analysts on a variety of matters in particular as detailed on page 69. The Board is briefed on the outcomes of such discussions and listen and respond to the views and feedback as necessary. Our Chair, Tim Jones, maintained a regular dialogue with shareholders throughout the year, answering individual queries and engaging in discussions to better understand their views. As always, our AGM provided an

shareholders and potential investors can access the Company's investor-specific website at [www.carrsgroup-ir.com](http://www.carrsgroup-ir.com). Significant matters relating to trading or development of the Group are disseminated to the market by way of Stock Exchange announcements, and are uploaded to the Company's website. We maintain a regular calendar of announcements and events for investors and host accessible online presentations on the full-year and interim results. All reports and updates are made available on the Company's website. The Group maintains dialogue with substantial and institutional shareholders and analysts. Enquiries from individual shareholders are welcomed and should be addressed through the Company Secretary's office.

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opportunity for shareholders to meet with and ask questions of the Board. Shareholders were introduced to new members of the Board, and the Board met with individuals in person before and after the meeting. In FY24 we specifically engaged with a major shareholder in relation to voting at the AGM on 20 February 2024. In addition, in FY24 we also published the outcome of discussions with a major shareholder in relation to the voting on the Report of the Remuneration Committee at the General Meeting on 2 May 2023.

# Suppliers

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## Engagement

Regular engagement with our suppliers and distributors allows us to better understand their needs and priorities and helps shape our strategy. Our Agriculture strategy underlines our desire to work with value-added ingredient partners who share our same passion and commitment to research-proven solutions. Our Engineering Division has well-established relationships across its supply chain, built on mutual respect and proven performance.

Engagement with suppliers takes the form of regular and open dialogue between our management teams and with those with whom we do business. We hold meetings with our suppliers and distributors on a regular basis. Colleagues also attend UK and international trade events and shows to maintain and develop relationships.

## Action

Throughout FY24 we have maintained a dialogue with suppliers to understand their developing needs. This regular contact through calls and virtual meetings has enabled us to revisit and refine our strategy, particularly in the Agriculture Division as we look at ways to create efficiency and scale in procurement, production, and supply chains. Such visits have also provided an opportunity to evaluate our suppliers, and distributors, own processes and practices.

# Customers

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## Engagement

Customer engagement is key to our business. Our Agriculture strategy is underpinned by market-leading brands with a track record of quality, innovation and customer service. As we implement our Agriculture strategy, focus is on further developing these respected products to better respond to customer needs in our core markets. Understanding our customers' needs has been the cornerstone of our Engineering Division, particularly on large-scale, long-term projects as we work together to mitigate risk, plan for contingencies and provide support.

Our sales and customer service teams are critical and essential for growth. They are responsible for developing and maintaining relationships with

## Action

During FY24 we have maintained our existing customer relationships, and also explored ways in which to develop new relationships. We have continued to engage with end-users of our products through our social media channels, and we are currently reviewing and developing further our website and social media communications as we seek new ways to encourage interest in and dialogue about our businesses and products. Further information can be found at [www.carrsgroup.com](http://www.carrsgroup.com)

those we do business with. This is achieved by regular meetings with customers, attendance at industry events, trade shows and engagement with local communities. Key customer dialogue is reported to the Board to ensure that customer perspectives are properly understood as part of the Board's decision-making process.

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## CORPORATE GOVERNANCE REPORT CONTINUED

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### Communities

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#### Engagement

Our local communities are vital to our business and we recognise that we have an impact on those around us. Each community is different and it is important that we understand and appreciate what is important to them, from the provision and retention of jobs, to investment in local economies, from well-being and social support to education and opportunities.

Engagement with our local communities takes a number of different forms, and can differ from site to site. We are aware that not "one size fits all" and have enabled our sites to undertake engagement with communities by the means most appropriate to them. This includes encouraging active participation in community initiatives, supporting a range of selected charitable causes, and developing our own employment and apprenticeship schemes. Details of our support for our local communities, and opportunities to get involved are published on our intranet site CarrsConnect. Issues facing local communities may be reported to the Board where they are likely to impact decision making.

#### Action

During FY24 our people have devoted considerable time and resources to good causes and community initiatives including supporting local food banks, local charities, and sponsoring local events near to our sites.

For more information see our Sustainability and Impact Report on page 39.

### Environment

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#### Engagement

Operating a sustainable business and managing the impact of that business are key to the success of the Group. We take our environmental responsibilities seriously, constantly seeking to minimise our impact on the world we operate in.

We ensure that we practise responsible behaviours at all times within the Group. Training on environmental and sustainability matters was introduced into our new starter induction process in FY23. As a business we are party to raw material sustainability programmes and our Green Teams encourage ownership of local initiatives aimed at addressing the environmental and social impacts of our business at local level. Environmental matters are reported to the Board as part of the regular CEO updates on sustainability and impact.

#### Action

During FY24 we have invested in a new technical team for our UK Agriculture business, to help deliver enhanced products focused on the environmental benefit to our customers and their livestock, as well as on the raw material inputs and their associated impact on the planet. We have revised our governance structure to support and complement existing environmental activities, with a new Sustainability and Impact Steering Committee being chaired by our CEO, providing a direct link to the Board. Green Teams have continued to promote sustainability and implement resource efficiencies at a local level.

For more information see our Sustainability and Impact Report on pages 33 to 45 (inclusive).



Further information can be found throughout this FY24 Annual Report and Accounts which demonstrates how the Board discharges its duties under Section 172 and considers the factors set out in Section 172(1) (a-f):

Section 172	Specific References
<b>(a) the likely consequences of any decisions in the long term</b>	Chair's Statement (pages 06 and 07 (inclusive)) Strategy (pages 08 to 09 (inclusive)) Principal Risks and Uncertainties (pages 28 to 31 (inclusive)) Corporate Governance Report (pages 68 to 87 (inclusive)) Options to dispose of Engineering Division (pages 83)
<b>(b) the interests of the company's employees</b>	Sustainability and Impact Report (pages 33 to 45 (inclusive)) Corporate Governance Report (pages 68 to 87 (inclusive))
<b>(c) the need to foster the company's business relationships with suppliers, customers and others</b>	Corporate Governance Report (pages 68 to 87 (inclusive)) Strategy Report (pages 06 to 65 (inclusive))
<b>(d) the impact of the company's operations on the community and environment</b>	Sustainability and Impact Report (pages 33 to 45 (inclusive)) Corporate Governance Report (pages 33 to 45 (inclusive))
<b>(e) the desirability to maintain a reputation for high standards of business conduct</b>	Sustainability and Impact Report (pages 33 to 45 (inclusive))
<b>(f) the need to act fairly as between members of the company</b>	Corporate Governance Report (pages 68 to 87 (inclusive))

### **3. Compliance Statement**

The Board confirms that the Company has, throughout FY24, applied the principles, both in spirit and in form, and complied with the requirements of the UK 2018 Corporate Governance Code issued by the Financial Reporting Council, with the exception of provision 10 noted below.

#### **Code Provision 10: Non-Executive Director service for more than nine years**

Ian Wood stood down as a Non-Executive Director on 8 October 2024, having first being appointed as a Non-Executive Director of the Company on 1 October 2015. Given that his tenure overran the recommended term by a matter of days, the Board did not consider Ian's independence compromised, with the additional time allowing Ian's attendance at a further scheduled Board meeting, allowing the completion of a structured handover.



**Justin Richards**

Company Secretary

11 December 2024

**Carr's Group plc** | Annual Report and Accounts 2024

## **NOMINATION COMMITTEE REPORT**



### **Tim Jones**

Nomination Committee Chair

#### **NOMINATION COMMITTEE MEMBERS\***

**Tim Jones (Chair)**  
(Non-Executive Director)

**Shelagh Hancock**  
(Non-Executive Director)

**Stuart Lorimer**  
(Non-Executive Director)

**Gillian Watson**  
(Non-Executive Director)

**Fiona Rodford**  
(Non-Executive Director)

\* As at the date of this report

### **Introduction**

The Nomination Committee reviews the leadership needs of the Group to ensure that the Board has the skills and experience required to deliver against the Company's strategic objectives and effectively compete in the marketplace now, and in the future.

#### **Committee membership**

The Committee currently comprises the Chair, Tim Jones, and four independent Non-Executive Directors, Shelagh Hancock, Stuart Lorimer, Gillian Watson and Fiona Rodford. Peter Page, who formerly chaired the Nomination Committee, stepped down from the Board and this Committee on and left the Group on 17 November 2023. John Worby was a member of the Committee until 31 October 2023, when he retired from the Board. Gillian Watson joined the Board on 9 October 2023, also becoming a member of the Committee. On 20 February 2024, Fiona Rodford joined the Board and this Committee. Ian Wood stepped down from the Board and its Committees on 8 October 2024, having served just over nine years as a Non-Executive Director. As announced on 12 November 2024 Shelagh Hancock will step down from the Board and its

### **Meetings in the year**

The Committee met on two scheduled occasions during FY24.

Details of attendance can be found on page 76.

### **Responsibilities and activities of the Committee**

The key areas of activity over FY24 are shown below, alongside the key responsibilities of the Committee. In some instances, the activities noted spanned more than one financial year.

Further details of the responsibilities of the Committee can be found in the Nomination Committee's Terms of Reference located at [www.carrsgroup.com/corporate-governance](http://www.carrsgroup.com/corporate-governance).

Key Responsibilities of the Committee	Activities during the year
Reviewing the structure, size and composition of the Board and monitoring the range of skills, knowledge and experience required for the Board to operate effectively and to deliver the Group's strategy.	<ul style="list-style-type: none"> <li>• Review of Director skills to assess the range of skills, attributes and experience on the Board, to ensure that it remains effective, balanced and suited to the Group's strategic priorities.</li> <li>• Undertook an external Board effectiveness review.</li> <li>• General review of the structure, size, composition and diversity of the Board, its Committees and Senior Management across the Group, with particular focus on the required capability needs to support the Group's strategy.</li> </ul>
Overseeing Board and Senior Management succession planning, including setting objective selection criteria and transparent recruitment processes, and making recommendations to the Board in relation to the appointment of Executive and Non-Executive Directors.	<ul style="list-style-type: none"> <li>• CEO succession, with David White being appointed as CEO with effect from 17 November 2023 following Peter Page stepping down from the Board and leaving the Group.</li> <li>• CFO succession with the appointment of Gavin Manson as Senior Manager and CFO with effect from 13 November 2023.</li> <li>• Appointment of Martin Rowland as Executive Director of Transformation with effect from 13 November 2023 and re-appointed as a Non-Executive Director on 13 November 2024.</li> <li>• Non-Executive Director succession planning, with Gillian Watson being appointed to the Board on 9 October 2023, and appointed Senior Independent Director on 31 October 2023, and Fiona Rodford being appointed to the Board on 20 February 2024 and becoming Remuneration Committee Chair on 31 July 2024.</li> <li>• Senior Management succession planning.</li> </ul>
Setting the Group's policy on diversity and inclusion and overseeing its implementation in succession planning across the Group.	<ul style="list-style-type: none"> <li>• Implementation of the Board's policy on diversity and inclusion through succession planning and recruitment of Board members.</li> <li>• Review of the breadth of skills, experience, knowledge and diversity amongst the Board.</li> </ul>
Reviewing the leadership needs of the Group, both Executive and Non-Executive, to ensure the businesses operate effectively in their particular markets.	<ul style="list-style-type: none"> <li>• Board training on several topics delivered.</li> <li>• Consideration of options on the size of the Board and the expertise and experience required to support the Group's strategy.</li> <li>• Evaluation of Board composition and skills.</li> </ul>
Reviewing the Committee's Terms of Reference to ensure it is operating effectively and reflects the Committee's remit and recommending any changes it considers necessary to the Board for approval.	<ul style="list-style-type: none"> <li>• Review and update the Committee's Terms of Reference – published on the Group's investor website. <a href="http://www.carrsgroup-ir.com">www.carrsgroup-ir.com</a></li> </ul>
Reviewing the results of the Committee's performance evaluation.	<ul style="list-style-type: none"> <li>• Following feedback from external review, action plans as detailed below.</li> </ul>

Further information on the above activities is set out on the pages which follow.

### **Board Composition**

As part of the Group's succession planning and to ensure that the Board possesses the necessary experience and skills to support the Group's strategy, new

had been fulfilled by John Worby. The Committee considered experience of public companies of similar scale to Carr's Group, sector experience as well as board committee experience. Important skills and characteristics as well as the balance of skills, experience and knowledge present across the existing Board, the culture of the Group

Senior Independent Director since John Worby's retirement from the Board.

As previously reported, John Worby stood down as Audit Committee Chair following the General Meeting of the Company held on 2 May 2023 and after nearly nine years at Carr's, retired from the Board on 31 October 2023. John left

Non-Executive Directors were welcomed to the Board during FY24.

As previously reported, the Nomination Committee commenced a search for an additional Non-Executive Director to join the Group following the AGM in February 2023. The recruitment process was led by the Committee supported by Pure Executive. In selecting candidates for the role, a detailed profile matrix was developed that also included the position of Senior Independent Director, a role which

and the benefits of diversity were also considered. 369 people were identified as potential candidates, of which eight were interviewed. The short-list comprised six individuals, all female, one being from a diverse ethnic background. Following the Committee's recommendation, Gillian Watson was appointed to the Board on 9 October 2023 as an independent Non-Executive Director. Gillian was also appointed to the Nomination Committee, Audit Committee (now Audit and Risk Committee) and Remuneration Committee and has held the position of

the Company with the Board's thanks and best wishes for the future.

Martin Rowland, who was appointed as a Non-Executive Director representing Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood, was appointed as Executive Director of Transformation from 13 November 2023 (see below).

As announced on 12 November 2024

Martin was re-appointed as Non-Executive Director on 13 November 2024.

## **NOMINATION COMMITTEE REPORT CONTINUED**

During the search for a Non-Executive Director to join the Group and replace John Worby as Senior Independent Director upon his retirement, the Committee met with Fiona Rodford. Having been impressed by Fiona's extensive experience as a Chief People Officer within large global businesses, the Committee considered that she possessed skills and experience that would be invaluable as Ian Wood approached the end of his nine-year tenure on the Board and recommended her appointment to the Board. Accordingly, on 20 February 2024 Fiona became a Non-Executive Director, and member of the Company's Nomination and Remuneration Committees, succeeding Ian as Remuneration Committee Chair on 31 July 2024, following a structured handover of responsibilities. Fiona also became a member of the Audit and Risk Committee on 6 December 2024.

Having served nine years as a Non-Executive Director, Ian Wood stood down from that office on 8 October 2024. Ian's tenure as a Non-Executive Director totalled nine years and seven days, in order to allow a smooth handover following year-end; the Board does not consider that Ian's independence was impaired by the length of his appointment. Ian leaves the Company with the Board's thanks and best wishes for the future.

As announced on 12 November 2024 Shelagh Hancock will be standing down from the Board on 31 December 2024. We wish Shelagh continuing success for the future.

As previously reported, Peter Page stepped down from the Board and left the Group on 17 November 2023. The process to identify a successor to Peter Page was led by Tim Jones as Chair of the Nomination Committee. David White, who had joined the Board as Chief Financial Officer on 21 February 2023 and considered at that time to be a potential successor for the CEO role, was identified as a candidate. Following discussions and consideration of the Group's requirements following the disposal of the Agricultural Supplies Division, the strategic plan and the need for an efficient and orderly handover of responsibilities, as well as previous experience in international senior leadership, operations and finance roles, the Nomination Committee recommended David as the new CEO.

The recommendation was approved by the Board and David was appointed as CEO with effect from 17 November 2023.

On 13 November 2023, it was announced that following the Committee's recommendation, David White would be appointed Chief Executive Officer with effect from 17 November 2023. Following a recruitment process supported by recruitment consultants Eton Bridge, and in accordance with the Committee's Terms of Reference<sup>1</sup>, the Committee recommended to the Board the appointment of Gavin Manson as the new CFO, taking effect from 13 November 2023. As new CFO, Gavin has not been appointed to the Board but attends Board meetings by invitation.

Martin Rowland was appointed Executive Director of Transformation with effect from 13 November 2023. The appointment of an Executive Director of Transformation was led by Nomination Committee Chair, Tim Jones. The Committee considered the role complementary to the existing Executive Director position (namely the CEO) and considered the skills and experience the role would require to effectively implement the Group's strategic plan. The Committee recommended to the Board that, given his experience in operational and strategic positions in mid-size and large corporates as well as his executive and non-executive board experience, Martin Rowland be appointed as Executive Director of Transformation. The recommendation was approved by the Board. Martin was re-appointed as a Non-Executive Director of the Company following the end of his 12-month contract as Executive Director of Transformation.

### **Committee Succession**

Changes in Committee membership reflect the Company's Non-Executive Director succession planning. Gillian Watson joined the Nomination Committee, the Audit and Risk Committee and the Remuneration Committee on 9 October 2023 and John Worby stepped down from the Board and its three Committees on 31 October 2023. Peter Page stepped down from the Board and the Nomination Committee and left the Group on 17 November 2023. On her appointment to the Board on 20 February 2024, Fiona Rodford also joined the Nomination Committee and the Remuneration Committee, subsequently succeeding Ian Wood as Remuneration Committee Chair on 31 July 2024. Fiona also became a member of the Audit and Risk Committee on 6 December 2024.

As at the date of this report, Board Committee membership is as follows:

Nomination Committee	Audit and Risk Committee	Remuneration Committee
Tim Jones (Chair)	Stuart Lorimer (Chair)	Fiona Rodford (Chair)
Shelagh Hancock	Shelagh Hancock	Shelagh Hancock
Stuart Lorimer	Gillian Watson	Stuart Lorimer
Gillian Watson	Fiona Rodford	Gillian Watson
Fiona Rodford		Tim Jones

1. The Committee's Terms of Reference state that the Nomination Committee is required to make recommendations to the Board concerning suitable candidates as succession for existing Directors.

## **Group Succession Planning and Development**

People are key to the Company delivering its strategy and meeting its objectives. The Committee keeps the structure, size and composition of the Board under review and makes recommendations to the Board to ensure that plans are in place for orderly Director succession. The broader Group's succession planning focuses upon ensuring that a diverse pipeline of appropriately qualified and experienced employees are recruited or developed internally to meet the future management and leadership needs of the Group. Recruitment processes for leadership and senior positions across the Group are managed under the supervision of the Senior HR leadership, inviting both internal and external candidates. Independent recruitment consultants are also appointed where appropriate.

Across the Group, our career pathway and employee development initiatives continue to evolve and are designed to attract, retain and develop the best talent. Further details of those initiatives are described on pages 37 to 39 (inclusive). During the year, the Senior HR leadership met with the Committee to review succession planning for Senior Management and key personnel.

## **Diversity and Inclusion**

As at the date of this report, employee numbers were 626 across the two Divisions. The table below shows the gender breakdown across the Group.

Gender breakdown	Total	Male	Female
Group Employees	626	494	132
Senior Managers*	14	11	3
Direct Reports to Senior Managers	67	49	18

\* Includes Executive Directors with direct reports

The Group's principal concern when making employment decisions is ensuring that candidates possess the skills, knowledge and experience, or the potential to develop the required skills, knowledge and experience, to meet the requirements of the Group. All appointments, whether external recruitments or internal promotions, are based on merit, and are not influenced or affected by race, colour, nationality, religion or belief, gender, marital status or civil partnership, family status, pregnancy or maternity, sexual orientation, gender reassignment, disability, or age. There are no differences in pay structures for persons of different genders performing similar roles.

As a multinational organisation, we aim to recruit talented people that reflect the diverse nature of the countries, sectors and customers we serve. We value the unique contribution that each employee brings to the Group, and we are committed to creating an inclusive work environment where all our employees can fulfil their full potential. The Nomination Committee recognises that diversity strengthens the Board, bringing a broad range of perspectives and richness of decision-making debate. We are committed to extending diversity throughout the Group. Successful delivery of the Group's strategy depends on the recruitment and retention of a motivated and skilled workforce in an increasingly competitive labour market. The Board recognises that steps taken to improve diversity in the workplace increase the attractiveness of

## **Board Evaluation**

In June 2024 an external Board effectiveness review was undertaken with the support of Bvalco. Details of the process and its outcomes are set out in the Corporate Governance Report on pages 80 and 81.

## **Committee Effectiveness**

The effectiveness of the Committee was considered as part of the Board's external effectiveness evaluation described on pages 80 and 81. The review found that the Committee was well led and effectively orchestrated important Board and leadership appointments; it pays good attention to long-term succession planning. The feedback applauded the detail and frankness of the Committee's report back to the Board and recommended that each Non-Executive Director's annual review contain more personalised constructive feedback, thus allowing them to contribute even more effectively to the Board and continue to achieve their own personal career goals.

## **Director Re-election**

In accordance with best practice under the UK 2018 Corporate Governance Code, at the forthcoming AGM expected to take place in February 2025, Tim Jones, David White, Stuart Lorimer, Gillian Watson and Martin Rowland will each stand for re-election to the Board and Fiona Rodford will stand for election to the Board. As announced on 12 November 2024, Shelagh Hancock will stand down from the Board on 31 December 2024.

The Board will set out in the Notice of Annual General Meeting its reasons for supporting the re-election or election of each Director. Their biographical details on pages 70 and 71 demonstrate the range of experience which each brings to the benefit of the Group.

the Group to prospective employees and enhance the available talent pool.

Details of Board diversity, including the Board Diversity Policy can be found on pages 74 and 75, and details on diversity and inclusion for all employees including Senior Managers can be found above.

### **Director Independence**

Details relating to Director independence can be found in the Corporate Governance Report on page 79.

The Nomination Committee Chair will attend the AGM to respond to any shareholder questions that might be raised on the Committee's activities.



**Tim Jones**

Nomination Committee Chair

11 December 2024

## **AUDIT AND RISK COMMITTEE REPORT**



### **Stuart Lorimer**

Audit and Risk Committee Chair

#### **AUDIT AND RISK COMMITTEE MEMBERS\***

**Stuart Lorimer** (Chair)  
(Non-Executive Director)

**Shelagh Hancock**  
(Non-Executive Director)

**Fiona Rodford**  
(Non-Executive Director)

**Gillian Watson**  
(Non-Executive Director)

\* As at the date of this report

### **Introduction**

During the year under review the Audit Committee assumed delegated responsibility for risk management in addition to its prior focus on effective governance and financial reporting. The Committee was renamed the Audit and Risk Committee and its Terms of Reference updated.

The Committee assists the Board in discharging its responsibilities for the integrity of the financial statements and narrative reporting, the effectiveness of internal controls, the identification and management of risks, and the external and internal audit processes.

The report on the pages which follow details the principal activities of the Committee during the year, together with information on its governance.

#### **Committee Membership**

During the year the Committee comprised five independent Non-Executive Directors: Stuart Lorimer (Committee Chair), Gillian Watson, Shelagh Hancock, Ian Wood and John Worby. John Worby stepped

down from the Board and its Committees on 31 October 2023.

Ian Wood stepped down from the Board and Committee on 8 October 2024. Fiona Rodford joined the Committee on 6 December 2024 and Shelagh Hancock will step down from the Board and its Committees on 31 December 2024.

The Committee acts independently of management, and the Board is satisfied that the Committee taken as a whole has the appropriate skills, knowledge, experience, and understanding of the Group's undertakings to effectively discharge the Committee's responsibilities.

### **Meetings in the Year**

The Committee met on six scheduled occasions during the financial year (details of attendance can be found on page 76) and has an agenda linked to the Group financial calendar. The meetings are attended by the

Committee members and, by invitation, the Executive Directors, representatives from the external auditor and other senior finance personnel.

During the year, the Committee regularly met privately with the external auditor.

Several additional, previously unscheduled, Board and Audit and Risk Committee

meetings were held during the financial year ended 31 August 2024 largely in relation to the assumption of responsibility for risk management.

### **Responsibilities of the Committee**

The primary role of the Committee is to assist the Board in fulfilling its oversight responsibilities. This includes providing

effective governance over the integrity of the Group's financial reporting, the effectiveness of its systems of internal control and of risk identification, management and reporting.

These responsibilities drive the main activities of the Committee as noted below. In some instances, the activities noted spanned more than one financial year.

<b>Responsibilities of the Committee</b>	<b>Activities during the year</b>
Financial Reporting	<ul style="list-style-type: none"><li>• Reviewing and monitoring the integrity of the Group's financial statements and related narrative reporting including the appropriateness of the Group's accounting policies.</li><li>• Considering the process for assessing the Group's prospects and the disclosures made in the Viability Statement in the Annual Report.</li><li>• Where requested by the Board, providing advice on whether the Annual Report and Accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.</li></ul>
External audit	<ul style="list-style-type: none"><li>• Reviewing and monitoring the scope and effectiveness of the external audit, taking into consideration relevant professional and regulatory requirements.</li><li>• Considering the independence and objectivity of the external auditor, and the Group's policy on the engagement of the external auditor to supply non-audit services.</li></ul>
Internal control and risk management	<ul style="list-style-type: none"><li>• Reviewing the effectiveness of the Group's internal financial controls, and other systems of internal control and</li></ul>
	<ul style="list-style-type: none"><li>meetings were held during the financial year ended 31 August 2024 largely in relation to the assumption of responsibility for risk management.</li><li><b>Responsibilities of the Committee</b></li><li>The primary role of the Committee is to assist the Board in fulfilling its oversight responsibilities. This includes providing</li><li>effective governance over the integrity of the Group's financial reporting, the effectiveness of its systems of internal control and of risk identification, management and reporting.</li><li>These responsibilities drive the main activities of the Committee as noted below. In some instances, the activities noted spanned more than one financial year.</li></ul>

risk management.

following assessments conducted internally and by outsourced internal audit and challenged and subsequently agreed a plan presented by management.

- Considered key areas of risk identified by the external auditor in the context of management's actions and the nature of the business.

#### Internal audit

- Reviewing the scope and effectiveness of the internal audit function.
  - Reviewed the outsourced internal audit work plan for the year and the effectiveness and cost-effectiveness of the internal audit function.
  - Reviewed reports from outsourced internal audit on the work undertaken and the output and recommendations from that work.

#### Whistleblowing and anti-bribery

- Review of the Group's whistleblowing and anti-bribery policies and arrangements.
  - Reviewed the Group's Whistleblowing Policy.
  - Reviewed the Group's Anti-Bribery Policy.
  - Reviewed on behalf of the Board any whistleblowing or similar reports together with their resolution.

## AUDIT AND RISK COMMITTEE REPORT CONTINUED

Members of the Committee were also involved in the selection process for the incoming Chief Financial Officer (Gavin Manson) who joined the Group on 13 November 2023. Details of this process are contained in the Nomination Committee Report on pages 88 to 91 (inclusive). The Committee reviews its Terms of Reference regularly and makes recommendations to the Board for any appropriate changes (the Committee's Terms of Reference can be found on the Group's website at [www.carrsgroup.com/corporate-governance/](http://www.carrsgroup.com/corporate-governance/)). The most recent update to the Terms of Reference was made following the June 2024 Committee meeting. The Committee regularly reports to the Board on how it discharges its responsibilities.

Details on specific work undertaken during the year are set out below:

### Review of Key Judgements and Estimates

An important responsibility of the Committee is to review and agree significant estimates and judgements made by management. To satisfy this responsibility, the Committee reviewed detailed written reports from the Chief Financial Officer and the external auditor at its meetings, to review the half-year and year-end results. The Committee carefully considered the content of these reports in evaluating the significant issues and areas of judgement across the Group.

The key areas of judgement in the year were as follows:

- Disclosure of Discontinued Operations: IFRS 5 sets specific criteria, which if met, business operations or assets to be separately disclosed as being discontinued or held for sale. In determining the appropriate accounting treatment and disclosure of certain assets, the Committee

machining business and 2) the Chirton machining business

- The Afgritech business based in Watertown, New York State
- The Group's investment property portfolio

In addition to determining the correct basis of disclosure of the above assets the Committee also considered the Net Realisable Value for each asset.

- Revenue recognition in relation to Engineering: ISA (UK) 240 presumes a risk of revenue misstatement due to improper recognition. The key risk to revenue recognition is judged to be in relation to the recognition of revenue and profit on engineering contracts, the completion or final agreement of which extend beyond the year end. To assess the risk to the Group, the Committee reviewed reports from management and the external auditor on the application of revenue recognition policies by management to major contracts not completed or finalised at the year end. The Group's normal assessment processes were found to be relevant to contracts spanning the FY24 period end and no material adjustments have been deemed necessary during the FY24 year-end close process.
- Potential goodwill impairment: The Committee challenged the reasonableness of the future business performance assumptions adopted by management for those businesses that had underperformed against expectations in light of historical performance and market trends and, as appropriate, in the context of disclosure of assets as being "held for sale". The Committee also reviewed the assumptions underlying the discount rates used in the evaluation. The Committee concurred with management's view that impairments were required in respect of assets held for sale: Chirton (£3.2m), Afgritech

assumptions were reviewed. The Committee was satisfied that the scheme's assets were appropriately valued, that the assumptions adopted in relation to the scheme's liabilities were appropriate, and that disclosures made in relation to the scheme were appropriate. In the current year the Company has been working with the pension scheme trustees to assess the viability of de-risking the scheme. This has brought to light information relating to the application of "the Barber Window" in the 1990s that has now been taken into account in the scheme accounting disclosures. The Committee considered the appropriate disclosure of the resultant increase in past service accrual and concluded that treatment as an adjusting item in the current year was appropriate.

### Going Concern and Viability Statement

The Committee reviewed management's reports regarding the going concern assumption and the Viability Statement disclosures. Specific focus was given to the assumptions used in cash flow forecasts, given historic forecasting accuracy, while the sensitised scenario analyses and analysis of financing headroom were also scrutinised. The Committee also reviewed reports from the external auditor in relation to the appropriateness of the period of viability considered by management and the risks and scenarios applied. Considering all available information, including ongoing inflationary pressures, divisional trading sensitivities and challenging the assumptions adopted by management, the Committee was satisfied that the going concern assumption remained appropriate, and that disclosures in the Annual Report and Accounts in relation to going concern and the Viability Statement were appropriate.

reviewed the circumstances surrounding each relevant disposal group and asset individually at the year end and also took into account circumstances after the year end in assessing the appropriateness of the year-end position. In the current year the Committee concluded that it was appropriate under IFRS 5 to report the businesses and assets outlined below as being discontinued or held for sale:

- The companies comprising the Engineering Division – allocated into two disposal groups 1) the division excluding the Chirton

(£0.8m) and one property (£0.7m) and that impairment of Animax was required on a continuing basis (£2.2m). Details of the impairment review are contained in notes 12 and 13.

- Defined benefit pension scheme: The Committee considered valuations of the scheme's investments, and the key actuarial assumptions used to value the scheme obligations. The assumptions made were reviewed against market data in conjunction with independent actuarial specialists to assess their appropriateness, and the disclosures on the sensitivity of the obligations to changes in such

### **TCFD Disclosures**

The Committee reviewed the TCFD disclosures and Scope 1 and Scope 2 emissions. The Committee was satisfied with the reasonableness of the disclosures and acknowledged that, while the TCFD disclosures were an improvement on the prior year, further work to enhance these is underway. The quality of these disclosures will also benefit from the significant activities that are ongoing in this area.

## **Fair, Balanced and Understandable**

The Committee, further to the Board's request, reviewed the Annual Report and Accounts, and provided advice to the Board in relation to whether the Annual Report and Accounts, taken as a whole, is considered fair, balanced, and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. To make this assessment, the Committee reviewed a report prepared by the Chief Financial Officer outlining key matters and circumstances affecting the Group. The Committee was satisfied that such matters were adequately referenced or reflected within the Annual Report and Accounts.

## **Internal Control and Risk Management**

During the year the Committee monitored the effectiveness of the Group's internal control and risk management systems. The Committee reviewed the FY23 report prepared by the external auditors to assess whether improvements in the control environment had been made. During the year the Company conducted an in-depth review of internal controls and also conducted a review by outsourced internal audit over key controls. These reviews identified shortcomings in the control environment and management implemented a targeted programme of activity to improve key controls immediately and the broader control environment.

The Committee reported to the Board that whilst the required improvements are noted it was satisfied that the immediate actions taken to improve key controls left the overall effectiveness of the Group's internal control and risk management systems as adequate, albeit that further improvements are being implemented post year-end.

The Committee reviewed Grant Thornton's detailed audit plan presented by it in July 2024. Its performance was assessed by the Committee, with the decision made to recommend the reappointment of Grant Thornton as auditor for the financial year to 31 August 2024.

The Financial Reporting Council's Audit Quality Review team ('AQR') selected the Grant Thornton audit of the Group's financial statements for FY22 as part of the normal process for reviewing the quality of external audit processes. AQR has issued its findings and I am pleased to report that the review was largely positive and there were no significant areas for improvement identified.

## **External Auditor Independence**

The Committee regularly reviews the objectivity and independence of the external auditor. The external auditor confirms compliance with its own internal policies and procedures designed to ensure that it complies with UK regulatory and professional standards, including ethical standards, and to ensure that its objectivity is not compromised.

The Committee also annually reviews the Group's Non-Audit Services Policy, updating and approving the policy where appropriate. The objective of the policy is to ensure that the provision of any such services does not impair, or is not perceived to impair, the external auditor's independence or objectivity. The policy imposes guidance on the areas of work that the external auditor may be asked to undertake and those assignments where the external auditor should not be involved. The policy can be viewed on the Group's website [www.carrsgroup-ir.com](http://www.carrsgroup-ir.com).

To ensure that the policy is effective, and the level of non-audit fees is kept under review, all non-audit services

## **Internal Audit**

The Committee is responsible for monitoring the performance and effectiveness of the Group's internal audit activities. During the year the internal audit function was moved to an outsourced provider.

The activity of the outsourced provider was agreed based on management's assessment of specific areas requiring focus. In the current year these were 1) the application of key controls across the Group and 2) preparation and readiness for an ERP implementation in the US Agriculture business.

On an annual basis, the Committee also reviews and approves the Group's internal audit charter which describes the role and mandate of the internal audit function.

The Committee keeps the performance and effectiveness of the internal audit function under review, assessing the capacity, experience and expertise within the internal audit function against the existing and emerging risks in the Group. The Committee is satisfied that the outsourced arrangements give the Group access to a range of skills and experience appropriate for the Group and were satisfied by the activities undertaken. The internal audit work plan will be regularly reviewed to respond to any emerging risks or challenges.

## **Committee Effectiveness**

The effectiveness of the Committee was considered as part of the Board's internal effectiveness evaluation described on pages 80 and 81. Feedback from the evaluation confirmed that the Committee continues to operate effectively and fulfil its responsibilities.

The Committee Chair will be available at the forthcoming AGM expected to be held in February 2025 to respond to

## **External Audit**

The reappointment of Grant Thornton as the Group's external auditor was recommended by the Board and approved by shareholders at the General Meeting held on 20 February 2024.

The Committee assessed the expertise and independence of Grant Thornton during the year, as well as consideration of the terms of engagement and remuneration. Grant Thornton's audit partner is Michael Frankish, and this is his third year in that role.

must be approved by the Chief Financial Officer and reported to the Committee. Prior approval of the Committee is also required before the external auditor is engaged to provide non-audit services costing over £25,000 in aggregate. During the year, no non-audit services were provided to the Group by Grant Thornton other than limited work in reviewing the unaudited interim results of the Group.

The Committee considers Grant Thornton to remain independent and recommended to the Board that Grant Thornton be reappointed as the Group's external auditor.

any shareholder questions that might be raised on the Committee's activities.



**Stuart Lorimer**

Audit and Risk Committee Chair

11 December 2024

## **REMUNERATION COMMITTEE REPORT**



### **Fiona Rodford**

Remuneration Committee Chair

#### **REMUNERATION COMMITTEE MEMBERS\***

**Fiona Rodford (Chair)**  
(Non-Executive Director)

**Tim Jones**  
(Non-Executive Director)

**Stuart Lorimer**  
(Non-Executive Director)

**Shelagh Hancock**  
(Non-Executive Director)

**Gillian Watson**  
(Non-Executive Director)

\* As at the date of this report

## **Introduction**

The Committee's report is presented in the following sections:

- 1. The Annual Statement:** The Annual Statement highlights some of the key considerations for the Committee during the year and forms part of the Annual Report on Remuneration.
- 2. The Annual Report on Remuneration:** The Annual Report on Remuneration sets out how the Directors' Remuneration Policy was applied in FY24; provides details of the remuneration received by Directors relating to FY24; and outlines how the policy will be applied during FY25. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the forthcoming AGM expected to take place in February 2025.
- 3. The Directors' Remuneration Policy:** The Group's policy for the remuneration of Executive Directors, the Chair and Non-Executive Directors is set out on pages 112 to 119 (inclusive). The most recent Directors' Remuneration Policy was approved by shareholders at the AGM which took place on 20 February 2024. No changes to the Directors' Remuneration Policy were proposed this year.



## **1. Annual Statement from the Chair of the Remuneration Committee**

### **Performance and Remuneration in FY24**

Performance outcomes are reflected in the remuneration received by Executive Directors, based on financial and non-financial targets. The financial and non-financial targets set by the Committee, together with the resulting remuneration payable to the Executive Directors, are detailed in the Remuneration Committee's Report which follows.

Adjusted profit before tax for the full Group was £8.5m, 43% ahead of the prior year (2023: £6.0m). Adjusted earnings per share increased from 5.5p (restated) in 2023 to 7.1p.

Full-year performance fell short of the original budget set by the Board with the result that no annual bonus was payable relating to financial targets. Notwithstanding this financial performance, good progress was made towards achieving the non-financial targets (see pages 102 and 103 for details) and in positioning the business well for future growth. Non-financial targets were achieved, in part, during the year, in relation to which annual bonus was payable to David White (being the only eligible Executive Director).

Owing to the performance of the Group over the last three financial years, no long term award share option awards

The Committee is satisfied that the Remuneration Policy operated as intended in FY24, and that remuneration outcomes for Executive Directors are aligned with Group strategy and shareholders' interests.

Full details of the remuneration targets set by the Committee, together with performance against those targets and the remuneration outcomes for FY24, are contained within the Annual Report on Remuneration which is set out on the following pages.

### **Key Matters Considered in FY24**

Ian Wood stood down as Chair of the Remuneration Committee with effect from 31 July 2024. Ian had been Chair of the Remuneration Committee since 2017 and was the Board's Representative for Employee Engagement. As announced on 1 August 2024, I succeeded Ian in both of these roles having joined the Board and the Committee on 20 February 2024. I would like to extend my personal thanks to Ian for all his help and support over the past months. Ian left the Board and the Board Committees on 8 October 2024.

Gillian Watson was also welcomed as a member of the Committee following her appointment to the Board on 9 October 2023. John Worby stood down from the Board and the Board Committees, including the Remuneration Committee, on 31 October 2023. As announced on 12 November 2024 Shelagh Hancock will stand down from the Board and the Board Committees on

As previously reported in the FY23 Annual Report and Accounts, David White was appointed CEO with effect from 17 November 2023, having previously been a member of the Board as the Group's Chief Financial Officer. The Committee, having consulted with external advisers PricewaterhouseCoopers LLP ("PwC") agreed the remuneration arrangements for David White as the new CEO, which other than a change in salary and the introduction of a car allowance, remained the same. Details of the remuneration for David White can be found on the pages which follow.

David succeeded Peter Page who stepped down from the Board and left the Group on 17 November 2023. Peter Page's remuneration on departure was agreed by the Committee, the details of which were included in the FY23 Annual Report and Accounts and can also be found on page 106.<sup>1</sup>

As also reported in the FY23 Annual Report and Accounts, with effect from 13 November 2023, Martin Rowland was appointed Executive Director of Transformation, having previously been a member of the Board as a Non-Executive Director since March 2023. The Committee also consulted external advisers PwC to the remuneration arrangements for Martin Rowland as he moved from a Non-Executive Director to an Executive Director. Details of the remuneration arrangements for Martin Rowland can be found on page 111. Martin was re-appointed as a Non-Executive Director of the Company on

granted to Executive Directors under  
the Group's Long-term Incentive Plan  
will vest in relation to the performance  
period which ended on 31 August 2024.

31 December 2024.

13 November 2024.

1. No annual bonus relating to FY24 was paid to former CEO, Peter Page, who stood down from the Board and left the Group on 17 November 2023.

# **REMUNERATION COMMITTEE REPORT CONTINUED**

There were also new Senior Management appointments during FY24. These included Gavin Manson who joined the Group as Chief Financial Officer, a non-Board position, with effect from 13 November 2023, and Josh Hoopes who joined the Group as CEO, Global Agriculture on 1 March 2024. In accordance with the Committee Terms of Reference, the Committee approved the remuneration arrangements for each of Gavin Manson and Josh Hoopes as members of the Senior Management Team. Details of Senior Managers' remuneration are not included in this report.

During FY24, the Committee considered the remuneration arrangements for the Executive Director changes and new Senior Manager appointments detailed above. Such changes and appointments have helped support the Group's strategy and will continue to support the disposal of the Engineering Division in FY25 and the turnaround and growth plan of the continuing Group. Details of expected remuneration in FY25 can be found on pages 110 and 111.

The Carr's Group Sharesave Plan 2016 expires in January 2026. Therefore a replacement, Carr's Group Sharesave Plan 2025, on terms materially similar to the existing Plan and including updates necessary for changes in legislation, has been drafted and a resolution to adopt the replacement plan will be proposed at the AGM expected to take place in February 2025. A copy of the main terms of the replacement scheme will be enclosed with the notice of the AGM.

During the year, external adviser PwC was engaged to advise the Committee

provided amounted to £45,200 (exclusive of VAT). PwC provides other services to the Company, in relation to accounting and internal audit. The Committee is satisfied that no conflicts of interest exist in relation to advice provided to the Committee. It is also satisfied that the members of PwC teams do not have connections with the Company which might impair their independence.

The effectiveness of the Committee was considered as part of the Board's external effectiveness evaluation described on pages 80 and 81. Feedback indicated that the Committee was chaired well, in an inclusive and open way and that challenge from Committee members was constructive and thorough.

## **Annual General Meeting 20 February 2024**

At the AGM of the Company held on 20 February 2024, the Annual Report on Remuneration was approved with 99.24% of votes cast being cast in favour. A new Directors' Remuneration Policy was also approved by shareholders at the AGM on 20 February 2024 with 99.11% of votes cast in favour of the new policy.

## **Remuneration in FY25**

On 8 October 2024, the Investment Association issued an update to its existing Principles of Remuneration. The Committee will be considering the updated Principles of Remuneration during FY25.

Details of expected remuneration in FY25 can be found on pages 110 and 111.

## **AGM**

I hope that shareholders are able to support the Remuneration Committee's Report at the forthcoming AGM

## **2. Annual Report On Remuneration**

This part of the Directors' Remuneration Report outlines the key considerations of the Committee during the year and sets out a summary of how the Directors' Remuneration Policy was applied for FY24. The Directors' Remuneration Policy can be found on pages 112 to 119 (inclusive).

### **Remuneration Committee**

#### **The Role of the Committee**

The main role of the Remuneration Committee is to make recommendations to the Board on the Group's policy for Director remuneration. The Committee also has delegated responsibility for setting remuneration for the Company's Chair and Executive Directors and members of the Senior Management Team, including the Company Secretary, in accordance with the principles and provisions of the UK 2018 Corporate Governance Code.

#### **Committee Membership**

The Committee is comprised of independent Non-Executive Directors. The Committee members as at the date of this report are detailed on page 96. Changes in the composition of the Committee during FY24 are detailed on page 97.

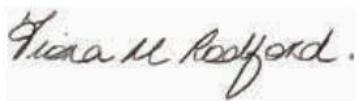
The Executive Directors may attend meetings of the Remuneration Committee by invitation and in an advisory capacity only. No person attends any part of a meeting at which his or her own remuneration is discussed. The Chair and the Executive Directors determine the remuneration of the other Non-Executive Directors.

#### **Meetings in the Year**

The Committee met on five scheduled occasions during FY24. Details of attendance can be found on page 76.

on remuneration issues, most notably in connection with the preparation of the Directors' Remuneration Report and application of the Directors' Remuneration Policy. PwC is a signatory to the Remuneration Consultants' Code of Conduct, which requires that its advice be objective and impartial. Total fees incurred for the services

expected to be held in February 2025.



**Fiona Rodford**

Remuneration Committee Chair

11 December 2024

## Responsibilities and Activities of the Committee

Details of the responsibilities of the Committee can be found in the Remuneration Committee's Terms of Reference located at [www.carrsgroup.com/corporate-governance/](http://www.carrsgroup.com/corporate-governance/). The key areas of activity over FY24 are shown below alongside the key responsibilities of the Committee. In some instances, the activities noted spanned more than one financial year.

Key responsibilities of the Committee	Activities during the year
Determining the policy for Directors' remuneration and reviewing the ongoing appropriateness and relevance of the Remuneration Policy.	<ul style="list-style-type: none"> <li>A new Directors' Remuneration Policy was approved by shareholders at the AGM on 20 February 2024 with 99.11% of votes cast in favour of the new policy. The Committee reviewed that Policy again in July 2024 and determined that the Policy remained appropriate and no changes were required at that time.</li> </ul>
Setting remuneration for FY24 for the Chair, Executive Directors and Senior Management, and determining the total individual remuneration package of each Executive Director, the Chair and Senior Management including inclusion in bonus schemes, incentive payment and share option arrangements or other share awards.	<ul style="list-style-type: none"> <li>Levels of basic pay and remuneration structures for Executive Directors, the Chair and Senior Management were reviewed and agreed.</li> <li>Specifically in relation to changes which took place during FY24, the Committee: <ul style="list-style-type: none"> <li>approved remuneration arrangements for David White as incoming CEO;</li> <li>approved the remuneration arrangements for Martin Rowland as Executive Director of Transformation;</li> <li>approved the remuneration arrangements for Senior Management including the incoming CFO, Gavin Manson, as successor to an existing director, and Josh Hoopes as CEO, Global Agriculture; and approved the terms of the termination of engagement arrangements for Peter Page as outgoing CEO.</li> </ul> </li> <li>Performance-related targets (both financial and non-financial) for Executive Directors were agreed in line with strategy (see pages 102 and 103 for details), and recommendations for Senior Management targets were also noted by the Committee.</li> </ul>
Setting targets for performance-related* pay schemes for FY24.	<ul style="list-style-type: none"> <li>LTIP performance measures for Executive Directors and Senior Managers were reviewed and agreed. The Committee agreed to make LTIP awards to Senior Managers as well as to the CEO, David White (see page 105 for details).</li> </ul>
Agreeing whether options would be awarded under share incentive plans for the performance period beginning FY24 and ending FY26, and if so, the overall amount of such awards as well as the individual awards for Executive Directors and Senior Managers, and the performance targets to be used. When reviewing the incentive structure for Senior Management, the Committee considers and ensures that any ESG risk is not raised by inadvertently motivating irresponsible behaviour.	<ul style="list-style-type: none"> <li>Remuneration awards for Executive Directors were determined based on outcomes assessed against previously agreed performance-related targets (see pages 102 and 103 for details).</li> </ul>
Determining the outcome of remuneration awards for FY24, taking into account Company and individual performance.	<ul style="list-style-type: none"> <li>Owing to the performance of the Group over the last three</li> </ul>
Exercising the powers of the Board in relation to any long-term	

incentive arrangements.

financial years, the Committee determined that no long-term share option awards granted to Executive Directors under the Group's Long-Term Incentive Plan would vest in relation to the performance period which ended on 31 August 2024.

Exercising the powers of the Board in relation to any employee share arrangements.

- The Committee approved a replacement Sharesave Plan and a resolution to adopt the replacement scheme will be proposed at the AGM expected to take place in February 2025.

Reviewing employee remuneration and related policies.

- The Committee provided oversight of wider workforce remuneration in the context of fairness and wider economic factors; and considered pay and benefits structures across the Group (including gender pay gap reporting and CEO pay ratios).

- When reviewing the incentive structure for Senior Managers, the Committee considers and ensures that any ESG risk is not raised by inadvertently motivating irresponsible behaviour.

## **REMUNERATION COMMITTEE REPORT CONTINUED**

Key responsibilities of the Committee	Activities during the year
Engaging with stakeholders on matters within its remit.	<ul style="list-style-type: none"> <li>Engaging with shareholders as detailed on page 69.</li> </ul>
Ensuring periodic review of the Committee's own performance.	<ul style="list-style-type: none"> <li>The Committee considered the outcomes from the Board's review of the Committee's effectiveness;</li> <li>The Committee reviewed and sought advice from external advisers PwC on developing remuneration trends, and their impacts on the activities of the Committee and the Remuneration Policy (see page 98 for details).</li> </ul>
At least annually, reviewing its constitution and terms of reference.	<ul style="list-style-type: none"> <li>A review and update of the Committee's Terms of Reference was undertaken. The most recent version is published on the Group's website <a href="http://www.carrsgroup.com/corporate-governance">www.carrsgroup.com/corporate-governance</a></li> </ul>

Further information on each of the above activities is set out on the pages which follow.

### **Application of the Directors' Remuneration Policy During FY24**

#### **Directors in Post During FY24**

Dates of service contracts and appointment to the Board for all Directors in post during FY24 are given below:

	Date of service contract/letter of appointment/ renewal of appointment	Date of first appointment to the Board	Date stood/standing down
<b>Executive Directors</b>			
David White <sup>1</sup>	14 December 2022 (CFO) (as amended on 14 November 2023 (CEO))	21 February 2023	
Martin Rowland <sup>2</sup>	13 November 2023	6 March 2023	12 November 2024
Peter Page <sup>3</sup>	4 August 2022	1 November 2019	17 November 2023
<b>Non-Executive Directors</b>			
Tim Jones	28 August 2024	21 February 2023	
Stuart Lorimer	28 August 2024	1 September 2022	
Gillian Watson	28 August 2024	9 October 2023	
Fiona Rodford	28 August 2024	20 February 2024	
Martin Rowland <sup>4</sup>	13 November 2024 (re-appointed)	6 March 2023	
John Worby	22 August 2023	1 April 2015	31 October 2023
Peter Page <sup>5</sup>	20 September 2021 (as amended on 3 December 2021)	1 November 2019	21 February 2023
Ian Wood	28 August 2024	1 October 2015	8 October 2024
Shelagh Hancock	28 August 2024	1 September 2022	31 December 2024

<sup>1</sup>. Reflecting appointment as CFO and appointment as CEO.

2. Reflecting appointment as Executive Director of Transformation in 2023 and re-appointment as a Non-Executive Director on 13 November 2024.
3. Reflecting Executive Chair appointment under interim arrangements from 11 October 2021 and appointment as CEO in August 2022 (CEO appointment took effect on the appointment of Tim Jones as Non-Executive Chair).
4. See note 2 above.
5. See note 3 above.

## FY24 Remuneration (Audited Information)

In this section we summarise the pay packages awarded to our Executive and Non-Executive Directors for performance in FY24 versus FY23. The table below shows all remuneration that was earned by each individual during the year and includes a single total remuneration figure for the year.

	Salary/Fees		Benefits		Pension		Total fixed pay		Bonus		LTIP		Total variable pay		Total remuneration		
	£'000	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23
<b>Executive Directors</b>																	
David White <sup>1</sup>	<b>290</b>	142	<b>9</b>	1	<b>12</b>	10	<b>311</b>	153	<b>17</b>	22	–	–	<b>17</b>	22	<b>327</b>	175	
Martin Rowland <sup>2</sup>	<b>200</b>	–	<b>10</b>	–	<b>8</b>	–	<b>218</b>	–	–	–	–	–	–	–	<b>218</b>	–	
Peter Page <sup>3</sup>	<b>472</b>	354	–	–	<b>3</b>	14	<b>475</b>	368	–	–	–	–	–	–	<b>475</b>	368	
Neil Austin <sup>4</sup>	–	131	–	1	–	7	–	139	–	–	–	–	–	–	–	–	139
<b>Non-Executive Directors</b>																	
Tim Jones <sup>5</sup>	<b>100</b>	50	–	–	–	–	<b>100</b>	50	–	–	–	–	–	–	<b>100</b>	50	
Shelagh Hancock	<b>45</b>	43	–	–	–	–	<b>45</b>	43	–	–	–	–	–	–	<b>45</b>	43	
Stuart Lorimer	<b>45</b>	43	–	–	–	–	<b>45</b>	43	–	–	–	–	–	–	<b>45</b>	43	
Gillian Watson <sup>6</sup>	<b>40</b>	–	–	–	–	–	<b>40</b>	–	–	–	–	–	–	–	<b>40</b>	–	
Fiona Rodford <sup>7</sup>	<b>24</b>	–	–	–	–	–	<b>24</b>	–	–	–	–	–	–	–	<b>24</b>	–	
John Worby <sup>8</sup>	<b>7</b>	43	–	–	–	–	<b>7</b>	43	–	–	–	–	–	–	<b>7</b>	43	
Martin Rowland <sup>9</sup>	<b>9</b>	21	–	–	–	–	<b>9</b>	21	–	–	–	–	–	–	<b>9</b>	21	
Ian Wood	<b>45</b>	43	–	–	–	–	<b>45</b>	43	–	–	–	–	–	–	<b>45</b>	43	

1. Figures for FY23 are reflective of eight months' service in FY23. Figures for FY24 reflect service as CFO to 17 November 2023, and service as CEO from 17 November 2023. The value in the above in relation to FY23 and FY24 bonus includes 25% deferred in line with the Directors' Remuneration Policy.

2. Figures for FY24 are reflective of service as Executive Director of Transformation from 13 November 2023. See note 9 below.

3. Figures for FY24 reflect services as CEO to 17 November 2023. Figure for FY24 salary includes payments in lieu of notice, payment for loss of benefits during his notice period and unused holiday entitlement. See page 106 for details.

4. Figures for FY23 are reflective of six months' service.

5. Figures for FY23 are reflective of six months' service.

6. Figures for FY24 are reflective of 11 months' service.

7. Figures for FY24 are reflective of seven months' service.

8. Figures for FY24 are reflective of two months'service.

9. Figures for FY23 are reflective of six months' service in FY23 as a Non-Executive Director. Figures for FY24 are reflective of service as a Non-Executive Director until 16 November 2023. See note 2 above.

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## **REMUNERATION COMMITTEE REPORT CONTINUED**

### **FY24 Annual Bonus Pay-out**

The annual bonus is calculated using a combination of financial and non-financial performance targets which are set with regard to Group budget, historic performance, market outlook and future strategy. The Group is committed to disclosing its performance targets retrospectively, other than where prevented due to commercial sensitivities.

David White became CEO from 17 November 2023. The following targets were set by the Committee and performance measured against the targets set.

60% of David's bonus was based on adjusted profit before tax ("PBT") for the Group. Adjusted PBT is calculated as reported PBT after adding back or deducting any one-off items outside of normal trading that were not anticipated at the time the performance targets were set. For FY24, the PBT targets were set in accordance with the table below.

Measure (GBP '000s)	Threshold	Target	Maximum
Adjusted PBT	8,810	9,274	9,738
Bonus (% of base salary)	0	30	60

For FY24, adjusted profit before tax for the Group was £8,535. As this performance was below the threshold target, no bonus was payable to David White in connection with the Group's financial targets.

Non-financial targets, which accounted for 40% of the bonus in the year, are assessed independently of financial performance and details of key non-financial targets set for David by the Committee together with the performance against those targets are provided in the tables below.

Performance Measure	Target	Attainment	Commentary
<b>Complete disposal of Engineering Division</b>	<ul style="list-style-type: none"><li>Deliver sale of Engineering Division (whole or in optimal deal structure) by end of FY24.</li><li>Support Executive Director of Transformation through the sale process and lead communication with key stakeholders (including shareholders and employees) during the process.</li></ul>	82%	<ul style="list-style-type: none"><li>Progress towards sale of Engineering Division remains ongoing, but was not complete by end of FY24</li><li>Communication, internally and externally, has been lead by CEO</li></ul>
<b>Deliver improved performance in the Agriculture business</b>	<ul style="list-style-type: none"><li>Establish new global Agriculture leadership team with skills and expertise to complement existing capabilities across the organisation and deliver growth in the short and medium term.</li><li>Assess historical performance and future prospects of each of the businesses within the Agriculture Division and recommend actions to the Board to improve performance.</li></ul>	90%	<ul style="list-style-type: none"><li>Agriculture leadership team has been completely revamped, with every member of that team either new to the business or to their role. New team have brought a fresh perspective and good practices to the business, while working well with the existing team</li><li>Dates for assessment of Animax, Agritech and NZ were all delayed to allow new Global CEO to assess market</li></ul>

- Execute actions in line with agreed timetable to deliver performance improvements across all under-performing businesses.
- potential (for all businesses) and create a strategy which focuses on core markets while also dealing with these under-performing businesses
- Strategy was delivered to the Board in June 2024 and steps have already been taken to change the NZ business model and exit Afgritech
  - There have been significant changes to the local leadership team, and size of wider team at Animax, with a final recommendation to be taken to the Board in early 2025.

<b>Performance Measure</b>	<b>Target</b>	<b>Attainment</b>	<b>Commentary</b>
<b>Deliver improvements in ESG through focused initiatives</b>	<ul style="list-style-type: none"> <li>Review of supply chain management particularly relating to Scope 3 data, climate-related risks and modern slavery due diligence.</li> <li>Establish and monitor societal targets (e.g. maintain key talent, reduce employee turnover, training and development strategy).</li> <li>Oversee the performance of qualitative scenario analysis and development of metrics to identify and manage climate-related risks and realise opportunities including KPIs, and assessment of the impact on the Group to ensure consistency with TCFD recommendations.</li> <li>Develop targets to reduce energy consumption, CO<sub>2</sub>te production and to assess progress against the net zero target of 2050.</li> </ul>	40%	<ul style="list-style-type: none"> <li>Limited progress on supply chain management, although we have gained some understanding of where the risk of modern slavery is greatest (through the UK Agriculture procurement project)</li> <li>Progress against the other objectives set has been even more limited; this was slow to begin with and exit of the Group Environment Manager meant these initiatives ground to a halt. This role has not been replaced given the expected break-up of the Group and current trading position of the Agriculture business.</li> </ul>

Following the year end, the Committee considered outcomes against the non-financial targets. The table above summarises the Committee's assessment of performance against the targets together with the resulting bonus assessed as payable for David White as the only eligible Executive Director.

In light of the financial targets not being achieved, the Committee considered whether it would be appropriate to make any downward adjustment to the outcome of the non-financial targets in order to take a holistic view of overall performance. However, particularly in a year of significant strategic change, the Committee took into account the importance of performance against non-financial targets and recognising the change in role from CFO to CEO, and believes the determined outcome remains appropriate and therefore no downward adjustment was made. Overall, the Committee determined that it would award a bonus attributable to non-financial targets equal to 70.5% of the available opportunity (being 28.2% of the total available bonus).

The total annual bonus payable to David White was therefore 28.2% of salary or £79,854.25 (based on average salary over FY24). In accordance with the Directors' Remuneration Policy, and in line with previous awards made to Executive Directors in recent years, 25% of the bonus payable will be deferred in the form of shares for two years.

As noted above, no bonus was payable in connection with the Group's financial targets.

In addition to the above financial and non-financial performance indicators, the Committee retains full discretion when assessing performance outcomes to consider other factors, which may include environmental, social and governance considerations, in order to avoid formulaic outcomes where these would not be appropriate. In relation to the bonus awarded to David White, no discretions were applied. Other than the specific targets noted above, there were no other relevant ESG matters to be taken into account by the Committee when determining performance outcomes.

Former CFO, David White was appointed as CEO with effect from 17 November 2023. Given the short period of the year for which David was CFO and the greater importance which the Committee attached to his new role as CEO, the targets which were previously discussed for David White (as CFO) were replaced on appointment with new CEO targets for FY24.

(see above for details).

Martin Rowland's bonus is entirely based on financial metrics linked to executing the transformation strategy. Martin Rowland was appointed as the Executive Director of Transformation with specific goals spanning two financial years. The intention is to evaluate performance across his full tenure and accordingly pay a bonus which reflects the period of working. The bonus earned will not exceed 100% of the salary accrued over the 12-month fixed contractual term. Accordingly the performance conditions are yet to be tested.

On 7 August 2023 it was announced that Peter Page would be standing down from the Board and leaving the Group. Accordingly, no financial targets and no non-financial targets were set for Peter Page as CEO for FY24. Peter Page stood down from the Board and left the Group on 17 November 2023.

## **REMUNERATION COMMITTEE REPORT CONTINUED**

### **Long Term Incentive Plan Determinations**

The awards made to Executive Directors in 2021 were subject to average annual adjusted EPS growth targets over the three-year period ending on 31 August 2024 and from a base adjusted EPS of 13.2p. Details of the awards are in the table below:

<b>Date of issue:</b>	10 December 2021	<b>Base EPS (p):</b>	13.2p
<b>Participant:</b>	Neil Austin <sup>1</sup>	<b>Number of Ordinary Shares subject to the award:</b>	169,550
<b>Assessment Criteria:</b>	<b>Target</b>		<b>Vesting</b>
<b>Threshold</b>	3% average annual growth	25%	
<b>Maximum</b>	10% average annual growth	100%	
An award will vest on a straight-line basis once the minimum threshold of 3% average annual growth is achieved.			
<b>Calculation of award:</b>			
<b>Year</b>	<b>EPS</b>	<b>Growth</b>	
2021	13.2		
2022	13.7 (rebased to 10.0 – continuing operations only)	+3.8%	
2023	6.2 (continuing operations only)	-38.0%	
2024	7.1 (total Group)	+14.5%	
<b>Average:</b>		-6.6%	
<b>Award:</b>		0	

1. Former CFO, Neil Austin, stood down from the Board and left the Group on 21 February 2023. In relation to LTIP awards, the Committee at that time decided to extend "good leaver" status to Neil in recognition of his role in the completion of the sale of the Agricultural Supplies Division during the performance periods of the LTIP awards and on the basis that any preserved LTIP awards would be pro-rated to time served, and that the remaining amount of the LTIP preserved is linked to performance conditions of the Company in the future (based an adjusted Earnings Per Share performance measure). In relation to the awards granted for the three-year performance period ending 2 September 2023, no award vested (see FY23 Annual Report and Accounts for details). No LTIP award was granted to Neil for the performance period ending 31 August 2025.

The average EPS growth over the three-year period from the base adjusted EPS was below the threshold target and, accordingly, none of the shares under the long-term awards made to Executive Directors in 2021 vested. The Committee always takes into consideration matters impacting performance of shares in the Company which are not as a consequence of the operations of the Group (windfall gains) however no circumstances existed in the three-year performance period ending 31 August 2024. Therefore no part of the vesting was linked to share price appreciation and no discretion was applied by the Committee.

### **Total Pension Entitlements FY24 (Audited)**

The table below provides details of the Executive Directors' pension benefits:

	Total contributions to DC-type pension plan £'000	Cash in lieu of contributions to DC-type pension plan £'000
Normal retirement age		
<b>David White<sup>1</sup></b>	67	12

<b>Martin Rowland<sup>2</sup></b>	67	0	8
<b>Peter Page<sup>3</sup></b>	67	0	3

1. Former CFO David White became CEO from 17 November 2023.
2. Martin Rowland became Executive Director of Transformation on 13 November 2023.
3. Peter Page stood down from the Board and left the Group on 17 November 2023.

Each Executive Director has the right to participate in the Carr's Group defined contribution pension plan or to elect to be paid some or all of their contribution in cash.

During the year, pension contributions and/or cash allowances in the year were 4% of salary for existing Executive Directors, which is aligned with the majority of the Group's UK workforce.

## **Long Term Incentive Plan Awards Granted During FY24 (Audited)**

Long-term awards were made to the Executive Directors during FY24 in line with the Directors' Remuneration Policy as follows:

	Number of shares	Basis on which the award was made <sup>1</sup>	Face value of the award (£'000)	Threshold vesting	End of performance period
<b>David White</b>	267,834	100% <sup>2</sup>	306,000	25%	August 2026

1. Awarded on 22 January 2024 using a share price of £114.

2. The Committee granted an LTIP award of 100% to David White as incoming CEO.

Vesting of the above options is subject to performance targets based upon the Company's adjusted Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") over a three-year performance period covering the financial years FY24, FY25 and FY26 ("Performance Period") as follows:

	Threshold	Maximum
<b>Target</b>	5% average annual growth in adjusted EPS	14% average annual growth in adjusted EPS
<b>Vesting</b>	25%	100%

	Threshold	Maximum
<b>Target</b>	7% compound annual growth in TSR	16% compound annual growth in TSR
<b>Vesting</b>	25%	100%

An award will vest on a straight-line basis once the threshold target is achieved (25% vesting), up to achievement of the maximum target (100% vesting). For performance exceeding the maximum target, award vesting will be 100%. The Committee retains overall discretion when determining vesting based on the assessment of performance.

The Committee regularly reviews its long-term incentives for Executive Directors and the Senior Management Team, taking into account the Group's overall circumstances and wider workforce remuneration. The Committee considers that the Company's Long Term Incentive Plan (which was approved by shareholders at the Company's AGM on 27 February 2023) remains appropriate to support the Company's strategic objectives. The Committee also reviews the performance measures it adopts for long-term incentives, and following consultation with major shareholders in FY23, introduced a second performance measure for Executive Directors based on Total Shareholder Return ("TSR").

Given Martin Rowland's role was for a contractual term of 12 months which commenced 13 November 2023, the Committee did not grant an LTIP to Martin during FY24.

## **All-Employee Share Plans**

The Executive Directors are also eligible to participate in the UK all-employee plans. The Carr's Group Sharesave Plan 2016 is an HM Revenue & Customs approved scheme open to all staff permanently employed in a UK Group company at the eligibility date. Options under the plan are granted at a 20% discount to market value. Executive Directors' participation is included in the option table later in this report. The Carr's Group Sharesave Plan 2016 expires in January 2026 and a replacement, The Carr's Group Sharesave Plan 2025, on terms materially similar to the existing plan and including updates necessary for changes in legislation, has been drafted and a resolution to adopt the replacement scheme will be proposed at the AGM expected to take place in

February 2025. A copy of the main terms of the replacement scheme will be enclosed with the notice of the AGM.

The number of shares granted under the employees' share scheme of the Company (Sharesave) is monitored regularly to ensure that the 10% dilution limit is not breached. It is also proposed that the 5% executive (discretionary) dilution limit will also continue to be monitored as set out in the discretionary share plans for the Group.

#### **External Appointments**

David White (CEO) does not have any external appointments.

## **REMUNERATION COMMITTEE REPORT CONTINUED**

### **Payments to Past Directors (Audited)**

Peter Page stood down from the Board and left the Group on 17 November 2023. Payments made to Peter Page during FY24 are detailed in the table below:

	Salary (£'000)	Cash in lieu of pension contribution (£'000)	Bonus (£'000)	Total (£'000)
<b>Peter Page</b>	472*	3	-	475

\* Figure includes unused holiday entitlement, pay in lieu of notice and payment of loss of benefits during his notice period (see below for details).

No other payments to past Directors have been made during FY24.

### **Payments for Loss of Office (Audited)**

Peter Page stood down from the Board and left the Group on 17 November 2023, receiving contractually entitled payments of £353,600 in lieu of notice and a sum of £18,004 as payment for loss of benefits over his notice period. In relation to LTIP awards, the Committee decided to extend "good leaver" status to Peter as part of the agreed terms of his departure and on the basis that any preserved LTIP awards would be pro-rated for time served, and that such preserved amount of the LTIP be linked to performance conditions of the Company in the future (based an adjusted Earnings Per Share performance measure and Total Shareholder Return). Other than the award for the performance period ending 31 August 2025, no LTIP awards have been granted to Peter. In relation to the award granted for the performance period ending 31 August 2025, the performance conditions of the Company are yet to be tested but the award will be subject to a pro-rata adjustment for time served.

### **Directors' Interests in the Shares of the Company (Audited Information)**

A summary of interests in shares and scheme interests of the Directors (as at the date of this report) is given below. The Company has a share dealing policy and a share dealing code. The requirements of such policy and code were met in respect of the shares noted below.

	Total number of interests in shares	Vested LTIP	Unvested LTIP	SAYE (unvested without performance conditions)	Unvested deferred bonus shares	% of salary held in shares <sup>1</sup>
<b>Executive Directors</b>						
David White	41,005	N/A	450,407	15,384	4,814	19%
<b>Non-Executive Directors</b>						
Tim Jones	148,206	N/A	N/A	N/A	N/A	N/A
Shelagh Hancock	0	N/A	N/A	N/A	N/A	N/A
Stuart Lorimer	4,000	N/A	N/A	N/A	N/A	N/A
Gillian Watson	37,254	N/A	N/A	N/A	N/A	N/A
Fiona Rodford	0	N/A	N/A	N/A	N/A	N/A
Martin Rowland <sup>2</sup>	0	N/A	N/A	N/A	N/A	N/A

<sup>1</sup>. Based upon salary as at 31 August 2024 and the average share price over the three months of the year ended 31 August 2024.

2. Martin Rowland joined the Board on 6 March 2023 as a Non-Executive Director and became Executive Director of Transformation on 13 November 2023. Martin was re-appointed as a Non-Executive Director on 13 November 2024 and has an interest in 0 Ordinary Shares in the capital of the Company. At the date of this report, Harwood Capital Management Limited (of whom Martin Rowland is a representative), holds an interest in 19.50% of the Company's share capital.

## Performance Shares (Audited Information)

The maximum number of outstanding shares that have been awarded to Directors under the LTIP are currently as follows:

	FY22 award (3-year performance FY22, FY23, FY24)	FY23 award (3-year performance FY23, FY24, FY25)	FY24 award (3-year performance FY24, FY25, FY26)
<b>David White</b>	N/A	182,573	267,834
	FY22 award (3-year performance FY22, FY23, FY24)	FY23 award (3-year performance FY23, FY24, FY25)	FY24 award (3-year performance FY24, FY25, FY26)
<b>Martin Rowland</b>	N/A	N/A	N/A
<b>Peter Page<sup>1</sup></b>	N/A	438,347	N/A
<b>Neil Austin<sup>2</sup></b>	169,550	N/A	N/A

1. See Payments for Loss of Office (Audited) on page 106.

2. See Long Term Incentive Plan Determinations, footnote 1 on page 104.

## Assessing Pay and Performance

The table below summarises the Chief Executive's single remuneration figure over the past ten years, as well as how variable pay plans have paid out in relation to the maximum opportunity.

	FY15 Tim Davies	FY16 Tim Davies	FY17 Tim Davies	FY18 Tim Davies	FY19 Tim Davies	FY20 Tim Davies	FY21 Tim Davies	FY21 Hugh Pelham <sup>1</sup>	FY22 Hugh Pelham <sup>2</sup>	FY22 Peter Page <sup>3</sup>	FY23 Peter Page <sup>4</sup>	FY24 Peter Page <sup>5</sup>	FY24 David White <sup>6</sup>
Single figure of total remuneration	911	531	308	861	764	508	259	244	210	312	368	475	260
Annual variable element (actual award versus maximum opportunity)	100%	55%	0%	100%	60.41%	15%	100%	0%	N/A	0%	0%	0%	0%
Long-term incentive (vesting versus maximum opportunity)	100%	37.45%	0%	100%	100%	51.64%	N/A	0%	N/A	0%	0%	0%	0%

1. Reflective of an eight-month period. In relation to FY21, it was determined that the award relating to 272,324 shares under the Long Term Incentive Plan would lapse without vesting upon Hugh Pelham standing down from the Board on 11 October 2021.

2. Reflective of remuneration to 11 October 2021, including £170,000 paid in lieu of notice. In relation to FY22, no award under the Long Term Incentive Plan was made to Hugh Pelham in the period to 11 October 2021.

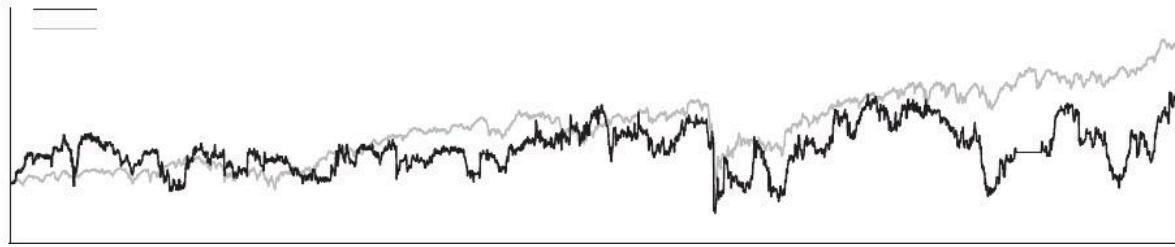
3. Reflective of services as a Non-Executive Chair until 11 October 2021 and services as Executive Chair under interim arrangements from 11 October 2021.

4. As CEO from 1 September 2022.

5. As CEO to 17 November 2023. Figure includes unused holiday entitlement, pay in lieu of notice and payment for loss of benefits during his notice period..

6. As CEO from 17 November 2023. No bonus received as CEO.

## Ten-year Historical TSR Performance



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## **REMUNERATION COMMITTEE REPORT CONTINUED**

### **Change in Directors' Remuneration**

The table below shows the percentage change in the Directors' remuneration between FY23 and FY24 compared to the other employees.

	Base pay/fees	Benefits	Annual bonus
<b>Current Directors*</b>			
David White <sup>1</sup>	-13%	0%	-88%
Martin Rowland <sup>2</sup>	5%	N/A	N/A
Tim Jones <sup>3</sup>	5%	N/A	N/A
Shelagh Hancock <sup>4</sup>	5%	N/A	N/A
Stuart Lorimer <sup>5</sup>	5%	N/A	N/A
Gillian Watson <sup>6</sup>	5%	N/A	N/A
Fiona Rodford <sup>7</sup>	5%	N/A	N/A
<b>Former Directors*</b>			
Peter Page <sup>8</sup>	0%	N/A	N/A
John Worby <sup>9</sup>	5%	N/A	N/A
Ian Wood <sup>10</sup>	5%	N/A	N/A
Other UK employees	5%	N/A	-72%

\* As at the date of this report.

1. When compared to CFO pay FY23. David White was CFO until 17 November 2023 (figures are on an annualised basis).
2. When compared to NED pay FY23. Martin Rowland joined the Board on 6 March 2023 (figures are on an annualised basis).
3. When compared to Chair pay FY23. Tim Jones joined the Board on 21 February 2023 (figures are on an annualised basis).
4. When compared to NED pay FY23.
5. When compared to NED pay FY23.
6. When compared to NED pay FY23. Gillian Watson joined the Board on 9 October 2023 (figures are on an annualised basis).
7. When compared to NED pay FY23. Fiona Rodford joined the Board on 20 February 2024 (figures are on an annualised basis).
8. When compared to CEO pay FY23. Peter Page stood down from the Board on 17 November 2023 (figures are on an annualised basis).
9. When compared to NED pay FY23. John Worby stood down from the Board on 31 October 2023 (figures are on an annualised basis).
10. When compared to NED pay FY23. Ian Wood stood down from the Board on 8 October 2024.

### **Other UK Employees**

The Remuneration Committee considers pay across the entire Group when setting Executive Director remuneration. Annual consultations take place across the Group between the Executive Directors and Senior Management, including HR, in relation to employee pay. The outcome of that exercise, and any changes to employee pay levels, are considered when determining the appropriateness of any changes in Executive Director pay.

### **Chief Executive Officer Pay Ratio (Unaudited)**

The table below shows the pay ratio based on the total remuneration of the Chief Executive Officer to the 25th, 50th and 75th percentile of all permanent UK employees of the Group.

CEO pay	25th percentile	Median	75th percentile
---------	-----------------	--------	-----------------

	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23
Total pay (£'ooo)	<b>306</b>	368	<b>25</b>	23	<b>34</b>	32	<b>43</b>	43
Pay ratio			<b>12</b>	16	<b>9</b>	11	<b>7</b>	9

The Group adopted Option A as defined in The Companies (Miscellaneous Reporting) Regulations 2018, as the calculation methodology for the above ratios. The 25th, median and 75th percentile pay ratios were calculated using the full-time equivalent remuneration for all UK employees as at 31 August 2024.

## Gender Pay Gap

The Group's gender pay gap reporting information was as follows for the snapshot period ending 5 April 2024, being the most recent data available. For information on the Group's approach to equal opportunities and diversity, please see our Sustainability and Impact Report on page pages 39 and 43, the Corporate Governance Report on pages 74 and 75 and the Nomination Committee Report on pages 91.

### Difference Between Men and Women

	Mean			Median		
	FY24	FY23	FY22	FY24	FY23	FY22
Hourly pay	<b>24%</b>	14%	25%	<b>22%</b>	17%	22%
Bonus	<b>52%</b>	22%	72%	<b>52%</b>	87%	0%

### Proportion of People Awarded a Bonus

	FY24	FY23	FY22
Male	<b>3%</b>	22%	36%
Female	<b>6%</b>	30%	41%

### Percentage of Men/Women in Each Pay Quartile

	Lowest			Q2			Q3			Highest		
	FY24	FY23	FY22									
Men	<b>66%</b>	67%	59%	<b>68%</b>	72%	51%	<b>82%</b>	83%	84%	<b>86%</b>	82%	84%
Women	<b>34%</b>	33%	41%	<b>32%</b>	28%	49%	<b>18%</b>	17%	16%	<b>14%</b>	18%	16%

### Relative Spend on Pay

The table shows the relative importance of spend on pay compared to distributions to shareholders.

	2024 £'000	2023 (restated) £'000		% change
Employee costs* (excluding share-based payments)	<b>16,570</b>	17,199	-3.7%	
Dividends paid to shareholders	<b>6,006</b>	4,889	22.8%	

\* Continuing operations only

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## **REMUNERATION COMMITTEE REPORT CONTINUED**

### **Estimates of Total Future Potential Remuneration from FY24 Pay Packages**

The tables below provide estimates of the potential future remuneration of each Executive Director based on the remuneration opportunity granted in FY24. Potential outcomes based on different scenarios are provided for each Executive Director.

The assumptions underlying each scenario are described below.

<b>Fixed</b>	Consists of base salary, pension and other benefits.  Save as otherwise stated, base salaries are as at 1 September 2024.  Benefits are valued using the figures in the total remuneration for the FY24 table, adjusted for any new benefits or benefits that will not be provided during FY25.  Pensions are valued by applying the appropriate percentage to the base salary.										
	<table><thead><tr><th></th><th>Base £'000</th><th>Benefits £'000</th><th>Pension £'000</th><th>Total £'000</th></tr></thead><tbody><tr><td>David White</td><td>318</td><td>13</td><td>12</td><td>344</td></tr></tbody></table>		Base £'000	Benefits £'000	Pension £'000	Total £'000	David White	318	13	12	344
	Base £'000	Benefits £'000	Pension £'000	Total £'000							
David White	318	13	12	344							
<b>On target</b>	Based on what a Director would receive if performance was in line with plan, and the threshold level was achieved under the LTIP.										
<b>Maximum</b>	Assumes that the full stretch target for the LTIP is achieved, and maximum performance is obtained under both the financial and non-financial targets set for the annual bonus scheme.										
<b>Maximum with 50% share price appreciation</b>	Assumes maximum remuneration outcomes are achieved and a 50% increase in the value of share-based remuneration.										

### **Remuneration Estimates Based Upon Outcomes**



■ Salary and benefits

■ LTIP

■ Annual bonus

■ Share price growth

### **Implementation of the Policy in FY25**

## **Remuneration**

Details of expected remuneration for Executive and Non-Executive Directors (including the Board Chair) are set out below.

The maximum annual bonus for the Executive Directors will remain 100% of salary. The weighting between financial and non-financial targets will be linked to the specific role and duties of each Executive Director, with performance targets under each element also reflecting specific roles. The Group is committed to disclosing its performance targets retrospectively, other than where prevented due to commercial sensitivities.

An inflationary salary increase of 4% was awarded to the CEO, David White, effective 1 September 2024, which is consistent with the broader UK workforce. As such David White's salary is £318,240 plus £12,000 car allowance.

60% of David White's annual bonus will be based upon adjusted PBT for the Group. The remaining 40% of annual bonus will be linked to non-financial targets. The threshold level of bonus vesting under each measure is 0%, and vesting for target performance is 50% of maximum. Due to commercial sensitivity, targets will be disclosed retrospectively in next year's report. 25% of any bonus will be deferred for two years in the form of shares. Performance will be assessed against stretching targets.

The Committee intends to grant an LTIP award of 100% to David White as CEO. LTIP awards are made subject to stretching performance targets and currently use the Company's adjusted Earnings Per Share ("EPS") and Total Shareholder Return ("TSR") over a three-year performance period as follows:

	Threshold	Maximum
<b>Target</b>	20% average annual growth in adjusted EPS	35% average annual growth in adjusted EPS
<b>Vesting</b>	25%	100%

	Threshold	Maximum
<b>Target</b>	7% compound annual growth in TSR	16% compound annual growth in TSR
<b>Vesting</b>	25%	100%

Martin Rowland was appointed as the Executive Director of Transformation for a contractual term of 12 months commencing 13 November 2023.

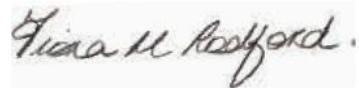
On appointment as Executive Director of Transformation, specific goals were set for Martin spanning two financial years. The intention is therefore to evaluate performance across his full tenure and accordingly pay a bonus which reflects the period of working. Martin Rowland's annual bonus will be entirely based on financial metrics linked to executing the transformation strategy. The bonus earned will not exceed 100% of the salary accrued over the 12-month fixed contractual term.

As announced on 12 November 2024 Martin was re-appointed as a Non-Executive Director of the Company following the end of the 12-month contract as Executive Director of Transformation. Accordingly Martin will be paid a Non-Executive fee from 13 November 2024 in accordance with the fee schedule below, pro-rated to reflect his tenure as Non-Executive Director. No LTIP was granted to Martin during FY24 and no LTIP will be granted to Martin during FY25 in relation to the periods in each financial year during which Martin was an Executive Director.

Fees to Non-Executive Directors for FY25 will be as follows:

Position	Fees per annum (£)	% increase from FY23
Chair	103,740	4%

By order of the Board



**Fiona Rodford**

Remuneration Committee Chair

11 December 2024

## **REMUNERATION COMMITTEE REPORT CONTINUED**

### **3. Directors' Remuneration Policy**

#### **Introduction**

This part of the report sets out the Directors' Remuneration Policy for the Group and has been prepared in accordance with The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (as amended).

The current policy was approved by the shareholders at the AGM which took place on 20 February 2024 with 99.11% of votes cast in favour. There have been no changes to the Directors' Remuneration Policy since that AGM and no changes are proposed to the policy for FY25.

Illustrations of the application of the Directors' Remuneration Policy, and the application of the Directors' Remuneration Policy during FY24 can be found on pages 98 to 111 (inclusive). Details of how the policy will be implemented in FY25 can be found on pages 110 and 111 (inclusive).

#### **Role of the Committee**

The primary role of the Committee is to make recommendations to the Board on the Group's policy for executive remuneration. The Committee also has delegated responsibility for determining the remuneration and benefits of the Chair, Executive Directors and Senior Management including the Company Secretary. Further details can be found on pages 98 to 111 (inclusive).

#### **Overview of Policy**

When setting the policy for Directors' remuneration, the Committee takes into account the overall business strategy, considering the long-term interests of the Group, with the aim of incentivising the delivery of rewards to the Group's shareholders, workforce and broader stakeholders.

The Group's policy is that the overall remuneration packages offered should be sufficiently competitive to attract, retain and motivate high-quality executives and to align the rewards of the Executive Directors with the progress of the Group, whilst giving consideration to salary levels in similar size quoted companies in similar industry sectors and views of shareholders.

The remuneration package is split into two parts:

- a non-performance-related element represented by basic salary, benefits and pension; and
- a performance-related element in the form of an annual bonus and a Long Term Incentive Plan.



## Remuneration Policy Table

Element	Purpose and link to strategy	Policy and approach	Maximum opportunity
<b>EXECUTIVE DIRECTORS</b>			
<b>Base salary</b>	<p>To attract and retain the best talent.</p> <p>Reflects an individual's experience, performance and responsibilities within the Group.</p>	<p>Salary levels (and subsequent salary increases) are set taking into consideration a number of factors, including:</p> <ul style="list-style-type: none"> <li>• level of skill, experience and scope of responsibilities of individual;</li> <li>• business performance, economic climate and market conditions;</li> <li>• increases elsewhere in the Group; and</li> <li>• external comparator groups (used for reference purposes only).</li> </ul> <p>Salaries are normally reviewed annually, with any increase effective 1 September each year.</p>	<p>There is no formal maximum; however, increases will normally not exceed the general increase for the broader employee population of the Group.</p> <p>More significant increases may be awarded from time to time to recognise, for example, development in role and change in position or responsibility.</p> <p>Current salary levels are disclosed in the Annual Report on Remuneration.</p>
<b>Pension</b>	<p>Provides a competitive and appropriate pension package that is aligned with arrangements across the Group.</p>	<p>Executive Directors are entitled to participate in a defined contribution pension arrangement or to receive a cash alternative to those contributions.</p> <p>Subject to as provided below, Company contributions for all Executive Directors are at a rate which does not exceed the contribution rate available to the majority of the UK workforce (currently 4%).</p> <p>To the extent that pension contributions exceed annual tax-free allowances, Executive Directors will be entitled to receive payment through ordinary payroll in lieu of pension contributions.</p>	<p>Up to a maximum rate not exceeding that available to the majority of the UK workforce (currently 4%).</p>
<b>Benefits</b>	<p>To aid retention and remain competitive in the marketplace.</p>	<p>Benefits provided include permanent health insurance, private medical insurance and life assurance. Relocation benefits may also be provided in the case of recruitment of a new Executive Director. The benefits provided may be subject to minor amendment from time to</p>	<p>Market rate determines value. There is no prescribed maximum level but the Remuneration Committee monitors</p>

time by the Committee within this policy.

The Company may reimburse any reasonable business-related expenses incurred in connection with their role (including tax thereon if these are determined to be taxable benefits).

the overall cost of benefits to ensure that it remains appropriate.

## REMUNERATION COMMITTEE REPORT CONTINUED

Element	Purpose and link to strategy	Policy and approach	Maximum opportunity
<b>Annual bonus</b>	Designed to reward delivery of key strategic priorities during the year.	<p>Bonus levels and appropriateness of performance measures and weighting are reviewed annually to ensure they continue to support our strategy. Bonuses are capped at 100% of base salary. At least 25% of any bonus earned will be deferred into awards over shares, with awards normally vesting after a two-year period.</p> <p>Performance is measured against stretching targets. These may include financial and non-financial measures, with at least half linked to stretching financial metrics. Noting commercial sensitivity, performance targets will typically be disclosed retrospectively each year.</p> <p>The threshold level of bonus vesting under each measure is 0%, and vesting for target performance is 50% of maximum.</p> <p>The cash element of the bonus is usually paid in November each year for performance in the previous financial year.</p> <p>Dividends will accrue on deferral awards over the vesting period and be paid out either as cash or as shares on vesting and in respect of the number of shares that have vested.</p>	Maximum of 100% of base salary.
<b>Save As You Earn ("SAYE")</b>	To encourage employee involvement and encourage greater shareholder alignment.	An HMRC approved SAYE scheme is available to eligible staff, including Executive Directors.	The schemes are subject to the limits set by HMRC from time to time.
<b>Long Term Incentive Plan ("LTIP")</b>	To motivate and incentivise delivery of sustained performance over the longer term, and to support and encourage greater shareholder alignment.	<p>Annual awards of performance shares which normally vest after three years subject to performance conditions.</p> <p>Award levels and performance conditions required for vesting are reviewed annually to ensure they continue to support the Group's strategy. Annual awards are capped at the equivalent of 100% of base salary at the date of award.</p> <p>In accordance with the rules of the LTIP, which were approved by shareholders at the AGM on 27 February 2023, in circumstances considered by the Committee to be exceptional, single awards in excess of 100% of</p>	<p>Maximum of 100% of base salary for annual awards.</p> <p>Exceptional awards can be made of up to 200% of base salary.</p>

base salary can be made, up to a maximum of 200% of base salary at the date of the award.

Awards are currently based upon an EPS growth measure and Total Shareholder Return ("TSR"), although the Committee reserves the right to amend performance measures where considered appropriate in line with strategy.

25% vests at threshold performance. There is straight-line vesting between threshold and maximum.

A two-year post-vesting holding period applies to the net of tax shares.

Element	Purpose and link to strategy	Policy and approach	Maximum opportunity
<b>Shareholding guidelines</b>	To provide alignment with shareholder interests.	Executive Directors are required to build up a shareholding equivalent to 200% of base salary over a five-year period.	N/A
<b>Post-cessation shareholding</b>	To provide alignment with shareholder interests in the long term.	Executive Directors are required to retain all shares acquired on vesting under the Company's LTIP, up to a value equal to 200% of their basic salary, for a period of two years following the cessation of their employment with the Company for any reason.  This requirement will apply to all shares which vest after the Policy takes effect, regardless of when awards were made under the Company's LTIP.	N/A
<b>NON-EXECUTIVE DIRECTORS</b>			
<b>Non-Executive Director fees</b>	To attract and retain a high-calibre Chair and Non-Executive Directors by offering market competitive fee levels.	<p>Remuneration reflects:</p> <ul style="list-style-type: none"> <li>• the time commitment and responsibility of their roles;</li> <li>• consideration of increases made elsewhere in the Group;</li> <li>• market rate; and</li> <li>• that they do not participate in any bonus, pension or share-based scheme.</li> </ul> <p>Our policy is for the Executive Directors to review the remuneration of Non-Executive Directors annually following consultation with the Chair. The Chair's remuneration is reviewed annually by the Remuneration Committee.</p> <p>Remuneration comprises a single base fee for services to the Company. Non-Executive Directors, other than the Chair, may receive additional fees in relation to carrying out additional duties such as acting as the Senior Independent Director or chairing a Board Committee.</p> <p>The Chair and the Non-Executive Directors are entitled to reimbursement of reasonable expenses. They may also receive reasonable travel or accommodation-related benefits in connection with their role as a Director.</p>	Levels of fee are reviewed annually with any increases normally aligning with general increases for the broader employee population of the Group.

The Non-Executive Directors will not participate in the Group's share, bonus or pension schemes.

Non-Executive Directors are engaged for terms of one year, subject to appointment and reappointment at the Company's AGM.

## **REMUNERATION COMMITTEE REPORT CONTINUED**

### **Remuneration Committee Discretions**

The Committee will operate the annual bonus plan and LTIP according to their respective rules. To ensure the efficient operation and administration of these plans, the Committee retains discretion in relation to a number of areas. This is consistent with market practice and these include (but are not limited to) the following:

- the participants;
- the timing of grant and/or payment;
- the size of grants and/or payments (within the limits set out in the Policy table);
- the determination of vesting based on the assessment of performance;
- the determination of a "good leaver" and, where relevant, the extent of vesting in the case of the share-based plans;
- whether or not to make payment of a bonus to a leaver, taking into account all circumstances, and whether or not to pro-rate such an award;
- treatment in exceptional circumstances, such as a change of control;
- making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends);
- cash-settling awards; and
- the annual review of performance measures, weightings and setting targets for the discretionary incentive plans from year to year.

The Committee also retains the ability to adjust existing performance conditions for exceptional events so that the plans can still fulfil their original purpose. Any varied performance condition would not be materially less difficult to satisfy in the circumstances.

### **Malus and Clawback**

In line with UK corporate governance best practice, a malus and clawback mechanism applies as follows:

- Annual bonus – cash awards: malus will apply up to the bonus payment and clawback will apply for a period of two years after the bonus payment.
- Annual bonus – deferred share awards: clawback will apply during the period of two years following the payment of the cash bonus to which the deferred share award relates.
- LTIP awards: malus will apply during the vesting period and clawback will apply for a period of two years post vesting.

The malus and clawback provisions may be applied in specific circumstances including in the event of a material misstatement of the Group's accounts and also for other defined reasons including material financial misstatement, reputational damage, gross misconduct, fraud, error in the assessment of performance measures and corporate failure.

### **Performance Measures and Targets**

Our Group strategy and business objectives are the primary consideration when we are selecting performance measures for incentive plans. The annual bonus is based on performance against a stretching combination of financial and non-financial measures. Adjusted profit before tax reflects the Group's strategic objective to increase profit. In addition, Executive Directors are assessed on strategic objectives as agreed by the Committee at the beginning of the year. The LTIP is assessed against growth in adjusted earnings per share ("EPS") as it rewards improvement in the Group's underlying financial performance and is a measure of the Group's overall financial success and is visible to shareholders; as well as total shareholder return ("TSR") in order to focus management on delivering shareholder returns, noting that a number of our shareholders prefer absolute TSR rather than relative in order to increase visibility and ensure direct alignment with the shareholder experience.

Targets within incentive plans that are related to internal financial measures, such as profit, are typically determined based on the Group's budgets. The threshold and maximum levels of performance are set to reflect minimum acceptable levels at threshold and very stretching, but achievable, levels at maximum. At the end of each performance period we review performance against

the targets, using judgement to account for items such as foreign exchange rate movements, changes in accounting treatment, and significant one-off transactions. The application of judgement is important to ensure that final assessments of performance are fair and appropriate. In addition, the Remuneration Committee reviews the bonus and incentive plan results before any payments are made to Executive Directors or any shares vest and has full discretion to adjust the final payment or vesting downwards if they believe the circumstances warrant it.

### **Approach to Recruitment Remuneration**

The remuneration package for a new Executive Director would be set in accordance with the terms of the Group's approved Remuneration Policy in force at the time of appointment. When existing employees are promoted to the Board, the Policy will apply from the point where they are appointed to the Board and not retrospectively. In addition, any existing awards will be honoured and form part of ongoing remuneration arrangements.

## **Buy-out Awards**

In addition, the Committee may offer additional cash and/or share-based elements (on a one-time basis or ongoing) when it considers these to be in the best interests of the Group (and therefore shareholders). Any such payments would be limited to a reasonable estimate of value of remuneration lost when leaving the former employer and would reflect the delivery mechanism (i.e. cash and/or share-based), time horizons and whether performance requirements are attached to that remuneration. For avoidance of doubt, any buy-out awards are not subject to a formal maximum.

## **Maximum Level of Variable Pay**

The maximum initial level of long-term incentives which may be awarded to a new Executive Director will ordinarily be limited to 200% of base salary (i.e. 100% annual bonus plus 100% Long Term Incentive Plan). This can be increased to 300% in exceptional circumstances (i.e. 100% annual bonus plus 200% Long Term Incentive Plan). These limits are in addition to the value of any buy-out arrangements which are governed by the policy above.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other previously awarded entitlements would continue, and be disclosed in the next Annual Report on Remuneration.

## **Base Salary and Relocation Expenses**

The Committee has the flexibility to set the salary of a new appointee at a discount to the market level initially, with a series of planned increases implemented over the following few years to bring the salary to the appropriate market position, subject to individual performance in the role.

For external and internal appointments, the Committee may agree that the Group will meet certain relocation expenses as appropriate.

## **Appointment of Non-Executive Directors**

For the appointment of a new Chair or Non Executive Director, the fee arrangement would be set in accordance with the approved Directors' Remuneration Policy in force at that time.

## **Directors' Terms of Employment**

The Group's current policy is not to enter into employment contracts with any element of notice period in excess of one year. All Non-Executives are appointed for terms of 12 months and stand for re-election annually at the Company's AGM. Copies of Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal hours of business.

An Executive Director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract.

## **Policy on Payment on Loss of Office**

When determining any loss of office payment for a departing Executive Director, the Committee will always seek to minimise the cost to the Group, while complying with contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

On termination of an Executive Director's service contract, the Committee will take into account the departing Director's duty to mitigate their loss when determining the amount of compensation. When terminating an Executive Director's contract, the Group has the right to make a payment in lieu of notice. Any such payment will typically reflect the individual's salary, benefits and pension entitlements. The Group has the ability to mitigate costs and phase payments if alternative employment is obtained.

The Committee's Policy is described below and will be implemented taking into account the contractual entitlements, the specific circumstances for the departure and the interests of shareholders.

## REMUNERATION COMMITTEE REPORT CONTINUED

Pay element	Good leaver	Other leaver
<b>Base pay, pension, benefits</b>	Up to 12 months' normally payable monthly and subject to mitigation.  May be required to work during notice period.	Up to 12 months' normally payable, subject to mitigation. The Committee has the discretion to terminate contracts without notice and without further compensation (except for sums earned to the date of termination for certain events such as gross misconduct).
<b>Annual bonus – cash</b>	There will be no automatic entitlement to a bonus if an Executive Director has ceased employment or is under notice. The Committee may, at its discretion, pay a bonus. This would normally be prorated in respect of the proportion of the financial year worked but in circumstances it considers it appropriate, the Committee may use discretion to not prorate. Use of discretion will be explained in full to shareholders. Such payment could be payable in cash and not subject to deferral. Payment would usually be made on the normal payment date, although the Committee has discretion to accelerate payment on a case-by-case basis, for example on change of control of the Group or death of an Executive Director.	Awards lapse on cessation of employment.
<b>Annual bonus – deferred into shares</b>	Unvested awards will usually vest in full upon cessation, unless the Committee determines otherwise.	Unvested awards lapse on the termination date.
<b>LTIP Awards</b>	Outstanding awards will vest at the original vesting date to the extent that the performance condition has been satisfied and reduced on a pro rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceased to be employed by the Group, unless the Committee determines otherwise in its absolute discretion. Holding periods will apply, unless the Committee determines otherwise.	Awards lapse on termination date.
<b>All-employee share plans</b>	Treatment of awards under any all-employee share plan including the SAYE plan would be in line with HMRC rules.	
<b>Buy-out awards</b>	Treatment of the buyout award would be in line with the terms of the buy-out award agreed.	

### Definition of a Good Leaver

The Committee has ultimate discretion on whether an employee is considered to be a "good leaver". In determining whether a departing Executive Director should be treated as a "good leaver", the Committee will take into account the performance of the individual and Group over the whole period of employment and the reasons for the individual's departure. If employment ceases because of any of the following circumstances, the Executive Director would normally be treated as a "good leaver":

- death;
- ill-health;
- injury;

- disability;
- redundancy; and
- retirement with the consent of the Committee.

In the event of: (i) a takeover of the Company; (ii) a scheme of arrangement (not being an internal corporate reorganisation); (iii) a winding-up of the Company; or (iv) (at the discretion of the Committee) a demerger, Executive Directors are entitled to up to 12 months' base salary, pension and benefits. Unvested bonus and LTIP Awards shall vest immediately and on the same basis as described above in the case of a "good leaver". Alternatively, on the occurrence of a takeover or a scheme of arrangement, the Committee may specify that bonus and/or LTIP Awards shall not vest on the occurrence of such event and instead participants shall be required to "roll-over" their awards into equivalent new awards over shares in a new holding company. Bonus and LTIP Awards will be automatically "rolled-over" on the occurrence of an internal reorganisation.

The Non-Executive Directors are not entitled to any compensation for loss of office.

## **Statement of Consideration of Shareholder Views**

The Committee engaged with shareholders during 2023 as part of the Directors' Remuneration Policy development process. Proposed changes to the policy were communicated to major shareholders prior to its formation, and all feedback taken into consideration. Advice was also taken on best practice from appropriately qualified remuneration advisers PricewaterhouseCoopers LLP. The views offered to the Committee were taken into account in developing the Directors' Remuneration Policy which received overwhelming support (99.11% of proxy votes cast by shareholders) at the AGM on 20 February 2024. The Policy has been reviewed internally during FY24 and it has been determined that no changes are required for FY25. The Committee welcomes continued dialogue with the Company's shareholders.

## **Considerations of Conditions Elsewhere in the Group**

In determining the remuneration of the Group's Directors, the Committee takes into account the pay arrangements and terms and conditions across the Group as a whole. The Committee seeks to ensure that the underlying principles which form the basis for decisions on Directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken. For example, the Committee takes into account the general salary increase for the broader employee population when conducting the salary review for the Executive Directors.

However, there are some differences in the Executive Directors' Remuneration Policy compared to the approach adopted for the wider workforce, which the Committee believes are necessary to reflect the differing levels of seniority and scope of responsibility. A greater weight is placed on performance-based pay through the quantum and participation levels in incentive schemes to ensure the remuneration of the Executive Directors is aligned with the performance of the Group and the interests of shareholders.

## **Alignment with Provision 40 of the UK 2018 Corporate Governance Code**

As part of its review and development of the Policy, the Committee has considered the factors set out in provision 40 of the UK 2018 Corporate Governance Code. In the Committee's view, the Policy addresses those factors as set out below:

<b>Provision 40</b>	<b>How the Policy aligns</b>
<b>Clarity</b> Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce and link to strategy	The Committee has clearly outlined the performance conditions relating to the annual bonus and long-term incentive plans, which are linked to our strategy and shareholder interests. We have set out the maximum potential value of the elements of remuneration, and the areas in which discretion can be applied throughout the Policy.  The Policy is in line with UK corporate governance best practice, and so aims to be well understood by participants, shareholders and the wider workforce.
<b>Simplicity</b> Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	The Policy is designed to be simple, easily understood and communicated. The remuneration structure uses market-standard incentive structures. The performance conditions for variable elements are clearly communicated to, and understood by, participants, as well as being aligned with the Group's strategy.
<b>Risk</b> Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	A significant portion of the Executive Directors' total remuneration opportunity is weighted to the longer term, and delivered in shares via the long-term incentive plan and the deferred bonus mechanism. Furthermore, a shareholding requirement is in place (both in employment and post cessation). These features ensure robust shareholder alignment and discourage unnecessary risk taking.  The Committee retains discretion to override formulaic outcomes for incentive plans. Malus and clawback provisions are in place, which mitigate behavioural risks by enabling payments to be reduced or reclaimed in specific circumstances. No Executive Director is present when their own remuneration is under discussion.
<b>Predictability</b> The range of possible values of rewards	The Policy sets out the maximum potential value for each element of remuneration. Potential outcomes are easily quantifiable and are set out

to individual directors and any other limits or discretions should be identified and explained at the time of approving the Policy

in the scenario charts.

**Proportionality**

The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance

The Committee has set out to balance appropriately remuneration between fixed and variable pay. The annual bonus and long-term incentive plan are designed to reward the successful implementation of the Company's strategy and are aligned with long-term value creation for shareholders via stretching targets linked to strong corporate performance and shareholder return. The Committee will have discretion to override formulaic outcomes to ensure that remuneration appropriately reflects overall performance.

**Alignment to culture**

Incentive schemes should drive behaviours consistent with the company's purpose, values and strategy

The incentive plans are measured against key performance measures aligned to our culture and strategy. The emphasis on shareholding is a core part of our culture throughout the Group via our SAYE plan. The Committee takes into account fairness and the wider workforce when determining Executive Director remuneration outcomes.

## DIRECTORS' REPORT



### Justin Richards

Company Secretary

#### DIRECTORS\*

##### **Tim Jones**

(Non-Executive Board Chair)

##### **David White**

(Chief Executive Officer)

##### **Martin Rowland**

(Non-Executive Director)

##### **Shelagh Hancock**

(Non-Executive Director)

##### **Stuart Lorimer**

(Non-Executive Director)

##### **Gillian Watson**

(Non-Executive Director and  
Senior Independent Director)

##### **Fiona Rodford**

(Non-Executive Director)

## Introduction

The Directors present their report and the audited accounts for the Group for FY24. The Corporate Governance Report, which can be found on pages 68 to 119 (inclusive), and details of the Board on pages 70 and 71 also form part of this Directors' Report.

#### **Corporate Governance Statement**

The requirements as to the content of this FY24 Annual Report and Accounts are set out in legislation and supplemented by the UK Listing Rules (a copy of which is available at [www.handbook.fca.org.uk/](http://www.handbook.fca.org.uk/)), the Disclosure Guidance and Transparency Rules (a copy of which is available at [www.handbook.fca.org.uk/](http://www.handbook.fca.org.uk/)) and by recommendations of the Financial Reporting Council's UK 2018 Corporate Governance Code (a copy of which is available from [www.frc.org.uk](http://www.frc.org.uk)).

The Corporate Governance Statement, prepared in accordance with Rule 7.2 of the Disclosure Guidance and Transparency Rules, comprises the following sections of the Annual Report and Accounts: the Strategic Report; the Corporate Governance Report; the Audit and Risk Committee Report; the Nomination Committee Report; the Remuneration Committee Report; together with this Directors' Report. As permitted by legislation, some of the matters required to be included in the Directors' Report have been included in the Strategic Report by cross-reference, including details of the Group's financial risk management objectives and policies, business review, future prospects, stakeholder engagement, Section 172 Statement and Environmental Policy.

\*As at the date of this report

## **Operations and Performance**

### **Activities and Business Overview**

Carr's Group plc is a public limited company incorporated in England and Wales and whose shares are listed and traded on the London Stock Exchange's Main Market. Its registered office is at Warwick Mill Business Centre, Warwick Bridge, Carlisle, Cumbria CA4 8RR. Details of subsidiary companies and joint ventures can be found at note 18 and note 19 of the Financial Statements. The principal activities and business overview of the Group focusing on the Agriculture Division are set out within the Strategic Report on pages 06 to 65 (inclusive).

## **Results and Dividends**

A review of the results can be found on pages 20 to 25 (inclusive).

The Group loss from continuing operations before taxation was £6.5m (FY23 continuing operations restated: £0.8m). After taxation credit of £2.0m (FY23 continuing operations restated: charge of £0.1m), the loss for the year from continuing operations is £4.5m (FY23 continuing operations restated: £0.8m).

	<b>FY24</b>	FY23
Aggregate interim dividends	<b>2.35p</b>	2.35p
Final dividend per share proposed	<b>2.85p</b>	2.85p

Subject to approval at the forthcoming AGM of the Company, the final dividend will be paid on 10 March 2025 to members on the register at the close of business on 24 January 2025. Shares will become ex-dividend on 23 January 2025.

As detailed in the FY23 Annual Reports and Accounts, in order to reduce administrative costs and bring the Company in line with the majority of the stock market, the Board has moved to a twice-yearly dividend payment – an initial interim dividend anticipated to be declared at the time of the Group's interim results, typically in April and payable in June, and then a final dividend anticipated to be declared at the time of the Group's preliminary results, typically in December and payable following approval at the Company's AGM. A copy of the Dividend Policy can be found at <https://www.carrsgroup-ir.com>

## **Post Balance Sheet Events**

Since the year end, prior to signing the financial statements, the Group sold the trade and certain assets of its subsidiary company Afgritech LLC. The Group also sold one of its investment properties. Further details can be found at note 36 to the Financial Statements.

## **Shares and Share Capital**

### **Share Capital**

The Company has a single class of share capital which is divided into Ordinary Shares of £0.025 each. The movement in the share capital during the year is detailed in note 29 to the financial statements.

At the AGM held on 20 February 2024, the Directors received authority from the shareholders to:

- Allot shares – this gives Directors the authority to allot shares thus maintaining flexibility in respect of the Company's financing arrangements. The nominal value of Ordinary Shares which the Directors could allot in the period up to the next AGM expected to be held in February 2025, is limited to £776,740.50 which represented approximately 33% of the nominal value of the issued share capital on 5 January 2024. The Directors do not have any present intention of exercising this authority other than in connection with the issue of Ordinary Shares in respect of the Company's share option plans. This authority will expire at the end of the next AGM of the Company or 21 February 2025, if earlier.
- Disapplication of rights of pre-emption – this disapplies rights of pre-emption on the allotment of shares by the Company and the sale by the Company of treasury shares. The authority allows the Directors to allot equity securities for cash pursuant to the authority to allot shares mentioned above, and to sell treasury shares for cash without a pre-emptive offer to existing shareholders:
  - for general purposes, up to an aggregate nominal amount of £117,687.95, which represented approximately 5% of the Company's issued share capital on 5 January 2024; and
  - in connection with acquisitions or other capital development, up to a further aggregate nominal amount of £117,687.95, which represented approximately 5% of the Company's issued share capital on 5 January 2024.

This authority will expire at the end of the next Annual General Meeting of the Company or 21 February 2025, if earlier.

In previous years, the Directors have also received authority for the Company to buy its own shares in the market. At the AGM held on 20 February 2024, around 44% of votes cast were against the resolution which sought authority for the Company to buy up to a maximum of c.10% of its own ordinary shares. As a special resolution, it was therefore not passed. Details of the shareholder consultation which took place subsequent to the AGM can be found on page 69.

### **Rights and Obligations Attaching to Shares**

In a general meeting of the Company, subject to the provisions of the Articles of Association and to any special rights or restrictions as to voting attached to any class of shares in the Company (of which there are none), the holders of the Ordinary Shares are entitled to one vote in a poll for every Ordinary Share held. No member shall be entitled to vote at any general meeting or class meeting in respect of any shares held if any call or other sum then payable in respect of that share remains unpaid. Currently, all issued shares are fully paid.

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the forthcoming AGM expected to be held in February 2025 will be set out in the Notice of AGM.

## **DIRECTORS' REPORT CONTINUED**

Subject to the provisions of the Companies Act 2006, the Company may, by ordinary resolution, declare a dividend to be paid to the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies their payment. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares.

### **Directors' Shareholdings**

The interests of the Directors, as defined by the Companies Act 2006, in the Ordinary Shares of the Company, other than in respect of options to acquire Ordinary Shares under the Company's share option plans (which are detailed in the analysis of options included in the Directors' Remuneration Report on pages 106 and 107), are as follows:

		At end FY24 Ordinary Shares	At end FY23 Ordinary Shares
Tim Jones	Chair	<b>148,206</b>	148,206
David White	Chief Executive Officer	<b>41,005</b>	27,000
Shelagh Hancock	Non-Executive Director	<b>0</b>	0
Stuart Lorimer	Non-Executive Director	<b>4,000</b>	4,000
Gillian Watson	Non-Executive Director	<b>37,254</b>	0
Fiona Rodford	Non-Executive Director	<b>0</b>	0
Martin Rowland	Non-Executive Director	<b>0</b>	0

All the above interests are beneficial. There have been no other changes to the above interests in the period from 31 August 2024 to the date of this report. At the date of this report, Harwood Capital Management Limited (of whom Martin Rowland is a representative), holds an interest in 19.50% of the Company's share capital.

		At end FY24 Ordinary Shares	At end FY23 Ordinary Shares
Ian Wood	Non-Executive Director	<b>50,000</b>	50,000

### **Major Shareholders**

The Company has been informed of the following interests in the 94,436,340 Ordinary Shares of the Company, as required by the Companies Act 2006.

Shareholder	29-Nov-24	% IC	Shareholder	30-Aug-24	% IC
Harwood Capital (London)	18,413,068	19.50	Harwood Capital (London)	18,413,068	19.50
Mr Robert Heygate (UK)	13,025,120	13.79	Mr Robert Heygate (UK)	13,025,120	13.79
Fidelity Investments (Boston)	9,486,168	10.05	Fidelity Investments (Boston)	9,478,241	10.04

Interactive Investor (Manchester)	3,680,507	3.90	Interactive Investor (Manchester)	3,649,761	3.86
Hargreaves Lansdown Asset Mgt (Bristol)	3,062,220	3.24	Hargreaves Lansdown Asset Mgt (Bristol)	3,024,446	3.20
Charles Stanley (London)	2,750,200	2.91	Charles Stanley (London)	2,745,091	2.91
Wesleyan Assurance Society (Birmingham (UK))	2,205,108	2.34	Wesleyan Assurance Society (Birmingham (UK))	2,406,070	2.55
Canaccord Genuity Wealth Mgt (Jersey)	2,029,275	2.15	Mr Thomas W G Charlton (Regional (England))	1,980,000	2.10
Mr Thomas W G Charlton (Regional (England))	1,980,000	2.10	Artemis Investment Mgt (London)	1,977,991	2.09
Artemis Investment Mgt (London)	1,977,991	2.09	James Sharp & Co (Bolton)	1,853,450	1.96
<b>Total</b>	<b>58,609,657</b>	<b>62.06</b>	<b>Total</b>	<b>58,553,238</b>	<b>62.00</b>

## **Corporate Governance**

### **Annual General Meeting**

The AGM of the Company will be held in February 2025 at The Halston Hotel Carlisle, 20-34 Warwick Road, Carlisle CA1 1AB.

### **Articles of Association**

The powers of the Directors are conferred on them by UK legislation and the Articles of Association. Changes to the Articles must be approved by shareholders passing a special resolution at a general meeting.

### **Directors**

Details of the Directors of the Company as at the date of this report are shown on pages 70 and 71, and details of Directors who were in post during FY24 can be found in the Nomination Committee Report on 88 to 91 (inclusive). Details relating to Director re-election, Directors' powers and Directors' conflicts of interest can be found in the Corporate Governance Report on pages 74 to 79 (inclusive).

### **Directors' and Officers' Liability Insurance**

The Group maintains Directors' and Officers' liability insurance, which is reviewed annually.

### **Significant Agreements**

There are a number of significant agreements across the Group with provisions that take effect, alter or terminate upon a change of control of the Company, such as bank facility agreements, agreements with strategic partners, employee share scheme rules and certain project contracts within the Engineering Division. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment occurring solely because of a change of control.

### **Political and Charitable Donations**

During FY24 the Group contributed £13,370 (FY23: £50,496) in the UK for charitable purposes. Further details have been included within the Sustainability and Impact Report on page 39. There were no political donations during the financial year (FY23: £nil).

## **Additional Information**

### **Employee Share Schemes**

Awards under employee share schemes do not confer any shareholder rights, such as the right to vote on shareholder matters or to receive any dividend, until a participant has received the shares after vesting or exercise (as applicable).

### **Employment Policies and Employees**

The Company is committed to its employees and further details on the Company's policies and commitment can be found in the Sustainability and Impact Report on pages 33 to 45 (inclusive).

### **Confidential Reporting of Concerns**

The Group maintains various channels through which people can report concerns or suspicions of wrongdoing within the workplace, including anonymous reporting via an independent whistleblowing service operated by AAB People (previously known as SeeHearSpeakUp). The Board regularly reviews the Group's Whistleblowing Policy which is implemented by the Company Secretary as the Group's Whistleblowing Officer.

### **Pensions**

Estimates of the amount and timing of future funding obligations for the Group's pension plans are based on various assumptions including, among other things, the actual and projected market performance of the pension plan assets, future long-term

corporate bond yields, longevity of members and statutory requirements. The Group continually reviews this risk and takes action to mitigate where possible.

In addition, while the Group is consulted by the trustees on the investment strategies of the Group's pension plans, the Group has no direct control over these matters as the trustees are directly responsible for the strategy. Details of the Group's pension plans are in note 28 of the financial statements.

### **Environment**

The Company's report on sustainability and the environment, including its carbon footprint, and approach to GHG as well as climate-related risk and governance processes can be found on pages 33 to 64 (inclusive).

### **External Auditor**

A resolution to reappoint Grant Thornton UK LLP as external auditor will be proposed at the forthcoming AGM of the Company expected to be held in February 2025.

## **DIRECTORS' REPORT CONTINUED**

More information about the external audit can be found in the Audit and Risk Committee Report on pages 92 to 95 (inclusive).

### **Other Information Incorporated by Reference**

Other information relevant to this Directors' Report, and which is incorporated by reference, including:

Subject matter	Location	Page(s)
Financial risk management	Principal Risks and Uncertainties	26 to 29 (inclusive)
	Corporate Governance Report	68 to 125
	Audit and Risk Committee Report	92 to 95
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Notes to the Financial Statements (Derivatives and other financial instruments) (note 27)	188 to 193
Going concern	Principal Accounting Policies	147 to 155
Important events since the financial year end	Notes to the Financial Statements (Post balance sheet events) (note 36)	207
Likely future developments in the business	Strategic Report	06 to 32
Research and development	Strategic Report	06 to 32
Employment of disabled persons	Sustainability and Impact Report	39
	Non-Financial & Sustainability Statement	65
Stakeholder engagement	Corporate Governance Report	68 to 125
	s. 172 Statement	82 to 87
SECR energy and carbon reporting	Sustainability and Impact Report	35 to 36
Board diversity	Nomination Committee Report	88 to 91
	Corporate Governance Report	74 to 75

The information required to be disclosed by Listing Rule 6.6.2R (previously 9.8.4R) can be located as set out below:

Listing Rule 6.6.2R (previously 9.8.4R)	Information required	Page(s)
(1)	Interest capitalised	N/A
(2)	Publication of unaudited financial information	N/A
(3)	N/A	N/A
(4)	Details of Long Term Incentive Schemes	N/A
(5-6)	Waiver of Directors' emoluments	N/A
(7-8)	Non-pre-emption issues of equity for cash	N/A
(9)	Parent participation in a placing by a listed subsidiary	N/A

(10)	Significant contracts involving a Director or shareholder	N/A
(11)	Provisions of services by a controlling shareholder	N/A
(12-13)	Dividend waivers	121
(14)	Agreements with a controlling shareholder	N/A

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations. Having taken advice from the Audit and Risk Committee, the Directors consider the Annual Report and Accounts and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board 11 December 2024.



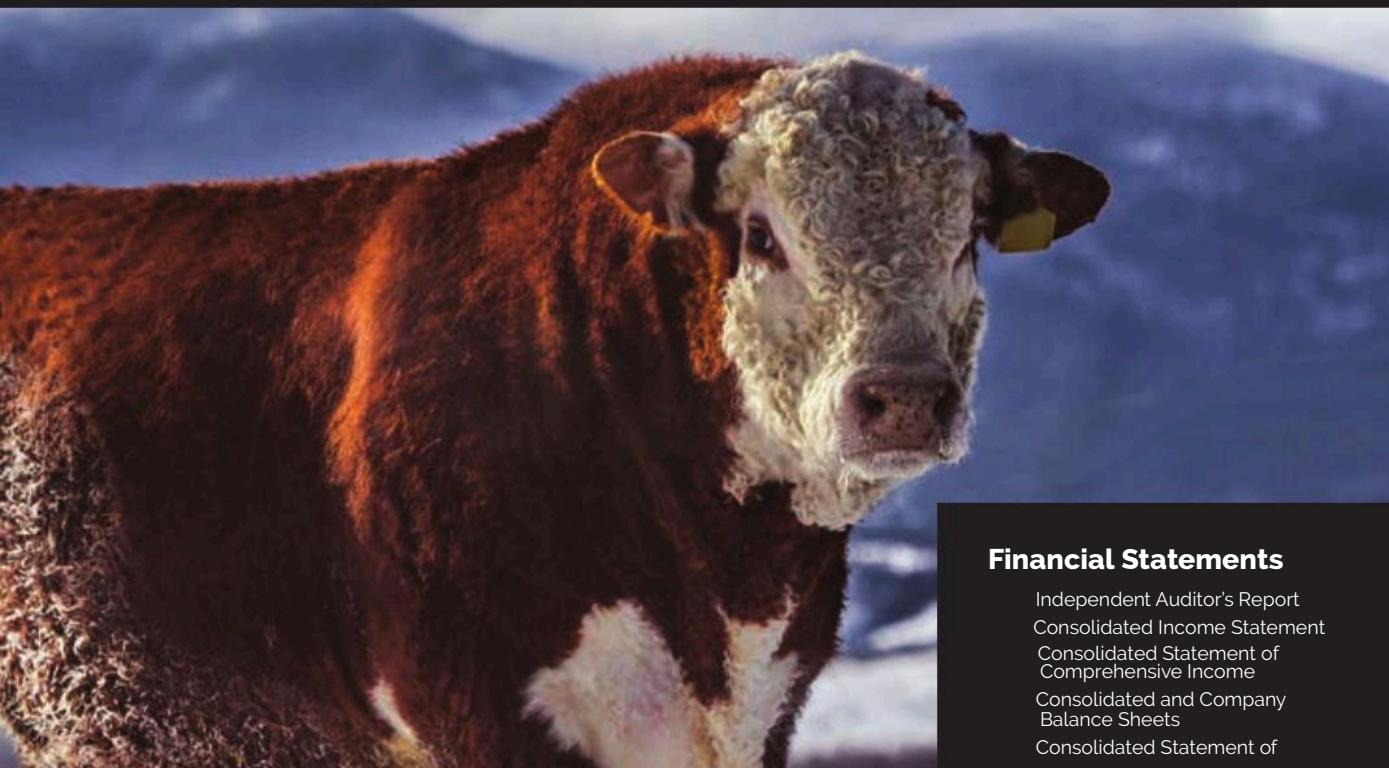


# Streamlining operations, improving outcomes





Carr's Group plc | Annual Report and Accounts 2024



## **Financial Statements**

Independent Auditor's Report  
Consolidated Income Statement  
Consolidated Statement of Comprehensive Income  
Consolidated and Company Balance Sheets  
Consolidated Statement of



Changes in Equity  
Company Statement of Changes  
in Equity

Consolidated and Company  
Statements of Cash Flows

Principal Accounting Policies

Notes to the Financial Statements

Five-Year Statement

Alternative Performance Measures

Glossary

Directory of Operations

Dormant Subsidiaries at

31 August 2024

Registered Office and Advisers

# **INDEPENDENT AUDITOR'S REPORT**

to the members of Carr's Group plc

## **Opinion**

### **Our opinion on the financial statements is unmodified**

We have audited the financial statements of Carr's Group plc (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 August 2024, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 August 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent Company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the key audit matters section of our report.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Our approach to the audit

### Overview of our audit approach

Overall materiality:



Group: £741k, which represents 0.5% of the Group's total revenue. Continuing Group: £522k, which represents 0.7% of continuing revenues only.

Parent Company: £340k, which represents parent Company component materiality capped at an amount less than Group materiality for Group audit purposes.

Key audit matters were identified as:

- Revenue recognition in components in the Engineering Division where revenue is recognised over time (long term contracts) (same as previous period);
- Going concern (same as previous period);
- Carrying value of non-current assets (new for period)

Our auditor's report for the period ended 2 September 2023 included 2 key audit matters that have not been reported as key audit matters in our current year's report. The carrying value of goodwill has been removed, as the only cash generating units ("CGUs") within continuing operations with goodwill are not considered to be a significant risk of impairment due to the levels of headroom. Loss for the year from discontinued operations has been removed as this relates to the disposal of the Agricultural Supplies Division in prior year.

The Group engagement team performed an audit of the parent Company financial statements, full-scope audit procedures on the financial information of two components and specified procedures on six components.

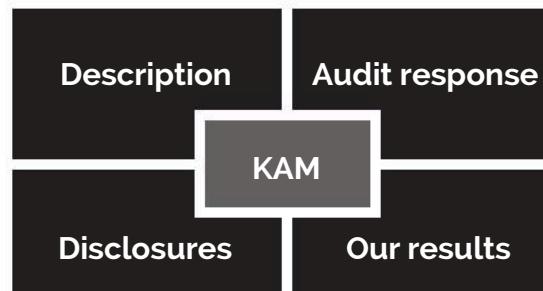
Component auditors performed full-scope audit procedures on the financial information of three components and specified procedures on two components.

The Group engagement team performed analytical procedures on the financial information of the remaining 13 components.

Key changes in the scope of the audit from the prior year is that NW Total Engineered Solutions Ltd has dropped out of scope. Additionally, the audit team has brought in an element of unpredictability within the current year and have brought in Animax Limited a component into scope that has previously not been tested as part of the Group audit.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide

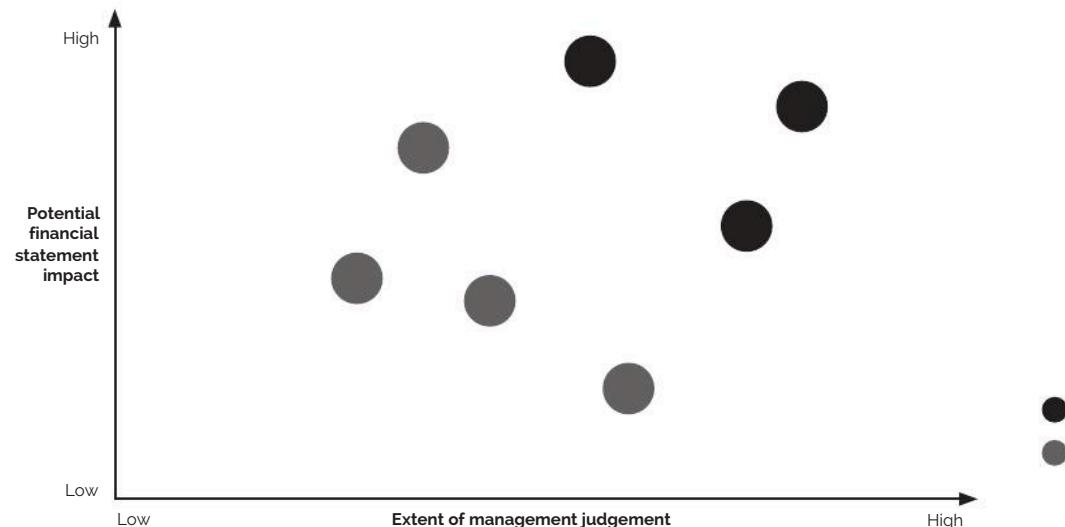


a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Carr's Group plc

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit. This is not a complete list of all risks identified by our audit.



### Key Audit Matter – Group

#### **Revenue recognition in components in the Engineering Division where revenue is recognised over time (long term contracts)**

We have identified revenue recognition as one of the most significant assessed risks of material misstatement due to fraud and error. This was in the following components of the Engineering Division – Carr's Engineering Limited – Bendalls, NuVision Engineering, Inc. and Wälischmiller Engineering GmbH.

Such revenue totalled £39,249k in the period. We note that the full amount of revenue recognised is disclosed within the discontinued operations line of the financial statements. We have pinpointed the significant risk to contracts which exhibited certain qualitative and quantitative risk criteria.

For a significant portion of contracts within the Group's Engineering Division, revenue is recognised based on stage of completion measured in reference to costs incurred as a proportion of total costs ('input method'). Measured stage of completion is therefore based on either actual

### How our scope addressed the matter – Group

In responding to the key audit matter, we performed the following audit procedures:

- Obtained an understanding of and evaluated the design and implementation of relevant controls over the revenue cycle.
- Assessed the revenue recognition accounting policy for compliance with accounting standards, including appropriateness and disclosure within the financial statements.
- Obtained and inspected contract documents and challenged the identification of performance obligations, contract clauses and assessed whether the method of revenue recognition is in accordance with IFRS 15 'Revenue from contracts with customers'.
- Confirmed contract terms directly with customers for a sample of contracts.
- Recalculated the revenue recognition on a sample of contracts based on either percentage completion in relation to estimated costs to complete or through progress towards satisfaction of performance obligations and compared to amounts recorded by the Group.
- Made inquiries of project managers to obtain an understanding of the performance of the contract throughout the period and at period end.
- Obtained and assessed management's forecast estimated costs to completion and challenged the Group's estimates in respect of costs to complete via challenge of senior operational and financial management, and with reference to our own expertise. We also performed corroborative

costs incurred to date over estimated costs to complete or on units delivered/produced against performance obligations.

The estimation process is inherently complex and significant management judgement is required.

inquiries of the Group's in-house legal counsel.

- Sensitised the estimated costs to complete to determine how sensitive management's forecasts are to changes in inputs by applying sensitivities for inflation, general costs and labour cost increases, and a combination of these.
- Obtained post-period end updates from project managers to understand subsequent performance of projects and assessed whether the updated costs to complete forecasts indicate completeness of estimated costs to complete at the period end.
- Assessed the Group's historical forecasting accuracy by comparing prior estimated costs to complete to actual costs incurred and actual margin achieved when the contracts were completed during the current period.
- Assessed the adequacy of disclosures of the key judgments and estimates involved in long-term contract accounting.

<b>Key Audit Matter – Group</b>	<b>How our scope addressed the matter – Group</b>
<b>Relevant disclosures in the Annual Report</b>	<b>Our results</b>
<ul style="list-style-type: none"> <li>Financial statements: Principal accounting policies, Revenue recognition; and Note 3, Revenue.</li> <li>Audit and Risk Committee Report: Revenue recognition in relation to Engineering as set out on page 94.</li> </ul>	<p>Based on our audit work performed, we did not identify any material misstatement in revenue recognition in components in the Engineering Division where revenue is recognised over time (long-term contracts).</p>
<b>Going Concern</b>	<p>In responding to the key audit matter, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>obtained an understanding of relevant controls relating to the assessment of going concern model;</li> <li>assessed the reasonableness of the inputs and assumptions used in the model;</li> <li>obtained and assessed management's paper and assessment of going concern, including forecasts covering the period up to December 2025 for scenarios with and without the anticipated disposal of the Engineering Division and tested the mathematical accuracy of the forecasts, as approved by the Board;</li> <li>tested the accuracy of management's forecasting through a comparison of budget to actual data;</li> <li>assessed the forecasts prepared to ensure consistency with other areas of the audit such as forecasts used in management's impairment review of goodwill and non-current assets;</li> <li>used industry data and other external information such as forecasted interest rates to challenge the reasonableness of management's assumptions regarding future costs and revenue, built into the forecast cashflow;</li> <li>corroborated the existence of the Group's loan facilities and relevant covenant requirements to loan agreements for the period covered by management's forecasts;</li> <li>assessed scenario sensitivities and reverse stress tests performed by management, and determined if they are plausible;</li> <li>tested the adequacy of the supporting evidence for cash flow forecasts, through review of facility agreements and considered the headroom available to the Group;</li> <li>assessed the appropriateness of assumptions regarding mitigating actions to reduce costs or manage cashflows in downside scenarios; and</li> <li>assessed the adequacy of related disclosures within the Annual Report.</li> </ul>
<b>Relevant disclosures in the Annual Report</b>	<b>Our results</b>
<ul style="list-style-type: none"> <li>Financial statements: Principal accounting policies, Going Concern.</li> <li>Audit and Risk Committee Report: Going concern</li> </ul>	We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.



## **INDEPENDENT AUDITOR'S REPORT CONTINUED**

to the members of Carr's Group plc

<b>Key Audit Matter – Group</b>	<b>How our scope addressed the matter – Group</b>
<b>Carrying value of non-current assets</b>  We identified the carrying value of non-current assets as one of the most significant assessed risks of material misstatement due to error.  We pinpointed the significant risk to the carrying valuation of the following CGU's: <ul style="list-style-type: none"><li>– Animax Ltd</li><li>– Chirton Engineering business – division of 'Carr's Engineering Limited'</li></ul> Under International Accounting Standard (IAS) 36 'Impairment of Assets', management are required to assess for indicators of impairment at the period end, and where such indicators are noted perform an assessment to estimate the recoverable value of the asset.  The process for assessing whether impairment of non-current assets exists under IAS 36 is complex. Management prepared an impairment model to assess the value in use. Calculating value in use, through forecasting cash flows relating to each CGU, and the determination of appropriate discount rates and other assumptions to be applied can be highly judgemental and subject to management bias or error. The selection of certain inputs into the cash flow forecasts can also significantly impact the results of the impairment assessment.	In responding to the key audit matter, we performed the following audit procedures: <ul style="list-style-type: none"><li>• obtained an understanding of and evaluated the design and implementation of relevant controls relating to the impairment model;</li><li>• obtained management's Board approved assessment over carrying value and value in use, understood and challenged sensitivities performed;</li><li>• assessed the mathematical accuracy of the impairment model and methodology applied by management for consistency with the requirements of IAS 36, including the associated sensitivities performed;</li><li>• tested the accuracy of management's forecasting through a comparison of current period budget to actual data;</li><li>• assessed the appropriateness of management's assumptions and sensitivities relating to the calculations of the value in use and estimated future cash flows, including growth rates and discount rates used to assess the level of headroom;</li><li>• used our internal valuation experts to inform our challenge of management, that the assumptions used within the calculation of weighted average cost of capital are reasonable and the terminal growth rate; and assessed the accuracy and sufficiency of financial statements disclosures with respect to the carrying value of Group fixed assets.</li><li>• challenging management on the accuracy of a historic valuation used to support the fair value of the Animax Limited land and buildings, leading them to provide additional evidence which our internal valuation specialists were able to form a high level review on and agree with management.</li></ul>
<b>Relevant disclosures in the Annual Report</b>  • Financial statements: Notes 9, 12, 13 and 14	<b>Our results</b>  Our audit work and challenge of management resulted in a revision to: <ol style="list-style-type: none"><li>a) the valuation applied to the land and buildings held in the Animax Limited CGU</li><li>b) the valuation method used for Chirton Engineering business – a division of Carr's Engineering Limited.</li></ol> Total impairment charges were recognised to non-current assets amounting to: <ul style="list-style-type: none"><li>• Animax Limited £2.2m</li><li>• Chirton Engineering business £3.2m</li></ul>
	Based on our audit work, we are satisfied that the assumptions used in management's revised impairment model were appropriate. We consider



## Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

<b>Materiality measure</b>	<b>Group</b>	<b>Parent Company</b>
<b>Materiality for financial statements as a whole</b>	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£741k (2023: £739k), which represents 0.5% of total revenues (continuing and discontinued). The range of component materialities used across the Group was £333k to £407k.	£340k (2023: £443k) which represents 65% of continuing Group materiality using the relative total asset share. Parent Company component materiality has been capped at an amount less than Group materiality for Group audit purposes.
Significant judgements made by auditor in determining materiality	<p>In determining materiality, we made the following significant judgements:</p> <p>Revenue is determined to be the most appropriate benchmark due its importance in both external financial reporting and internal management reporting.</p> <p>The Group engagement team compared the determined amount against the range of materialities that would have been calculated had different benchmarks (adjusted operating profit and adjusted PBT) been used, recognising that a number of measures are relevant to the users of the financial statements.</p> <p>Materiality for the current year has been calculated on a continuing and discontinuing Group basis. For the continuing Group, 0.7% of continuing Group revenue has been used.</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 2 September 2023 to reflect an increase in £7m of total Group revenue.</p>	<p>In determining materiality, we made the following significant judgement:</p> <p>Net assets is considered the most appropriate benchmark for the parent Company because the principal activity is that of a holding company that does not trade.</p> <p>Materiality for the current year is lower than the level that we determined for the period ended 2 September 2023 due to reduction in total assets.</p>
<b>Performance materiality used to drive the extent of our testing</b>	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£518k (2023: £480k), which is 70% (2023: 65%) of financial statement materiality.	£238k (2023: £288k), which is 70% (2023: 65%) of financial statement materiality. Parent Company component performance materiality has been capped at an amount less than Group performance materiality for Group audit purposes.

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## INDEPENDENT AUDITOR'S REPORT CONTINUED

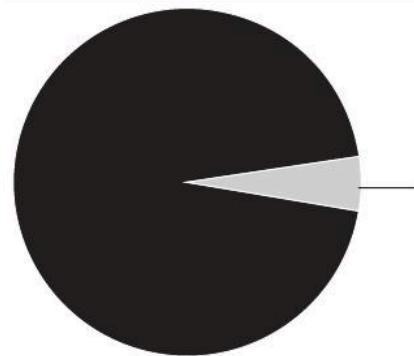
to the members of Carr's Group plc

<b>Materiality measure</b>	<b>Group</b>	<b>Parent Company</b>
Significant judgements made by auditor in determining performance materiality	<p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>• Our understanding of the entity, updated during the performance of risk assessment procedures; and</li> <li>• Management have strong monitoring procedures, engaging internal audit to perform a full scale review of the internal control environment</li> <li>• Our experience with auditing the financial statements of the Group in previous years (for example, the level of uncorrected misstatements in the prior year).</li> <li>• This meant that we increased the measurement % to demonstrate improvements made to the control environment</li> </ul> <p>In determining component performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>• Extent of disaggregation of financial information across components, including the relative risk and size of a component to the Group</li> <li>• Component performance materiality increased in line with the above</li> </ul> <p>For each component in scope for our Group audit, we allocated a performance materiality that is less than our overall Group performance materiality.</p>	<p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>• Our understanding of the entity, updated during the performance of risk assessment procedures; and</li> <li>• Management have strong monitoring procedures, engaging internal audit to perform a full scale review of the internal control environment</li> <li>• Our experience with auditing the financial statements of the Group in previous years (for example, the level of uncorrected misstatements in the prior year).</li> <li>• This meant that we increased the measurement % to demonstrate improvements made to the control environment</li> </ul>
<b>Specific materiality</b>	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	<p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> <li>• Related party transactions; and</li> <li>• Directors' remuneration.</li> </ul>	<p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> <li>• Related party transactions; and</li> <li>• Directors' remuneration.</li> </ul>
<b>Communication of misstatements to the Audit and Risk Committee</b>	We determine a threshold for reporting unadjusted differences to the Audit and Risk Committee.	
Threshold for communication	£37k (2023: £37k), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£17k (2023: £22k), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

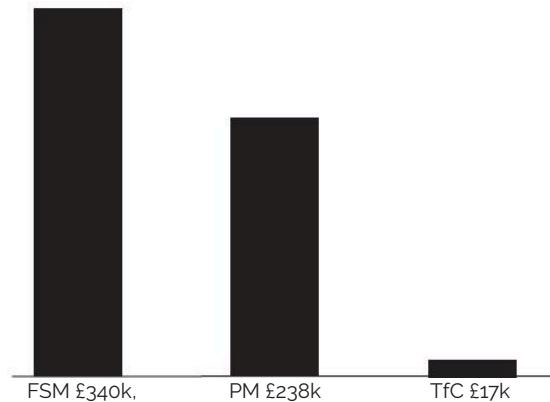
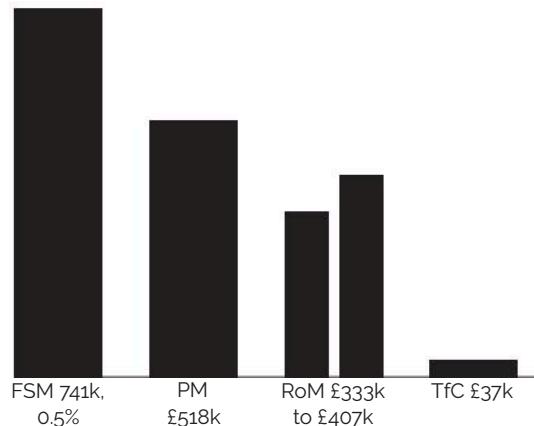
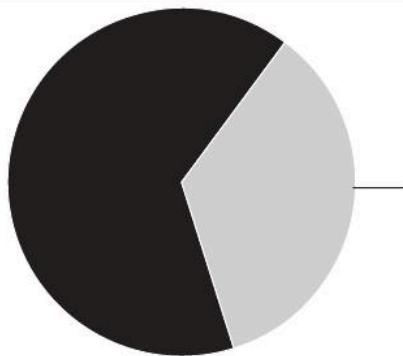


The graph below illustrates how performance materiality and the range of component performance materiality interacts with our overall materiality and the threshold for communication to the Audit and Risk Committee.

Overall materiality – Group



Overall materiality – Parent Company



FSM: Financial statement materiality, PM: Performance materiality, RoM: Range of materiality at 6 components, TfC: Threshold for communication to the Audit and Risk Committee

### An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent Company's business and in particular matters related to:

#### **Understanding the Group, its components, their environments, and its system of internal control including common controls**

- the engagement team obtained an understanding of the Group and its components, its environment, and its system of internal control, including the nature and extent of common controls and assessed the risks of material misstatement at the Group level; and

- the engagement team obtained an understanding of the Group's organisation structure and considered its impact on the scope of the audit, including assessing the level of centralisation of Group control function and;
- the engagement team performed walkthroughs of key areas of focus, including significant risks and other significant classes of transactions, in order to confirm their understanding of the control environment across the Group.

#### **Identifying components at which to perform audit procedures**

- the Group's components vary in size and nature of operations. The Group engagement team identified certain components as significant based on a variety of both qualitative and quantitative factors. The quantitative factors used in determining significance were a combination of the Group's continuing revenues, profit from discontinued operations and Group profit before taxation. The qualitative factors used in determining significance were whether any components were likely to include significant risks of material misstatement due to their specific nature or circumstances;
- the Group engagement team then considered coverage achieved over each financial statement line item, bringing additional components into scope for specified audit procedures to ensure sufficient appropriate audit evidence obtained for significant classes of transactions, account balances and disclosures;
- the Group engagement team further considered any components not currently in scope to be brought in to introduce unpredictability to the Group audit.

## **INDEPENDENT AUDITOR'S REPORT CONTINUED**

to the members of Carr's Group plc

### **Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)**

For those components which were scoped as significant, full-scope audit procedures were performed based on component materiality.

Significant components identified were Carrs Agriculture Ltd, Animal Feed Supplements, Inc., Wälischmiller Engineering GmbH, NuVision Engineering, Inc., Bendalls Engineering – a division of Carr's Engineering Limited and the parent Company. Significant components Wälischmiller Engineering GmbH, NuVision Engineering, Inc. and Bendalls Engineering were audited by component auditors based on instructions issued by the Group engagement team. The parent Company, Carrs Agriculture Ltd and Animal Feed Supplements, Inc. were audited by the Group engagement team.

Furthermore, there were eight components which were not deemed to be significant, on which specified procedures were performed either by the Group engagement team (for six such components) or by component auditors (for two such components).

For the remaining 13 components, analytical procedures were performed by the Group engagement team at Group level commensurate with their significance to the Group's results and financial position.

Where components within the Engineering Division were not scoped as significant, we performed target procedures particularly over revenue from contracts to address the key audit matter "Revenue recognition in components in the Engineering Division where revenue is recognised over time (Long term contracts)" included above.

Key changes in the scope of the audit from the prior year is NW Total Engineered Solutions Ltd being removed from scope due to being financially insignificant. There was then one component Animax Limited where unpredictability procedures were performed as this component had never been tested.

### **Performance of our audit**

In order to gain sufficient appropriate audit evidence to address the risks described above, an audit of financial information was carried out at each individually significant reporting component: audits for Group reporting purposes were carried out at six significant components located in the following countries: United Kingdom (three components), USA (two components) and Germany (one component). In addition, specified audit procedures for Group reporting purposes were performed at a further eight components.

Further audit procedures performed on components subject to specific scope and specified procedures may not have included testing of all significant account balances of such components, but further audit procedures were performed on specific accounts within that component that we, the Group auditor, considered had the potential for the greatest impact on the Group financial statements either due to risk, size or coverage.

The components within the scope of further audit procedures accounted for the following percentages of the Group's results, including the key audit matters identified:

Audit approach	No. of components	% coverage revenue	% coverage PBT (on absolute basis)
Full-scope audit	6	68%	66%
Specific scope audit	8	7%	22%
Full-scope and specific scope procedures coverage	14 (2023: 10)	75% (2023: 85%)	88% (2023: 92%)
Analytical procedures	13 (2023: 17)	25% (2023: 15%)	12% (2023: 8%)
Total	27	100	100

#### **Communications with component auditors**

- Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. This involved issuing instructions to component auditors and having regular communication throughout the audit.
- During the planning stages of the Group audit the Group engagement team sent detailed instructions to the component auditors that detailed the scope of the work, component materiality and planned audit approach on significant risk areas. The Group engagement team also held planning meetings with component auditors to discuss these instructions and provide direction to the component auditor.
- During the fieldwork stage, the Group engagement team was in communication with the component auditors and performed detailed reviews of a selection of working papers that cover the significant risks at Group level as well as working papers to ensure that the Group engagement team have sufficient appropriate audit evidence to support the Group opinion.
- During the completion stage, the Group engagement team was in communication with the component auditors to enquire of any subsequent events.

#### **Changes in approach from previous period**

- NW Total Engineered Ltd, the subsidiary in Barrow, UK has been removed from further audit procedures owing to the business no longer individually including a risk of material misstatement to the Group.
- Unpredictability procedures have been performed at Animax Limited.

#### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Our opinions on other matters prescribed by the Companies Act 2006 are unmodified**

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

#### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' report.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent Company.

## **Corporate governance statement**

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 32;
- the Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 32;
- the Director's statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities set out on page 32;
- the Directors' statement on fair, balanced and understandable set out on page 125;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 28;

## **INDEPENDENT AUDITOR'S REPORT CONTINUED**

to the members of Carr's Group plc

- the section of the Annual Report that describes the review of the effectiveness of risk management and internal control systems set out on pages 76 and 77; and
- the section describing the work of the Audit and Risk Committee set out on page 93.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 125, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent Company and the Group and the industry in which they operate. We determined that the most significant laws and regulations are: UK-adopted international accounting standards, UK Corporate Governance Code and tax legislation in the jurisdictions in which the Group operates, including the application of local and overseas sales taxes;
- We enquired of management, finance team, legal counsel and the Board of Directors about the Group and parent Company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inquired of management, finance team, legal counsel and the Board whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated our inquiries through our review of Board minutes and papers provided to the Audit and Risk Committee;
- We assessed the susceptibility of the parent Company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
  - assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - obtaining an understanding of how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in significant accounting estimates;

- identifying and testing journal entries, in particular any journals with unusual characteristics, and increasing our testing in areas of higher risk as identified during our audit;
  - engaging with our internal tax specialists to address the risk of non-compliance with taxation legislation;
  - designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; performing additional procedures over information provided by the entity during the course of our audit; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the Group engagement team included consideration of the Group engagement team's knowledge of the industry in which the Group operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the parent Company's and Group's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions;
  - the rules and interpretative guidance issued by the Financial Conduct Authority;
  - the parent Company's and Group's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorization of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported; and
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to risk of material misstatement of the Group financial statements. No such matters were identified by the component auditors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other matters which we are required to address**

We were appointed by the Audit Committee on 20 February 2024 to audit the financial statements for the period ending 31 August 2024. Our total uninterrupted period of engagement is 3 years, covering the periods ended 3 September 2022 to 31 August 2024.

The firm has identified that recurring accounts preparation services were provided by a Grant Thornton member firm in Ireland to Carr's Supplements (ROI) Limited, a non-significant component entity of Carr's Group plc, from January 2022. These services are prohibited for a controlled undertaking of a public interest entity under paragraph 5.40 of the FRC Ethical Standard (2019). This is therefore a breach relating to the service provided during the 2022 and 2023 audit periods. The audit engagement lead has subsequently considered the impact on his independence and concluded that these services do not impair the independence of the Firm or covered persons. The non-significant component entity Carr's Supplements (ROI) Limited is not material to Carr's Group plc and the Grant Thornton UK audit team do not rely on the work undertaken by the member firm. The member firm stopped providing these services when they were identified in August 2024.

Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

**Michael Frankish**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

**Manchester**

11 December 2024

**Carr's Group plc** | Annual Report and Accounts 2024

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 August 2024

	Notes	2024 £'000	2023 (restated) <sup>2,3</sup> £'000
<b>Continuing operations</b>			
<b>Revenue</b>	2,3	<b>75,701</b>	81,815
Cost of sales		(61,434)	(67,541)
<b>Gross profit</b>		<b>14,267</b>	14,274
Distribution costs		(4,408)	(4,746)
Administrative expenses		(18,028)	(11,840)
Share of post-tax results of joint ventures		1,374	1,441
Adjusted <sup>1</sup> operating profit	2	<b>2,168</b>	2,845
Adjusting items	5	(8,963)	(3,716)
<b>Operating loss</b>	2,4	<b>(6,795)</b>	(871)
Finance income	7	<b>1,013</b>	814
Finance costs	7	<b>(681)</b>	(715)
Adjusted <sup>1</sup> profit before taxation	2	<b>2,500</b>	2,944
Adjusting items	5	(8,963)	(3,716)
<b>Loss before taxation</b>	2	<b>(6,463)</b>	(772)
Taxation	8	<b>1,974</b>	(72)
Adjusted <sup>1</sup> profit for the year from continuing operations		<b>2,461</b>	2,424
Adjusting items	5	(6,950)	(3,268)
<b>Loss for the year from continuing operations</b>		<b>(4,489)</b>	(844)
<b>Discontinued operations</b>			
(Loss)/profit for the year from discontinued operations (including held for sale)	9	<b>(1,231)</b>	83
<b>Loss for the year</b>		<b>(5,720)</b>	(761)
<b>Loss attributable to:</b>			
Equity shareholders		<b>(5,720)</b>	(226)
Non-controlling interests <sup>4</sup>		—	(535)
		<b>(5,720)</b>	(761)
<b>(Loss)/earnings per ordinary share (pence)</b>			
<b>Basic</b>			
Loss from continuing operations	11	<b>(4.8)</b>	(1.0)
(Loss)/profit from discontinued operations	11	<b>(1.3)</b>	0.7
	11	<b>(6.1)</b>	(0.3)
<b>Diluted</b>			
Loss from continuing operations	11	<b>(4.8)</b>	(1.0)

(Loss)/profit from discontinued operations	11 11	(1.3) (6.1)	0.7 (0.3)
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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 5. An alternative performance measures glossary can be found on pages 211 to 212.
2. Restated to provide comparable information for continuing and discontinued operations following the classification of the Engineering businesses and Afgritech LLC as disposal groups in the current year. Further details of results from discontinued operations and net assets relating to the disposal groups can be found in note 9.
3. See note 37 for an explanation of the prior year restatements.
4. Non-controlling interests relate to businesses included in the Carr's Billington Agricultural business disposal group.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2024

	2024 £'000	2023 (restated) <sup>2</sup> £'000
<b>Loss for the year</b>	<b>(5,720)</b>	(761)
<b>Other comprehensive (expense)/income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign exchange translation losses arising on translation of overseas subsidiaries	(1,492)	(3,141)
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Actuarial losses on retirement benefit asset:		
– Group	28	(412)
– Share of associate (included within disposal group)	–	(717)
Taxation credit on actuarial losses on retirement benefit asset:		
– Group	20	103
– Share of associate (included within disposal group)	–	179
<b>Other comprehensive expense for the year, net of tax</b>	<b>(1,801)</b>	(5,222)
<b>Total comprehensive expense for the year</b>	<b>(7,521)</b>	(5,983)
<b>Total comprehensive expense attributable to:</b>		
Equity shareholders	(7,521)	(5,448)
Non-controlling interests <sup>1</sup>	–	(535)
	<b>(7,521)</b>	(5,983)
<b>Total comprehensive expense attributable to:</b>		
Continuing operations	(5,430)	(3,814)
Discontinued operations	(2,091)	(2,169)
	<b>(7,521)</b>	(5,983)

1. Non-controlling interests relate to businesses included in the Carr's Billington Agricultural business disposal group.

2. Restated to provide comparable information for continuing and discontinued operations following the classification of the Engineering businesses and Agritech LLC as disposal groups in the current year. Further details of results from discontinued operations and net assets relating to the disposal groups can be found in note 9.



# CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 August 2024  
 (Company Number 00098221)

Notes	Group			Company	
	2024 £'000	2023 (restated) <sup>1</sup> £'000	2022 (restated) <sup>2</sup> £'000	2024 £'000	2023 (restated) <sup>2</sup> £'000
<b>Assets</b>					
<b>Non-current assets</b>					
Goodwill	12	<b>2,068</b>	19,161	23,609	–
Other intangible assets	12	<b>32</b>	3,318	4,635	–
Property, plant and equipment	13	<b>9,900</b>	29,950	33,204	<b>62</b>
Right-of-use assets	14	<b>656</b>	7,323	8,223	<b>164</b>
Investment property	15	<b>316</b>	2,640	74	–
Investment in subsidiary undertakings	16,19	–	–	–	<b>20,515</b>
Interest in joint ventures	16,18	<b>6,288</b>	6,101	6,065	<b>172</b>
Other investments	16	<b>26</b>	27	32	–
Contract assets	20	–	–	316	
Financial assets					
– Non-current receivables	23	–	21	23	<b>32,389</b>
Retirement benefit asset	28	<b>1,807</b>	5,316	6,828	<b>1,807</b>
Deferred tax asset	20	<b>208</b>	26	213	<b>721</b>
		<b>21,301</b>	73,883	83,222	<b>55,830</b>
					73,409
<b>Current assets</b>					
Inventories	21	<b>12,062</b>	26,613	26,990	–
Contract assets	22	–	7,915	7,564	–
Trade and other receivables	23	<b>10,352</b>	26,894	21,556	<b>5,479</b>
Current tax assets		<b>712</b>	3,895	3,866	<b>130</b>
Financial assets					
– Cash and cash equivalents	24	<b>13,714</b>	23,123	22,515	<b>7,607</b>
Assets included in disposal groups and other assets classified as held for sale	9	<b>85,663</b>	–	144,389	<b>12,908</b>
		<b>122,503</b>	88,440	226,880	<b>26,124</b>
					25,111
<b>Total assets</b>		<b>143,804</b>	162,323	310,102	<b>81,954</b>
					98,520

1. See note 37 for an explanation of the prior year restatements.

2. Restated to reclassify the group taxation relief asset of £639,000 from current tax assets to trade and other receivables where it has been included within amounts owed by Group undertakings.



## CONSOLIDATED AND COMPANY BALANCE SHEETS CONTINUED

As at 31 August 2024  
 (Company Number 00098221)

Notes	Group			Company	
	2024 £'000	2023 (restated) <sup>b</sup> £'000	2022 (restated) <sup>1</sup> £'000	2024 £'000	2023 £'000
<b>Liabilities</b>					
<b>Current liabilities</b>					
Financial liabilities					
- Borrowings	26	(2,764)	(13,714)	(12,734)	(1,580)
- Leases	14	(267)	(1,264)	(1,416)	(49)
- Derivative financial instruments	27	-	(4)	(62)	-
Contract liabilities	22	-	(5,194)	(2,426)	-
Trade and other payables	25	(10,707)	(18,858)	(23,541)	(3,381)
Current tax liabilities		-	(131)	(711)	-
Liabilities included in disposal groups classified as held for sale	9	(31,748)	-	(101,566)	-
		(45,486)	(39,165)	(142,456)	(5,643)
<b>Non-current liabilities</b>					
Financial liabilities					
- Borrowings	26	(2,913)	(5,206)	(23,805)	(2,913)
- Leases	14	(448)	(5,559)	(6,128)	(118)
Deferred tax liabilities	20	(23)	(4,447)	(5,048)	-
Other non-current liabilities	25	-	(71)	(336)	-
		(3,384)	(15,283)	(35,317)	(3,031)
<b>Total liabilities</b>		<b>(48,870)</b>	<b>(54,448)</b>	<b>(177,773)</b>	<b>(8,041)</b>
<b>Net assets</b>		<b>94,934</b>	107,875	132,329	<b>73,913</b>
<b>Shareholders' equity</b>					
Share capital	29	<b>2,361</b>	2,354	2,350	<b>2,361</b>
Share premium		<b>10,945</b>	10,664	10,500	<b>10,945</b>
Other reserves		<b>2,115</b>	3,581	6,988	<b>324</b>
Retained earnings:					
At the beginning of the year		<b>91,276</b>	98,295	102,295	<b>73,876</b>
(Loss)/profit attributable to equity shareholders		<b>(5,720)</b>	(226)	2,710	<b>(7,354)</b>
Other changes in retained earnings		<b>(6,043)</b>	(6,793)	(6,710)	<b>(6,239)</b>
		<b>79,513</b>	91,276	98,295	<b>60,283</b>
<b>Total shareholders' equity</b>		<b>94,934</b>	107,875	118,133	<b>73,913</b>
					87,158

Non-controlling interests	-	-	14,196	-	-
<b>Total equity</b>	<b>94,934</b>	107,875	132,329	<b>73,913</b>	87,158

1. See note 37 for an explanation of the prior year restatements.

The financial statements set out on pages 140 to 208 were approved by the Board on 11 December 2024 and signed on its behalf by:



Tim Jones



David White

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 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 4 September 2022	2,350	10,500	-	528	6,268	192	98,295	118,133	14,196	132,329
Loss for the year	-	-	-	-	-	-	(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	2,354	10,664	-	264	3,127	190	91,276	107,875	-	107,875
At 3 September 2023	<b>2,354</b>	<b>10,664</b>	-	<b>264</b>	<b>3,127</b>	<b>190</b>	<b>91,276</b>	<b>107,875</b>	-	<b>107,875</b>
Loss for the year	-	-	-	-	-	-	(5,720)	(5,720)	-	(5,720)
Other comprehensive expense	-	-	-	-	(1,492)	-	(309)	(1,801)	-	(1,801)
Total comprehensive expense	-	-	-	-	(1,492)	-	(6,029)	(7,521)	-	(7,521)
Dividends paid	-	-	-	-	-	-	(6,006)	(6,006)	-	(6,006)
Equity-settled share-based payment transactions	-	-	-	358	-	-	-	358	-	358
Excess deferred taxation on share-based payments	-	-	-	-	-	-	14	14	-	14
Allotment of shares	7	281	-	-	-	-	-	288	-	288
Purchase of own shares held in trust	-	-	(74)	-	-	-	-	(74)	-	(74)
Transfer	-	-	74	(298)	-	(34)	258	-	-	-
At 31 August 2024	<b>2,361</b>	<b>10,945</b>	-	<b>324</b>	<b>1,635</b>	<b>156</b>	<b>79,513</b>	<b>94,934</b>	-	<b>94,934</b>

The equity compensation reserve reflects the cumulative accounting impact, at the balance sheet date, of the fair value of the share schemes over the vesting periods. The movement on the equity compensation reserve is taken through the consolidated income statement. During the year £298,000 (2023: £179,000) was transferred from the equity compensation reserve to retained earnings in respect of options vested in the year.

The Group has opted to use previous revaluations of property made under UK GAAP as deemed cost. On adoption of IFRS the revaluation reserve was reclassified to other reserves.

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2024

	Share Capital £'000	Share Premium £'000	Treasury Share Reserve £'000	Equity Compensation Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 4 September 2022	2,350	10,500	–	608	51,296	64,754
Profit for the year	–	–	–	–	28,972	28,972
Other comprehensive expense	–	–	–	–	(1,543)	(1,543)
Total comprehensive income	–	–	–	–	27,429	27,429
Dividends paid	–	–	–	–	(4,889)	(4,889)
Equity-settled share-based payment transactions	–	–	–	(300)	–	(300)
Excess deferred taxation on share-based payments	–	–	–	–	(4)	(4)
Allotment of shares	4	164	–	–	–	168
Transfer	–	–	–	(44)	44	–
At 2 September 2023	2,354	10,664	–	264	73,876	87,158
<b>At 3 September 2023</b>	<b>2,354</b>	<b>10,664</b>	–	<b>264</b>	<b>73,876</b>	<b>87,158</b>
Loss for the year	–	–	–	–	(7,354)	(7,354)
Other comprehensive expense	–	–	–	–	(309)	(309)
Total comprehensive expense	–	–	–	–	(7,663)	(7,663)
Dividends paid	–	–	–	–	(6,006)	(6,006)
Equity-settled share-based payment transactions	–	–	–	198	–	198
Excess deferred taxation on share-based payments	–	–	–	–	12	12
Allotment of shares	7	281	–	–	–	288
Purchase of own shares held in trust	–	–	(74)	–	–	(74)
Transfer	–	–	74	(138)	64	–
<b>At 31 August 2024</b>	<b>2,361</b>	<b>10,945</b>	–	<b>324</b>	<b>60,283</b>	<b>73,913</b>

The equity compensation reserve reflects the cumulative accounting impact, at the balance sheet date, of the fair value of the share schemes over the vesting periods. The movement on the equity compensation reserve is taken through the income statement where it relates to employees of the Company and to investment in subsidiaries where it relates to employees of the subsidiaries. During the year £138,000 (2023: £44,000) was transferred from the equity compensation reserve to retained earnings and £160,000 (2023: £207,000) was transferred from the equity compensation reserve to investment in subsidiaries in respect of options vested in the year.



# CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

For the year ended 31 August 2024

Notes	Group		Company	
	2024 £'000	2023 (restated) <sup>1,2</sup> £'000	2024	2023
			£'000	(restated) <sup>2</sup> £'000
<b>Cash flows from operating activities</b>				
Cash generated from/(used in) continuing operations	31	<b>2,657</b>	(2,152)	<b>(6,013)</b>
Interest received		<b>734</b>	502	<b>2,177</b>
Interest paid		<b>(681)</b>	(715)	<b>(434)</b>
Tax received/(paid)		<b>1,539</b>	(507)	<b>2,696</b>
<b>Net cash generated from/(used in) operating activities in continuing operations</b>		<b>4,249</b>	(2,872)	<b>(1,574)</b>
Net cash generated from operating activities in discontinued operations		<b>3,194</b>	1,089	—
<b>Net cash generated from/(used in) operating activities</b>		<b>7,443</b>	(1,783)	<b>(1,574)</b>
<b>Cash flows from investing activities</b>				
Sale of disposal group (net of cash disposed)		<b>4,000</b>	26,483	<b>4,000</b>
Dividends received from subsidiaries		—	—	—
New loans to subsidiaries		—	—	<b>(1,271)</b>
Repayment of loans to subsidiaries		—	—	<b>425</b>
Dividends received from joint ventures		<b>916</b>	1,390	<b>802</b>
Purchase of intangible assets		<b>(9)</b>	(2)	—
Proceeds from sale of property, plant and equipment		<b>17</b>	13	—
Purchase of property, plant and equipment		<b>(1,188)</b>	(2,048)	<b>(8)</b>
Proceeds from sale of investment property		<b>182</b>	—	—
<b>Net cash generated from investing activities in continuing operations</b>		<b>3,918</b>	25,836	<b>3,948</b>
Net cash used in investing activities in discontinued operations		<b>(3,526)</b>	(1,789)	—
<b>Net cash generated from investing activities</b>		<b>392</b>	24,047	<b>3,948</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of ordinary share capital	29	<b>288</b>	167	<b>288</b>
Purchase of own shares held in trust		<b>(74)</b>	—	<b>(74)</b>
New financing and drawdowns on RCF		—	5,574	—
Repayment of RCF drawdowns		<b>(1,816)</b>	(21,741)	<b>(1,816)</b>
Lease principal repayments		<b>(322)</b>	(367)	<b>(61)</b>
Repayment of borrowings		<b>(863)</b>	(2,400)	—
Receipt of loans from subsidiaries		—	—	2,500
Repayment of loans from subsidiaries		—	—	<b>(518)</b>

Dividends paid to shareholders	10	(6,006)	(4,889)	(6,006)	(4,889)
<b>Net cash used in financing activities in continuing operations</b>		(8,793)	(23,656)	(8,187)	(22,345)
Net cash used in financing activities in discontinued operations		(1,677)	(12,640)	-	-
<b>Net cash used in financing activities</b>		(10,470)	(36,296)	(8,187)	(22,345)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(2,635)	(14,032)	(5,813)	783
Cash and cash equivalents at beginning of the year		<b>10,769</b>	24,855	<b>13,443</b>	12,726
Exchange differences on cash and cash equivalents		(204)	(54)	(23)	(66)
Cash and cash equivalents at end of the year	24	<b>7,930</b>	10,769	<b>7,607</b>	13,443

1. Restated to provide comparable information for continuing and discontinued operations following the classification of the Engineering businesses and Afgritech LLC as disposal groups in the current year. Further details of results from discontinued operations and net assets relating to the disposal groups can be found in note 9.
2. Restated to reclassify disposal group costs to sell of £(864,000) from cash flows from investing activities to cash flows from operating activities.

## **PRINCIPAL ACCOUNTING POLICIES**

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### **Basis of accounting**

The consolidated and Company financial statements are prepared on a going concern basis in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 applicable to companies reporting under those standards.

The Company is a public limited company incorporated and domiciled in England and Wales whose shares are listed and traded on the London Stock Exchange. The address of its registered office is Warwick Mill Business Centre, Warwick Bridge, Carlisle, Cumbria CA4 8RR.

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

The Group has recognised prior year restatements with no impact to profit or equity. Further details of these restatements can be found in note 37.

The consolidated and Company financial statements are prepared under the historic cost convention as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

Accounting policies have been applied consistently, other than where new policies have been adopted. The accounting policies for the Group and Company are detailed below.

### **Going concern**

The financial statements have 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 2027 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 the end of December 2025 ("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 2026.

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 the end of December 2025. The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty. Scenarios with and without the anticipated disposal of the Engineering Division have been considered. 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 cash flows linked to the two principal risks highlighted in the Viability Statement on page 32. 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 to testing these severe but plausible downside scenarios, reverse stress testing was also applied to the sensitised forecasts, to understand what level of downside scenario the Group would not be able to withstand. The scenarios which created going concern uncertainty were deemed extreme and implausible.

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 renewed 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 the end of December 2025 and therefore have prepared the financial statements on a going concern basis.

### **Basis of consolidation**

The consolidated financial statements comprise Carr's Group plc and all its subsidiaries, together with the Group's share of the results of its associate and joint ventures. The financial information of the subsidiaries, associate and joint ventures is prepared as of the same reporting date and consolidated using consistent accounting policies. Group inter-company balances and transactions, including any unrealised profits arising from Group inter-company transactions, are eliminated in full.

Results of subsidiary undertakings acquired or disposed of during the current and prior financial year were included in the financial statements from the effective date of control or up to the date of cessation of control. The separable net assets, both tangible and intangible, of the acquired subsidiary undertakings were incorporated into the financial statements on the basis of the fair value as at the effective date of the Group acquiring control.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control requires power over the investee, exposure, or rights, to variable returns and the ability to use power to affect returns. Subsidiaries are entities that meet this definition of control.

## **PRINCIPAL ACCOUNTING POLICIES CONTINUED**

### **Basis of consolidation** continued

Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control, established by contractual agreement. Investments in associates and joint ventures are accounted for using the equity method. The Group's share of its associate's and joint ventures' post-tax results are recognised in the income statement, and its share of movement in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment. The Group's investment in associate and joint ventures includes any goodwill arising on acquisition. If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

All subsidiaries are accounted for by applying the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group. The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Contingent consideration is measured initially at fair value and is revalued to fair value at each subsequent period end until the period in which it is settled.

Acquisition-related costs are expensed to the consolidated income statement in the year they are incurred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity respectively. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

In accordance with IFRS 5 'Non-current assets held for sale and discontinued operations', non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying value and fair value less costs to sell and are not depreciated or amortised. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The net results of the Engineering Division and Afgritech LLC are presented as discontinued operations in the consolidated income statement, with restated comparatives, and the assets and liabilities associated with the discontinued operations are presented separately in the consolidated balance sheet. In addition certain assets of the Group have been classified as held for sale and have been presented separately in the consolidated balance sheet. The prior year income statement also includes the results from the Carr's Billington Agricultural business as discontinued operations up to the date of disposal on 26 October 2022. Further details can be found in note 9.

### **Employee share trust**

IFRS 10 requires that the Group consolidates a structured entity where the substance of the relationship between the parties indicates that the Group controls the entity. The employee share trust sponsored by the Group falls within this category of structured entity and has been accounted for as if it were, in substance, a subsidiary.

### **Currency translation**

The financial statements for the Group's subsidiaries, associate and joint ventures are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Group and Company is Sterling.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Exchange differences resulting from the settlement of such transactions and from the translation, at exchange rates ruling at the balance sheet date, of monetary assets and liabilities denominated in currencies other than the functional currency, are recognised in the consolidated income statement.

The balance sheets of foreign operations are translated into Sterling using the exchange rate at the balance sheet date and the income statements are translated into Sterling using the average exchange rate for the year. Where this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, the exchange rate on the transaction date is used. Exchange differences arising are recognised as a separate component of shareholders' equity. On disposal of a foreign operation any cumulative exchange differences held in shareholders' equity are transferred to the consolidated income statement.

### **Revenue recognition**

Revenue is recognised when the Group transfers control over a product or service to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Inter-segmental transactions are on an arm's length basis.

The Group recognises revenue both at a point in time and over time. Revenues generated by the Group's Agriculture Division are recognised at a point in time when title passes to the customer upon the products leaving the site. Revenues generated by the Group's Engineering Division (now classified as discontinued operations) are recognised over time where either the contract with the customer does not create an asset with an alternative use and where there is an enforceable right to payment for performance completed to date or where the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Where this is not the case revenue is recognised at a point in time.

## **Revenue recognition** continued

In respect of contracts that meet the criteria to be recognised over time, revenue is calculated on the basis of the stage of completion of each contract. The Group applies a single method of measuring progress for each performance obligation satisfied over time and applies this method consistently to similar performance obligations and in similar circumstances. Depending on the nature and circumstances of the performance obligation, the stage of completion is determined with reference to either:

- The proportion that contract costs incurred for work performed to date bear to the total estimated contract costs; or
- The proportion that contract output is delivered towards complete satisfaction of the performance obligation with reference to certified or valued contract works.

Revenue is recognised for a performance obligation satisfied over time only if the Group can reasonably measure its progress towards complete satisfaction of the performance obligation. In circumstances when it cannot reasonably measure the outcome, but expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred. The Group would not be able to reasonably measure its progress towards complete satisfaction of a performance obligation if it lacks reliable information that would be required to apply an appropriate method of measuring progress.

Where it is probable that contract costs will exceed total contract revenue the expected loss is recognised immediately as an expense in the consolidated income statement.

Contract modifications such as variations to the original order are not accounted for until they are approved by the customer. Where a modification to an existing contract occurs, the nature of the modification is assessed to determine whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

Variable consideration arises where revenue is recognised on a time and materials basis, as is the case under certain of the Group's contracts, although not the majority. Revenue is estimated using the most likely amount method and is recognised as the time and materials are billed onto the customer. Where contracts include this arrangement invoices are raised monthly to the customer. As a practical expedient, where the Group has the right to invoice a customer based on performance to date, such as in the case where they are invoiced based on time and materials, the Group will recognise revenue on that basis.

The Group does not expect to have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not apply the time-value of money to its transaction prices.

Incremental costs of obtaining a contract with a customer are only recognised when it is expected that these costs will be recovered. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. Where the amortisation period of an asset that would otherwise have been recognised is one year or less, the incremental costs of obtaining a contract are expensed when incurred.

Contract assets exist when the Group has a right to consideration in exchange for goods or services transferred to a customer when that right is conditional on something other than the passage of time (e.g. future performance). Contract liabilities exist when the Group has an obligation to transfer goods or services to a customer for which the Group has already received consideration.

Where the Group acts in the capacity of agent rather than principal under a contract, revenue is recognised when the commission has been earned from the vendor.

## **Retirement benefit asset/obligation**

The Group offers various pension schemes to employees including a defined benefit pension scheme and several defined contribution schemes.

The assets of the Group's pension schemes are held separately from those of the Group and are invested with independent investment managers.

Contributions to defined contribution schemes are charged to the consolidated income statement in the year to which they relate.

#### **Carr's Group Pension Scheme**

The asset recognised in the consolidated and Company balance sheet at the year end is the fair value of scheme assets at the balance sheet date less the present value of the defined benefit obligation. Independent actuaries calculate the defined benefit asset annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The service costs, including pension scheme administrative costs, are included in operating profit in the consolidated income statement.

## **PRINCIPAL ACCOUNTING POLICIES CONTINUED**

### **Retirement benefit asset/obligation continued**

A credit is made within interest which represents a net interest amount that is calculated by applying the discount rate at the beginning of the year to the net defined benefit asset at the beginning of the year. The net interest amount also takes into account changes to the net asset during the year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the consolidated and Company statement of comprehensive income. The pension scheme deficit or surplus, to the extent considered recoverable, is recognised in full on the consolidated balance sheet.

IFRIC 14 confirms that where a company has an unconditional right to a refund of surplus from a defined benefit pension plan during the lifetime of that plan or when it winds it up, and where there is expected to be surplus assets, there is no limit on the asset the company can show on its balance sheet. Following a review of the Scheme's Trust deed, the Directors believe that there is a right to recognise, and that there is no restriction on the recognition of, the IAS 19 pension surplus. At 31 August 2024 and 2 September 2023, the consolidated and Company balance sheet recognises the full surplus on the Carr's Group defined benefit pension scheme. The Company does not intend to recover the surplus through a refund.

### **Carr's Billington Agriculture Pension Scheme**

Carrs Billington Agriculture (Sales) Ltd, a Group subsidiary until its disposal on 26 October 2022, is a participating employer in the Carr's Billington Agriculture Pension Scheme, which is a multi-employer defined benefit pension scheme. Note 28 provides further information on this scheme and how it was accounted for in the consolidated accounts up to the date of disposal.

### **Share-based payments**

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At each balance sheet date the Group revises its estimate of the number of options that are expected to vest. Changes to the fair value recognised as a result of this are charged or credited to the consolidated income statement with a corresponding adjustment to the equity compensation reserve.

### **Interest**

Interest is recognised in the consolidated income statement on an accruals basis using the effective interest method.

### **Borrowing costs**

Borrowing costs are recognised in the consolidated income statement in the year in which they are incurred.

### **Operating segments**

IFRS 8 requires operating segments to be identified on the basis of internal financial information about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") to allocate resources to the segments and to assess their performance. The CODM has been identified as the Executive Directors.

The CODM considers the business from a product/services perspective. Reportable operating segments have been identified as Agriculture. The previously reported operating segment of Engineering is disclosed as a discontinued operation in the segmental reporting.

### **Adjusting items**

Adjusting items that are material by size and/or by nature are presented within their relevant income statement category, but highlighted separately on the face of the income statement. Further details of items that management consider fall into this category are disclosed within note 5 to the financial statements. The separate disclosure of profit before adjusting items is consistent with how business performance is measured internally and is presented to aid comparability of performance.

### **Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

## **Goodwill** continued

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and cannot subsequently be reversed.

Goodwill written off to reserves under UK GAAP prior to 31 August 1998 has not been reinstated and would not form part of the gain or loss on the disposal of a business.

## **Other intangible assets**

Other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation commences when assets are available for use. The expected useful lives, over which the assets are amortised, are generally as follows:

Customer relationships	1 – 10 years
Brands	6 – 25 years
Know-how	15 years
Proprietary technology	5 – 13 years
Development costs	5 – 15 years
Patents and trademarks	contractual life
Contract backlog	3 years
Software	3 – 10 years

Software costs incurred as part of a service agreement are only capitalised when it can be evidenced that the Group has control over the resources defined in the agreement. Software customisation and configuration costs relating to software not controlled by the Group are expensed as incurred.

The cost of intangible assets acquired in a business combination is the fair value at the acquisition date. The cost of separately acquired intangible assets comprises the purchase price and any directly attributable costs of preparing the assets for use. Intangible assets are amortised on a straight-line basis.

## **Research and development costs**

All research costs are recognised in the consolidated income statement as incurred. Development costs are recognised as an asset only to the extent that specific recognition criteria, as set out in IAS 38 'Intangible assets', relevant to the proposed application are met and the amount recognised is recoverable through future economic benefits.

## **Property, plant and equipment**

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs.

Freehold land and assets in the course of construction are not depreciated. For all other property, plant and equipment, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows:

Freehold buildings	up to 50 years
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Leasehold improvements      shorter of 50 years or lease term

Plant and equipment      3 to 20 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Assets not fully constructed at the balance sheet date are classified as assets in the course of construction. When construction is complete these assets are reclassified to the appropriate heading within property, plant and equipment. Depreciation commences when the asset is ready for use.

The cost of maintenance, repairs and minor equipment is charged to the consolidated income statement as incurred; the cost of major renovations and improvements is capitalised.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated income statement.

## **PRINCIPAL ACCOUNTING POLICIES CONTINUED**

### **Investment property**

Investment properties are properties held for long-term rental yields. Investment properties are carried in the balance sheet at cost less accumulated depreciation. Freehold land is not depreciated. For all other investment property, depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows:

Freehold buildings                    up to 50 years

The cost of maintenance, repairs and minor equipment is charged to the consolidated income statement as incurred; the cost of major renovations and improvements is capitalised.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated income statement.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment where there are any events or changes in circumstances that would indicate potential impairment. In addition, at each reporting date, the Group assesses whether there is any indication that goodwill may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value-in-use and is deemed for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined. Discount rates reflecting the asset-specific risks and the time-value of money are used for the value-in-use calculation.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where appropriate, cost is calculated on a specific identification basis. Otherwise inventories are valued using the first-in first-out method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Provision has been made, where necessary, for slow-moving, obsolete and defective inventories.

### **Cash and cash equivalents**

Cash and cash equivalents for the purposes of the consolidated and Company statement of cash flows comprise cash at bank and in hand, money market deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts, which are repayable on demand. Although bank overdrafts are presented elsewhere in borrowings within current liabilities in the balance sheet, they are considered to be cash and cash equivalents as they are part of a Group banking facility where bank balances in credit and overdrawn balances are integral to the cash management of the Group and they are therefore used to manage the Group's cash position on a net basis.

### **Grants**

Grants received on capital expenditure are recorded as deferred income and taken to the consolidated income statement in equal annual instalments over the expected useful lives of the assets concerned.

Revenue grants and contributions are taken to the consolidated income statement in the year to which they apply.

### **Leases**

The Group leases properties, motor vehicles, plant and machinery and other equipment. Lease terms are negotiated on an

individual basis and contain a wide range of terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and is also subject to regular impairment reviews.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

## **Leases** continued

The lease payments are discounted using the interest rate implicit in the lease. Where this cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

After initial measurement the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the fixed lease payments. Right-of-use assets are adjusted for any remeasurement of lease liabilities.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs incurred by the lessee; and
- Restoration costs required by the terms and conditions of the lease.

At the commencement date of property leases the Group normally determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised and it is not reasonably certain that the Group will continue in occupation for any period beyond the lease term. Leases are regularly reviewed and will be revalued if it becomes likely that a break clause or option to extend the lease is exercised.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise minor office and IT equipment.

The Group acts as lessor in certain operating lease arrangements. Rental income is recognised on a straight-line basis in the income statement. The Group is not a lessor in any finance lease arrangements.

## **Tax**

The tax charge comprises current tax and deferred tax.

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Group's taxable profits.

Deferred tax is provided on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated and Company financial statements. Deferred tax arising from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the consolidated income statement or consolidated statement of comprehensive income, unless the tax relates to items recognised directly in shareholders' equity, in which case the tax is recognised directly in shareholders' equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same

taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **Dividends**

Final equity dividends to the shareholders of the Company are recognised in the year that they are approved by the shareholders.  
Interim equity dividends are recognised in the year that they are paid.

Dividends receivable are recognised in the period in which they are received.

## **PRINCIPAL ACCOUNTING POLICIES CONTINUED**

### **Classification of financial instruments issued by the Group and Company**

Financial instruments issued by the Group and Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group or Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group or Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called-up share capital and share premium account exclude amounts in relation to those shares.

### **Financial instruments**

Financial assets and liabilities are recognised on the consolidated and Company balance sheet when the Group and Company becomes a party to the contractual provisions of the instrument.

The Group and Company classifies its financial assets under the measurement categories of amortised cost, for non-derivative financial assets, or measured subsequently at fair value through either profit or loss or comprehensive income.

#### **Non-derivative financial assets**

Non-derivative financial assets include contract assets, trade and other receivables and non-current receivables. As these categories of financial assets do not carry a significant financing element, expected credit losses are measured using the simplified impairment approach. This requires expected lifetime losses to be recognised upon the initial recognition of the asset.

Non-derivative financial assets, other than trade receivables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are measured initially at the IFRS 15 transaction price.

#### **Derivative financial instruments and hedging activities**

The Group primarily uses forward foreign currency contracts, options and currency swaps to manage its exposures to fluctuating foreign exchange rates. These instruments are initially recognised at fair value and are subsequently remeasured at their fair value at each balance sheet date.

#### **New standards and interpretations**

From 3 September 2023 the following became effective and were adopted by the Group and Company:

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective 1 January 2023)
- Amendments to IAS 8 – Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)
- Amendments to IAS 12 – International tax reform – pillar two model rules (effective 1 January 2023)
- IFRS 17 – Insurance Contracts, as amended in December 2021 (effective 1 January 2023)

Their adoption did not have a material effect on the Group or Company's profit for the year or equity.

#### **New standards, amendments and interpretations issued but not yet effective and not early adopted**

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2024)

- Amendments to IAS 1 – Non-current Liabilities with Covenants (effective 1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective 1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (effective 1 January 2024)
- Amendments to IAS 21 – Lack of Exchangeability (effective 1 January 2025)

It is not considered that the above standards and amendments will have a significant effect on the results or net assets of the Group or Company.

## **Significant judgements, key assumptions and estimates**

Application of certain Group accounting policies requires management to make judgements, assumptions and estimates concerning the future as detailed below.

The following is considered to be a significant judgement:

### **Non-current assets held for sale and discontinued operations**

In respect of the Engineering businesses and Afgritech LLC the Group was required to apply IFRS 5 'Non-current assets held for sale and discontinued operations'. In addition, the Group was also required to classify certain other non-current assets as 'held for sale' at the year end. Judgement is involved as to whether or not the disposal groups and other non-current assets meet the criteria for classification as held for sale. The assets and liabilities of the disposal groups and the other non-current assets held for sale are to be measured at the lower of carrying value and fair value less costs to sell. Judgement is required to assess fair value less costs to sell by considering expected proceeds less any required adjustments for net debt, in respect of the discontinued operations, and costs of disposal. Details of discontinued operations and assets and liabilities held for sale can be found in note 9.

The following are considered to be accounting estimates:

### **Valuation of pension obligations**

The valuation of the Group's defined benefit pension scheme is determined each year following advice from a qualified independent actuary and can fluctuate based on a number of external factors. Such factors include the major assumptions as shown in the table in note 28 and actual returns on scheme assets compared to those predicted in the previous scheme valuation. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the assets affected. The carrying value of the defined benefit pension scheme surplus at 31 August 2024 is £1.8m (2023: £5.3m). More information on the pension scheme is given in note 28.

### **Impairment of goodwill and non-financial assets**

Non-financial assets are reviewed for impairment where there are any events or changes in circumstances that would indicate potential impairment. In addition the carrying value of goodwill must be assessed for impairment annually, or more frequently if there are indications that goodwill might be impaired. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. Value-in-use is dependent on estimations of future cash flows from the cash-generating unit and the use of an appropriate discount rate to discount those cash flows to their present value.

In respect of goodwill and non-financial assets classified as held for sale at the year end the fair value less costs to sell of the cash-generating units has been estimated to determine any potential impairment.

There was no impairment to goodwill identified in the current year (2023: £3.6m). The carrying value of goodwill at 31 August 2024 is £2.1m (2023: £19.2m).

For continuing operations an impairment of £0.2m (2023: £0.3m) has been recognised against the carrying value of other intangible assets, £1.9m (2023: £nil) has been recognised against the carrying value of property, plant and equipment and £0.1m (2023: £nil) against the carrying value of right-of-use assets. Further details of cash-generating units and stress testing performed on the carrying values can be found in note 12 and note 13.

For discontinued operations and assets held for sale the total impairment and loss on fair value measurement less costs to sell recognised is £5.9m. Further details can be found in note 5 and note 9.

### **Revenue recognition on contracts**

For contracts recognised over time the Group recognises revenue and profits based on the stage of completion. This requires management to make an assessment of performance obligations under each contract, the ability to reasonably estimate the

outcome, and the point at which those obligations have been fulfilled. Management uses estimates and judgements when assessing the total expected costs on a contract and when estimating variable consideration.

Year end balances affected by these estimates are contract assets which include the estimates above to determine the value of the goods and services transferred to customers at the year end for which the Group is due consideration, and contract liabilities which include estimates over the amounts of consideration received from customers that are in excess of the value of the work performed at the year end date. It is reasonably possible that the unconditional right to consideration receivable in the next financial year may materially differ to that assumed in the contract assets and liabilities included in the consolidated balance sheet. The Group has controls in place to review and monitor the estimates used to ensure they are appropriate. Disclosures relating to revenue recognition can be found in note 3 and further details on contract assets and liabilities at the year end can be found in note 22.

# NOTES TO THE FINANCIAL STATEMENTS

**1** The Company has taken advantage of the exemption, under section 408 of the Companies Act 2006, from presenting its own income statement of comprehensive income and related notes. Total comprehensive expense for the year dealt with in the accounts of the Company was £7,663,000 (2023 total comprehensive income: £27,429,000) of which £7,354,000 (2023 profit after tax: £28,972,000) relates to loss after tax for the year.

## 2 Segmental information

The chief operating decision maker ("CODM") has been identified as the Executive Directors. Management has identified the operating segments based on internal financial information reviewed by the CODM. 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. The previously reported operating segment of Engineering has been classified as a disposal group at the year end and is disclosed as a discontinued operation in the segmental reporting tables below. Prior year disclosures have been restated to aid comparability. In the prior year disclosures, discontinued operations also includes the previously reported operating segment of Agricultural Supplies, which was disposed of on 26 October 2022. Central comprises the central business activities of the Group's head office, which earns no external revenues. Operating segments have not been aggregated for the purpose of determining reportable segments.

Agriculture derives its revenue from the sale of animal feed blocks and animal health products.

Discontinued operations derives its revenue from the provision of engineering services and the design and manufacture of bespoke equipment for use in the nuclear, naval defence, and oil and gas industries. Products include manipulators, robotics, specialist fabrication and precision machining. It also includes revenues from the sale of animal feed ingredients in respect of the Agritech LLC business in the US that has been discontinued. In the prior year it also derived revenues from the manufacture and sale of animal feed together with retail sales of farm equipment, fuels and farm consumables through the Carr's Billington network of rural stores.

Performance is assessed using adjusted operating profit. For internal purposes the CODM assesses operating profit before material adjusting items (note 5) consistent with the presentation in the financial statements.

Inter-segmental transactions are all undertaken on an arm's length basis.

The Group has operations in the UK and overseas. In accordance with IFRS 8, entity-wide disclosures based on the geography of operations is also presented. The geographical analysis of revenue is presented by revenue origin.

The segmental information for the year ended 31 August 2024 is as follows:

	Agriculture £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000
Total segment revenue	<b>75,701</b>	–	<b>75,701</b>	<b>72,320</b>
Inter-segment revenue	–	–	–	(2)
Revenue from external customers	<b>75,701</b>	–	<b>75,701</b>	<b>72,318</b>
Adjusted <sup>1</sup> EBITDA <sup>2</sup>	<b>5,320</b>	(2,868)	<b>2,452</b>	<b>9,298</b>
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	(1,503)	(155)	(1,658)	(2,599)
Share of post-tax results of joint ventures	<b>1,374</b>	–	<b>1,374</b>	–
Adjusted <sup>1</sup> operating profit/(loss)	<b>5,191</b>	(3,023)	<b>2,168</b>	<b>6,699</b>

Adjusting items (note 5)	(4,488)	(4,475)	(8,963)	(5,663)
Operating profit/(loss)	703	(7,498)	(6,795)	1,036
Finance income		1,013	102	
Finance costs		(681)	(765)	
Adjusted <sup>1</sup> profit before taxation	2,500	6,036		
Adjusting items (note 5)		(8,963)	(5,663)	
(Loss)/profit before taxation		(6,463)	373	
Taxation of discontinued operations			(1,604)	
Loss for the year from discontinued operations (note 9)			(1,231)	

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 5.
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.

## 2 Segmental information continued

### Assets and liabilities

	Agriculture £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000	Total Group £'000
Gross assets	48,210	13,933	62,143	81,661	143,804
Gross liabilities	(11,460)	(5,662)	(17,122)	(31,748)	(48,870)
Intangible asset additions (note 12)	8	–	8	547	555
Property, plant and equipment additions (note 13)	1,153	8	1,161	2,989	4,150
Right-of-use asset additions (note 14)	102	167	269	3,199	3,468

The segmental information for the year ended 2 September 2023 is as follows. Prior year disclosures have been restated in respect of discontinued operations to aid comparability with the segmental information presented for the current year. Further details of the prior year restatements of continuing operations can be found in note 37.

Restated:	Agriculture £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000
Total segment revenue	83,135	–	83,135	115,558
Inter-segment revenue	(1,320)	–	(1,320)	(36)
Revenue from external customers	81,815	–	81,815	115,522
Adjusted <sup>1</sup> EBITDA <sup>2</sup>	6,143	(2,850)	3,293	5,831
Depreciation, amortisation and profit/(loss) on disposal of non-current assets	(1,763)	(126)	(1,889)	(2,547)
Share of post-tax results of associate and joint ventures	1,441	–	1,441	466
Adjusted <sup>1</sup> operating profit/(loss)	5,821	(2,976)	2,845	3,750
Adjusting items (note 5)	(3,315)	(401)	(3,716)	(2,280)
Operating profit/(loss)	2,506	(3,377)	(871)	1,470
Finance income			814	62
Finance costs			(715)	(791)
Adjusted <sup>1</sup> profit before taxation			2,944	3,021
Adjusting items (note 5)			(3,716)	(2,280)
(Loss)/profit before taxation			(772)	741
Taxation of discontinued operations				(658)
Profit for the year from discontinued operations (note 9)				83

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 5.

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.

**Assets and liabilities (restated)**

	Agriculture £'000	Central £'000	Continuing Group £'000	Discontinued operations £'000	Total Group £'000
Gross assets	53,925	29,341	83,266	79,057	162,323
Gross liabilities	(16,004)	(9,051)	(25,055)	(29,393)	(54,448)
Intangible asset additions (note 12)	2	-	2	187	189
Property, plant and equipment additions (note 13)	1,997	28	2,025	1,127	3,152
Right-of-use asset additions (note 14)	184	72	256	303	559

## 2 Segmental information continued

### Goodwill and other intangible assets impairment

During the year the Group recognised an impairment of £0.2m (2023: £0.3m) against other intangible assets in respect of the Agriculture reportable segment. During the prior year the Group recognised an impairment of goodwill of £1.7m in respect of the Agriculture reportable segment and £1.8m in respect of the Engineering reportable segment, which has been included in the restated disclosures for discontinued operations. Further details can be found in note 12.

The Group also recognised an impairment of £1.9m (2023: £nil) against property, plant and equipment and £0.1m (2023: £nil) against right-of-use assets in respect of the Agriculture reportable segment. Further details can be found in notes 13 and 14.

### Entity-wide disclosures

Revenues from external customers are derived from the sale of products/services by individual business segment. The breakdown of revenue by business segment is provided above. Revenues from external customers:

	2024		2023 (restated)	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
UK	<b>32,032</b>	<b>35,490</b>	30,215	83,892
USA	<b>37,529</b>	<b>19,946</b>	45,676	21,966
Germany	–	<b>16,882</b>	–	9,664
Republic of Ireland	<b>4,366</b>	–	4,162	–
New Zealand	<b>1,774</b>	–	1,762	–
	<b>75,701</b>	<b>72,318</b>	81,815	115,522

### Non-current assets

	2024						2023					
	UK £'000	USA £'000	Germany £'000	Republic of Ireland £'000	New Zealand £'000	Total £'000	UK £'000	USA £'000	Germany £'000	Republic of Ireland £'000	New Zealand £'000	Total £'000
Goodwill	<b>2,068</b>	–	–	–	–	<b>2,068</b>	6,478	8,674	4,009	–	–	19,161
Other intangible assets	–	<b>32</b>	–	–	–	<b>32</b>	1,870	703	745	–	–	3,318
Property, plant and equipment	<b>4,089</b>	<b>5,750</b>	–	–	<b>61</b>	<b>9,900</b>	12,520	10,230	7,155	–	45	29,950
Right-of-use assets	<b>643</b>	–	–	<b>13</b>	–	<b>656</b>	6,476	241	580	26	–	7,323
Investment property	<b>316</b>	–	–	–	–	<b>316</b>	2,640	–	–	–	–	2,640
Interest in joint ventures	<b>52</b>	<b>4,372</b>	<b>1,864</b>	–	–	<b>6,288</b>	53	3,851	2,197	–	–	6,101
Other investments	<b>5</b>	<b>21</b>	–	–	–	<b>26</b>	5	22	–	–	–	27

Non-current receivables	-	-	-	-	-	-	21	-	-	-	-	21
	<b>7,173</b>	<b>10,175</b>	<b>1,864</b>	<b>13</b>	<b>61</b>	<b>19,286</b>	30,042	23,742	14,686	26	45	68,541

#### Major customers

Included within Group revenue from continuing operations is £15.3m (2023: £16.7m) in respect of a customer in the Agriculture segment. This revenue accounts for more than 10% of the continuing Group revenue in both years presented.

### 3 Revenue

#### Disaggregation of revenue

In accordance with IFRS 15 'Revenue from Contracts with Customers' the following table presents the Group's reported revenue disaggregated based on the timing of revenue recognition.

	2024		2023 (restated)	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
Timing of revenue recognition				
Over time	–	<b>39,249</b>	–	29,050
At a point in time	<b>75,701</b>	<b>33,069</b>	81,815	86,472
	<b>75,701</b>	<b>72,318</b>	81,815	115,522

#### Transaction price allocated to the remaining performance obligations

As at 31 August 2024:

	2025 £'000	2026 £'000	2027 onwards		Total £'000
			£'000	£'000	
Total transaction price allocated to the remaining performance obligations	<b>37,956</b>	<b>8,145</b>	<b>7,523</b>	<b>53,624</b>	

As at 2 September 2023:

	2024 £'000	2025 £'000	2026 onwards		Total £'000
			£'000	£'000	
Total transaction price allocated to the remaining performance obligations	43,711	11,523	4,520	59,754	

The total transaction price allocated to the remaining performance obligations represents the contracted revenue to be earned by the Group for distinct goods and services which the Group has promised to deliver to its customers. These include promises which are partially satisfied at the period end or those which are unsatisfied but which the Group has committed to providing.

The transaction price above does not include any estimated revenue to be earned on framework contracts for which a firm order or instruction has not been received from the customer. It also excludes secured orders at the year end where the Group acts in the capacity of agent rather than principal under the contract.

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#### 4 Operating loss

	2024		2023 (restated)	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
Group operating loss is stated after (crediting)/charging:				
Amortisation of grants	–	(16)	–	(5)
Loss/(profit) on disposal of property, plant and equipment	9	1	(88)	65
(Profit)/loss on disposal of right-of-use leases	(13)	–	3	1
Profit on disposal of investment property	(154)	–	–	–
Depreciation of property, plant and equipment	1,264	1,567	1,515	1,508
Depreciation of right-of-use assets	327	984	387	921
Depreciation of owned investment property	67	–	67	–
Amortisation of intangible assets	93	493	493	511
Amounts written off goodwill	19	–	–	–
Goodwill and other intangible assets impairment	210	–	2,019	1,824
Impairment of property, plant and equipment	1,906	–	–	–
Impairment of right-of-use assets	63	–	–	–
Foreign exchange losses/(gains)	59	21	255	(3)
Derivative financial instruments gains	–	(4)	–	(58)
Research and development expense	116	810	82	613
Auditors' remuneration:				
Audit services (Company £25,000; 2023: £19,000)	125	–	100	–
The auditing of accounts of subsidiaries of the Company pursuant to legislation (including overseas)	459	475	358	500
Total audit services	584	475	458	500
Included within Group operating loss is the following in respect of investment property leased to, and occupied by, external parties:				
Rental income	(430)	–	(365)	–
Operating expenses	352	–	371	–
	(78)	–	6	–

Rental income and operating expenses from investment properties in the current and prior year includes rental income from properties leased to the Carr's Billington Agricultural business following its disposal on 26 October 2022.



## 5 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.

	2024		2023 (restated)	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
Amortisation of acquired intangible assets (i)	89	446	488	459
Restructuring/closure costs (ii)	2,132	–	607	–
Loss/(profit) on fair value measurement less costs to sell and impairment of disposal group assets (iii)	720	5,217	–	(3)
Cloud configuration and customisation costs (iv)	813	–	602	–
Costs related to pension scheme buy-in (v)	284	–	–	–
Pension past service costs (vi)	2,900	–	–	–
Profit on disposal of investment property (vii)	(154)	–	–	–
Goodwill and other intangible assets impairment (viii)	210	–	2,019	1,824
Property, plant and equipment and right-of-use assets impairment (ix)	1,969	–	–	–
Included in profit/(loss) before taxation	8,963	5,663	3,716	2,280
Taxation effect of the above adjusting items	(2,013)	(211)	(448)	(111)
Included in profit/(loss) for the year	6,950	5,452	3,268	2,169

(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) In respect of continuing operations, the carrying value of assets classified as held for sale at the year end exceeded the fair value less costs to sell. As a result the carrying values were reduced to the fair value less costs to sell resulting in a loss of £720,000 being recognised.

At the year end the carrying value of the assets and liabilities included in disposal groups classified as held for sale exceeded the fair value less costs to sell. As a result the net assets of these disposal groups were reduced to the fair value less costs to sell. In addition an impairment was recognised against the assets of the Chirton Engineering business. This has resulted in a combined loss of £5,217,000.

Further details of these adjusting items can be found in note 9.

In the prior year the Group disposed of its interest in the Carr's Billington Agricultural business on 26 October 2022. The profit on fair value measurement less costs to sell arose from the structure of the sale and offsets the retained earnings from discontinued operations between 3 September 2022 and completion date.

(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) During the year the Trustees of the Carr's Group pension scheme began the process of seeking an insurer from whom to purchase an insured bulk annuity ("buy-in"). Costs incurred related to this process have been included as an adjusting item. Further details of the buy-in process can be found in note 28.

(vi) Pension past service costs relating to a Barber Window equalisation adjustment. Further details can be found in note 28.

(vii) During the year the Group disposed of a property it leased to a third party. As this does not relate to the underlying profitability of the Group it has been included as an adjusting item in the year.

(viii) Impairment of other intangible assets in respect of the Animax Ltd cash-generating unit. Further details of the impairment charge can be found in

note 12.

In the prior year this relates to 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.

- (ix) Impairment of property, plant and equipment and right-of-use assets in respect of the Animax Ltd cash-generating unit. Further details of the impairment charges can be found in notes 13 and 14.

## 6 Staff costs

The tables below include Executive and Non-Executive Directors.

	2024 £'000	2023 £'000
Wages and salaries	<b>33,323</b>	35,018
Social security costs	<b>3,633</b>	3,736
Pension costs	<b>1,582</b>	1,818
Staff costs before share-based payments	<b>38,538</b>	40,572
Share-based payments	<b>358</b>	(92)
	<b>38,896</b>	40,480

The above table excludes amounts recognised in the income statement in respect of the defined benefit pension scheme which is closed to future accrual. During the year a charge of £477,000 (2023: £166,000) has been recognised in respect of administrative expenses of which £284,000 (2023: £nil) has been included as an adjusting item (note 5). In addition a charge of £2,900,000 (2023: £nil) has been recognised as a past service cost in the income statement within administrative expenses and as an adjusting item (note 5). Further details can be found in note 28.

The average monthly number of employees during the year was made up as follows:

	2024 Number	2023 Number
Sales, office and management	<b>269</b>	679
Manufacture and distribution	<b>375</b>	530
	<b>644</b>	1,209

Key management of the Group and the parent Company are considered to be the Directors.

The following amounts are disclosed in accordance with Schedule 5 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

	2024 £'000	2023 £'000
Aggregate Directors' remuneration <sup>1</sup>	<b>1,293</b>	913
Aggregate social security costs	<b>184</b>	114
Aggregate pension contributions <sup>2</sup>	<b>28</b>	12
	<b>1,505</b>	1,039

1. Salary (after salary sacrifice of pension), fees, bonuses, pay in lieu of pension, pay in lieu of notice and benefits in kind. Includes bonuses based on amounts accrued at the year end.

2. Cash contributions paid in the year into the defined contribution pension scheme.

The number of Directors in the defined contribution pension scheme during the year was one (2023: two).

Further details of the Directors' emoluments, pension benefits and share options are given in the Remuneration Committee Report on pages 96 to 119 (inclusive).

## 7 Finance income and finance costs

	2024		2023 (restated)	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
<b>Finance income</b>				
Bank interest	<b>651</b>	<b>96</b>	494	58
Net interest on the net defined benefit retirement asset (note 28)	<b>280</b>	—	312	—
Other interest	<b>82</b>	<b>6</b>	8	4
Total finance income	<b>1,013</b>	<b>102</b>	814	62
<b>Finance costs</b>				
Interest payable on bank overdrafts	<b>(223)</b>	<b>(447)</b>	(217)	(332)
Interest payable on bank loans and other borrowings	<b>(425)</b>	<b>(26)</b>	(466)	(178)
Interest payable on leases	<b>(33)</b>	<b>(229)</b>	(32)	(223)
Other interest	—	<b>(63)</b>	—	(58)
Total finance costs	<b>(681)</b>	<b>(765)</b>	(715)	(791)

## 8 Taxation

### (a) Analysis of the (credit)/charge in the year

	2024		2023 (restated)	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
<b>Current tax:</b>				
UK corporation tax				
Current year	<b>(288)</b>	<b>263</b>	(629)	286
Adjustment in respect of prior years	<b>(71)</b>	<b>30</b>	(172)	188
Foreign tax				
Current year	<b>397</b>	<b>1,028</b>	498	286
Adjustment in respect of prior years	<b>11</b>	<b>(13)</b>	(23)	(308)
Group current tax	<b>49</b>	<b>1,308</b>	(326)	452
<b>Deferred tax:</b>				
Origination and reversal of timing differences				
Current year	<b>(2,083)</b>	<b>384</b>	51	120
Adjustment in respect of prior years	<b>60</b>	<b>(88)</b>	347	86
Group deferred tax (note 20)	<b>(2,023)</b>	<b>296</b>	398	206
Tax (credit)/charge for the year	<b>(1,974)</b>	<b>1,604</b>	72	658

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Deferred tax recognised in equity is disclosed in note 20.

## 8 Taxation continued

### (b) Factors affecting tax (credit)/charge for the year

The tax assessed for the year from continuing operations is lower (2023: higher) than the rate of corporation tax in the UK of 25.0% (2023: 21.5%). The differences are explained below:

	2024		2023 (restated)	
	Continuing operations £'000	Discontinued operations £'000	Continuing operations £'000	Discontinued operations £'000
(Loss)/profit before taxation	(6,463)	373	(772)	741
Tax at 25.0% (2023: 21.5%)	(1,616)	93	(166)	159
Effects of:				
Tax effect of share of results of associate and joint ventures	(344)	–	(310)	(100)
Tax effect of expenses that are not allowable in determining taxable profit	270	1,368	583	587
Tax effect of non-taxable income	(362)	(81)	(276)	(142)
Effects of different tax rates of foreign subsidiaries	(42)	111	(41)	48
Effects of deferred tax rates	–	(24)	(21)	(13)
Unrecognised deferred tax on losses	78	208	151	153
Withholding taxes suffered	42	–	–	–
Adjustment in respect of prior years	–	(71)	152	(34)
Total tax (credit)/charge for the year	(1,974)	1,604	72	658

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 net loss movements, other expenses disallowable for corporation tax, and in respect of discontinued operations it includes the loss recognised on the measurement to fair value less costs to sell of the disposal groups (notes 5 and 9). In the prior year it also includes goodwill impairment (notes 5 and 12).

The tax effect of non-taxable income includes the effect of income within the patent box regime, disregarded foreign exchange net gain movements, and in respect of the prior year the 30% benefit of the super deduction for capital allowances.



## **9 Discontinued operations and non-current assets held for sale**

As we position the Group to implement its focused Agriculture Strategy a number of activities of the Group in the year ended 31 August 2024 meet the criteria for classification as 'Held for Sale' or 'Discontinued' in accordance with IFRS 5. As such the impact of these activities is excluded from the detail of the primary statements with the net impact reflected under 'discontinued operations'.

As announced in April 2024 the Group has been exploring means of optimising value for its Engineering Division, a process which is ongoing and progressing positively.

Within Agriculture, the AgriTech business in Watertown, New York was engaged in the supply of commodity feeds to the dairy industry. In recent years it has been significantly impacted by movements in the canola commodity market. As a consequence the business lost £0.5m at adjusted operating profit level in FY24 and is non-core to the future Agriculture Strategy. The business was closed on 31 October 2024 with the assets of the business sold on 1 November 2024.

In the year the Group started the process to realise value for its investment property portfolio comprising nine sites, one of which was sold in the year, and the Group's former head office premises in Carlisle.

In the prior year, 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.

The tables below show the results of the discontinued operations and the (loss)/profit recognised on the remeasurement to fair value less costs to sell, together with the classes of assets and liabilities comprising the amounts 'held for sale' in the Group balance sheet as at 31 August 2024.

	<b>2024</b> £'000	2023 (restated) £'000
Revenue	<b>72,318</b>	115,522
Expenses	<b>(66,893)</b>	(115,250)
	<b>5,425</b>	272
Share of post-tax results of associate	–	378
Share of post-tax results of joint venture	–	88
Profit before taxation of discontinued operations	<b>5,425</b>	738
Taxation (note 8)	<b>(1,668)</b>	(658)
<b>Profit after taxation of discontinued operations</b>	<b>3,757</b>	80
Pre-taxation (loss)/gain recognised on the measurement to fair value less costs to sell	<b>(5,052)</b>	3
Taxation (note 8)	<b>64</b>	–
After taxation (loss)/gain recognised on the measurement to fair value less costs to sell	<b>(4,988)</b>	3
<b>(Loss)/profit for the year from discontinued operations</b>	<b>(1,231)</b>	83

Included in other comprehensive income in the year is £nil (2023: £0.5m) of actuarial losses net of tax in respect of the Carr's Billington Agricultural business sold on 26 October 2022.



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## **9 Discontinued operations and non-current assets held for sale** continued

The net assets relating to the disposal groups and certain other assets of the Group that are classified as held for sale at 31 August 2024 in the Group and Company balance sheets are shown below:

Group	Total £'000
<b>Assets</b>	
<b>Goodwill</b>	
Goodwill	16,682
Other intangible assets	2,726
Property, plant and equipment	19,209
Right-of-use assets	8,835
Investment property	2,229
Non-current receivables	20
Deferred tax asset	357
Inventories	11,203
Contract assets	9,220
Trade and other receivables	12,906
Current tax assets	2,194
Cash and cash equivalents	4,802
Impairment under value in use methodology	(3,159)
Loss on fair value measurement less costs to sell	(1,561)
<b>Total assets</b>	<b>85,663</b>
<b>Liabilities</b>	
Borrowings	(8,326)
Leases	(8,105)
Contract liabilities	(4,999)
Trade and other payables	(6,974)
Current tax liabilities	(381)
Deferred tax liabilities	(2,961)
Other non-current liabilities	(2)
<b>Total liabilities</b>	<b>(31,748)</b>
<b>Net assets</b>	<b>53,915</b>

A value in use impairment of £3.2m has been recognised in respect of the Chirton Engineering business assets. The loss on fair value measurement less costs to sell comprises the following: £0.8m in respect of the Afgritech LLC business and £0.7m in respect of the Silver Springs site's property, plant and equipment held for sale.

Costs to sell of £1,152,000 were incurred by the parent Company and £65,000 of costs were incurred by NuVision Engineering in the year in respect of the Engineering Division disposal group and are therefore excluded from the loss on fair value measurement less

costs to sell in the table above. These costs are included within the adjusting item for loss on fair value measurement less costs to sell (note 5).

Company	Total £'000
<b>Assets</b>	
Investment in subsidiary undertakings	12,908
<b>Total</b>	<b>12,908</b>

The Company classified its investment in Ordinary Shares of Carr's Engineering Limited and Carr's Engineering (US), Inc. as assets held for sale.

## 10 Dividends

	2024 £'000	2023 £'000
<b>Equity</b>		
Second interim paid for the year ended 2 September 2023 of 1.175p per 2.5p share (2022: 1.175p)	<b>1,105</b>	1,104
Final dividend for the year ended 2 September 2023 of 2.85p per 2.5p share (2022: 2.85p)	<b>2,683</b>	2,680
First interim paid for the year ended 31 August 2024 of 2.35p per 2.5p share (2023: £1.175p)	<b>2,218</b>	1,105
	<b>6,006</b>	4,889

The increased interim dividend paid in June 2024 reflected the updated policy of a single interim dividend and a final dividend rather than two interims and a final dividend. Therefore since the year end there have been no further dividends paid.

The proposed final dividend for the year ended 31 August 2024 to be considered by shareholders at the Annual General Meeting is £2,691,436 being 2.85p per share, making a total for the year of 5.2p (2023: 5.2p). Shares held in treasury do not carry entitlement to a dividend. The financial statements do not reflect this proposed final dividend as payable.

## 11 Earnings per ordinary share

Earnings per share are calculated by reference to a weighted average of 94,284,735 shares (2023: 94,058,319) in issue during the year.

Adjusting items disclosed in note 5 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:

	2024		2023 (restated)	
	Earnings £'000	Earnings per share pence	Earnings £'000	Earnings per share pence
<b>Continuing operations</b>				
Loss per share – basic	<b>(4,489)</b>	<b>(4.8)</b>	(844)	(1.0)
Adjusting items:				
Amortisation of acquired intangible assets	<b>89</b>	<b>0.1</b>	488	0.5
Restructuring/closure costs	<b>2,132</b>	<b>2.3</b>	607	0.6
Loss on fair value measurement less costs to sell	<b>720</b>	<b>0.8</b>	–	–
Cloud configuration and customisation costs	<b>813</b>	<b>0.8</b>	602	0.6
Costs related to pension scheme buy-in	<b>284</b>	<b>0.3</b>	–	–
Pension past service costs	<b>2,900</b>	<b>3.1</b>	–	–
Profit on disposal of investment property	<b>(154)</b>	<b>(0.2)</b>	–	–
Goodwill and other intangible assets impairment	<b>210</b>	<b>0.2</b>	2,019	2.2
Property, plant and equipment and right-of-use assets impairment	<b>1,969</b>	<b>2.1</b>	–	–
Taxation effect of the above	<b>(2,013)</b>	<b>(2.1)</b>	(448)	(0.4)
Earnings per share – adjusted	<b>2,461</b>	<b>2.6</b>	2,424	2.5

<b>Discontinued operations</b>				
(Loss)/earnings per share – basic	<b>(1,231)</b>	<b>(1.3)</b>	618	0.7
Adjusting items:				
Amortisation of acquired intangible assets	<b>446</b>	<b>0.5</b>	459	0.5
Loss/(profit) on fair value measurement less costs to sell and impairment of disposal group assets	<b>5,217</b>	<b>5.5</b>	(3)	–
Goodwill impairment	–	–	1,824	19
Taxation effect of the above	<b>(211)</b>	<b>(0.2)</b>	(111)	(0.1)
Earnings per share – adjusted	<b>4,221</b>	<b>4.5</b>	2,787	3.0
<b>Total (basic)</b>	<b>(5,720)</b>	<b>(6.1)</b>	(226)	(0.3)
<b>Total (adjusted)</b>	<b>6,682</b>	<b>7.1</b>	5,211	5.5

## 11 Earnings per ordinary share continued

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares. The potentially dilutive Ordinary Shares, where the exercise price is less than the average market price of the Company's Ordinary Shares during the year, are disclosed in note 30.

In accordance with IAS 33 'Earnings per Share' potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

In both the current and prior year continuing operations is loss-making and conversion of potential ordinary shares to ordinary shares would decrease the loss per share. Therefore, these potential ordinary shares have been determined to be antidilutive and have been excluded from the calculation of diluted earnings per share.

	2024			2023 (restated)		
	Earnings £'000	Weighted average number of shares	Earnings per share pence	Earnings £'000	Weighted average number of shares	Earnings per share pence
<b>Continuing operations</b>						
Loss per share	(4,489)	94,284,735	(4.8)	(844)	94,058,319	(1.0)
Effect of dilutive securities:						
Share Save Scheme	–	–	–	–	–	–
Long Term Incentive Plan	–	–	–	–	–	–
Diluted loss per share	(4,489)	94,284,735	(4.8)	(844)	94,058,319	(1.0)
<b>Discontinued operations</b>						
(Loss)/earnings per share	(1,231)	94,284,735	(1.3)	618	94,058,319	0.7
Effect of dilutive securities:						
Share Save Scheme	–	–	–	–	–	–
Long Term Incentive Plan	–	–	–	–	–	–
Diluted (loss)/earnings per share	(1,231)	94,284,735	(1.3)	618	94,058,319	0.7
<b>Total (diluted)</b>	<b>(5,720)</b>	<b>94,284,735</b>	<b>(6.1)</b>	<b>(226)</b>	<b>94,058,319</b>	<b>(0.3)</b>

	2024			2023 (restated)		
	Adjusted earnings £'000	Weighted average number of shares	Earnings per share pence	Adjusted earnings £'000	Weighted average number of shares	Earnings per share pence
<b>Continuing operations</b>						
Diluted adjusted earnings per share	2,461	94,284,735	2.6	2,424	94,058,319	2.5
<b>Discontinued operations</b>						
Diluted adjusted earnings per share	4,221	94,284,735	4.5	2,787	94,058,319	3.0
<b>Total (diluted adjusted)</b>	<b>6,682</b>	<b>94,284,735</b>	<b>7.1</b>	<b>5,211</b>	<b>94,058,319</b>	<b>5.5</b>



## 12 Goodwill and other intangible assets

	Group						
	Goodwill £'000	Customer relationships £'000	Know-how, technology and development costs £'000	Brands, patents and trademarks £'000	Contract backlog £'000	Software £'000	Total £'000
<b>Cost</b>							
At 4 September 2022	30,044	3,236	2,923	3,193	264	847	40,507
Exchange differences	(901)	–	(15)	(147)	(23)	(9)	(1,095)
Additions	–	–	164	2	–	23	189
Transferred to contract assets	–	–	(145)	–	–	–	(145)
At 2 September 2023	<b>29,143</b>	<b>3,236</b>	<b>2,927</b>	<b>3,048</b>	<b>241</b>	<b>861</b>	<b>39,456</b>
Exchange differences	(419)	–	(18)	(61)	(10)	(14)	(522)
Additions	–	–	537	10	–	8	555
Disposals	–	–	(58)	–	–	–	(58)
Amounts written off	(19)	–	–	–	–	–	(19)
Amounts transferred to property, plant and equipment	–	–	(227)	–	–	–	(227)
Transferred to assets held for sale	(24,895)	(3,079)	(1,162)	(1,888)	(231)	(855)	(32,110)
<b>At 31 August 2024</b>	<b>3,810</b>	<b>157</b>	<b>1,999</b>	<b>1,109</b>	–	–	<b>7,075</b>
<b>Accumulated amortisation and impairment</b>							
At 4 September 2022	6,435	1,549	1,785	1,451	264	779	12,263
Exchange differences	(19)	–	(5)	(77)	(23)	(9)	(133)
Charge for the year	–	295	440	242	–	27	1,004
Impairment during the year	3,566	–	–	277	–	–	3,843
At 2 September 2023	<b>9,982</b>	<b>1,844</b>	<b>2,220</b>	<b>1,893</b>	<b>241</b>	<b>797</b>	<b>16,977</b>
Exchange differences	(27)	–	(5)	(40)	(10)	(14)	(96)
Charge for the year	–	295	40	229	–	22	586
Impairment during the year	–	63	–	147	–	–	210
Transferred to assets held for sale	(8,213)	(2,045)	(256)	(1,152)	(231)	(805)	(12,702)
<b>At 31 August 2024</b>	<b>1,742</b>	<b>157</b>	<b>1,999</b>	<b>1,077</b>	–	–	<b>4,975</b>
<b>Net book amount</b>							
At 3 September 2022	23,609	1,687	1,138	1,742	–	68	28,244
At 2 September 2023	19,161	1,392	707	1,155	–	64	22,479
<b>At 31 August 2024</b>	<b>2,068</b>	–	–	<b>32</b>	–	–	<b>2,100</b>

The impairment of £210,000 in the year relates to the Animax business which lost its aquaculture contract and continues to face challenges in its bolus business. The underperformance of the business has resulted in an impairment being recognised against its non-current assets. This impairment has been recognised within administrative expenses in the consolidated income statement and has been included as an adjusting item in note 5.

Transfers to property, plant and equipment relates to development expenditure being reclassified as assets to be used as property, plant and equipment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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## **12 Goodwill and other intangible assets** continued

The carrying value of goodwill has been allocated to the following cash-generating units:

	<b>2024</b> £'000	2023 £'000
Carrs Agriculture Ltd – UK feed blocks	<b>2,068</b>	2,068
Animal Feed Supplement, Inc.	–	20
Wälischmiller Engineering GmbH	–	4,009
NuVision Engineering, Inc.	–	8,654
NW Total Engineered Solutions Ltd	–	4,410
	<b>2,068</b>	19,161

Goodwill arising on the acquisition of overseas subsidiaries has been retranslated at the balance sheet date. Goodwill in respect of Wälischmiller Engineering GmbH, NuVision Engineering, Inc. and NW Total Engineered Solutions Ltd was transferred at 31 August 2024 to assets included in a disposal group classified as held for sale (note 9). Goodwill in respect of Animal Feed Supplement, Inc. has been released to the income statement in the current year following closure of the trading site the goodwill related to.

Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. Goodwill at the prior year end and goodwill at the current year end related to continuing operations is tested for impairment by estimating future cash flows from the cash-generating units to which goodwill has been allocated and discounting those cash flows to their present value. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The key assumptions in this calculation are the levels of future cash flows, particularly in the perpetuity period, and the discount rate. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time-value of money and the risks specific to the cash-generating units. Cash flows are estimated using the most recent performance information for the year to August 2025 and forecast information for the four years to August 2029 based on medium-term business plans. Assumptions for long-term growth and pre-tax discount rates used to discount the forecast cash flows for each specific cash-generating unit in both the current year and the prior year can be found in the tables on the following page for significant cash-generating units. These assumptions are 2% (2023: range between 1.0% – 2.0%) for long-term growth and pre-tax discount rate of 15.1% (2023: range between 14.14% – 15.59%).

Goodwill related to the Engineering Division (excluding the Chirton machining business) classified as discontinued operations has been tested for impairment by comparing the carrying value of the cash-generating units within this disposal group to fair value less costs to sell. In respect of goodwill and other intangible assets this includes the Walischmiller cash-generating unit, the NuVision Engineering, Inc. cash-generating unit and the NW Total Engineered Solutions cash-generating unit. The results of tests performed demonstrate significant headroom for these cash-generating units and it is considered that no reasonable change in the key assumptions would cause the carrying amount of the cash-generating units to exceed the recoverable amount.

The Directors consider the assumptions adopted in calculating the cash flows to be consistent with historical performance and to be reasonable given current market conditions.

Significant headroom exists for the Carrs Agriculture Ltd – UK feed blocks cash-generating unit and, based on the stress testing performed, reasonable possible changes in the assumptions would not cause the carrying amount of the cash-generating unit to equal or to exceed its recoverable amount.

Animax Ltd has been impacted by the loss of its aquaculture contract and continues to face challenges in its bolus business. The underperformance of the business and expectations for future performance suggest the estimated recoverable amount of Animax Ltd is below its asset's carrying value. This has resulted in the other intangible assets of the business with a remaining carrying value of £0.2m being impaired in full at the year end. Goodwill relating to this cash-generating unit was fully impaired during

the prior year. In addition impairments of £1.9m and £0.1m have been recognised against property, plant and equipment and right-of-use assets respectively reducing the carrying value of these assets to £1.2m and £nil at the year end. The remaining carrying value of property, plant and equipment relates to the owned property where the net realisable value exceeds the carrying value. Further details of the approach taken and the assumptions used in the impairment calculation for these non-current assets can be found in note 13.

In the prior year an impairment was recognised against the carrying value of the goodwill in Animax Ltd (£17m) and a further £0.3m impairment was recognised against the carrying value of its other intangible assets. In addition £1.8m was recognised as an impairment against the carrying value of goodwill in the NW Total Engineered Solutions Ltd cash-generating unit. In both cases the estimated recoverable amount of the cash-generating units was below the carrying value of the assets.

Amortisation and impairment charges are recognised within administrative expenses and have been highlighted separately within adjusting items (note 5) where they relate to acquired intangible assets.

There is no goodwill or other intangible assets in the Company (2023: none).

## 12 Goodwill and other intangible assets continued

### Significant cash-generating units

The table below shows the key assumptions and inputs that have been used in the impairment testing for goodwill with a significant carrying value together with sensitised assumptions required to eliminate the headroom.

Year ended 31 August 2024	Headroom £m	Annual growth in EBIT <sup>4</sup> %	Pre-tax discount rate (sensitised) <sup>2</sup> %		Long-term growth rate %	Cash flows (sensitised) <sup>3</sup> %
			Pre-tax discount rate %	Pre-tax discount rate (sensitised) <sup>2</sup> %		
<b>Cash-generating unit</b>						
Carrs Agriculture Ltd – UK feed blocks	32.2	15.1	15.1	96.4	2.0	(85.8)

- Earnings before interest and tax. Annual growth in EBIT is calculated as the compounded annual growth rate over a period of three years commencing from the year ended 31 August 2024.
- Rate required to eliminate headroom.
- Percentage reduction required to cash flows to eliminate headroom.

The table below shows the key assumptions and inputs that were used in the impairment testing for goodwill undertaken at the prior year end. This table is presented for information purposes only and does not reflect current year assumptions or inputs.

Year ended 2 September 2023	Headroom £m	Annual growth in EBIT <sup>4</sup> %	Pre-tax discount rate (sensitised) <sup>5</sup> %		Long-term growth rate (sensitised) <sup>6</sup> %	Cash flows (sensitised) <sup>6</sup> %
			Pre-tax discount rate %	Pre-tax discount rate (sensitised) <sup>5</sup> %		
<b>Cash-generating unit</b>						
NuVision Engineering, Inc.	0.5	10.2	14.44	14.99	2.0	1.3
NW Total Engineered Solutions Ltd	–	23.9	15.59	N/A <sup>7</sup>	2.0	N/A <sup>7</sup>
Wälischmiller Engineering GmbH	0.3	34.5	14.66	14.81	2.0	1.8
Carrs Agriculture Ltd – UK feed blocks	14.1	4.8	14.94	26.09	2.0	(16.9)
Animax Ltd	–	–	14.14	N/A <sup>7</sup>	1.0	N/A <sup>7</sup>

4 Earnings before interest and tax. Annual growth in EBIT was calculated as the compounded annual growth rate over a period of three years commencing from the year ended 2 September 2023. For the Animax Ltd cash-generating unit this calculation excluded the initial loss-making periods.

5 Rate required to eliminate headroom.

6 Percentage reduction required to cash flows to eliminate headroom.

7 For the NW Total Engineered Solutions Ltd CGU and the Animax Ltd CGU this sensitivity was not applicable because an impairment charge was already recognised against these CGUs.

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### 13 Property, plant and equipment

	Group			Company	
	Land and buildings £'000	Plant and equipment £'000	Assets in the course of construction £'000	Total £'000	Plant and equipment £'000
<b>Cost</b>					
At 4 September 2022	29,802	35,968	2,245	68,015	304
Exchange differences	(775)	(1,471)	(96)	(2,342)	–
Additions	876	1,633	643	3,152	28
Transfers to investment property	(4,080)	–	–	(4,080)	–
Transfers from right-of-use assets	–	524	–	524	–
Disposals	(1)	(308)	–	(309)	–
Reclassifications	144	1,707	(1,294)	557	–
At 2 September 2023	<b>25,966</b>	<b>38,053</b>	<b>1,498</b>	<b>65,517</b>	<b>332</b>
Exchange differences	(422)	(656)	(38)	(1,116)	–
Additions	393	1,680	2,077	4,150	8
Transfers from other intangible assets	227	–	–	227	–
Transfers from inventories	–	35	–	35	–
Disposals	(39)	(1,927)	(10)	(1,976)	–
Reclassifications	(3)	2,090	(2,087)	–	–
Transferred to assets held for sale	(17,904)	(19,306)	(408)	(37,618)	–
<b>At 31 August 2024</b>	<b>8,218</b>	<b>19,969</b>	<b>1,032</b>	<b>29,219</b>	<b>340</b>
<b>Accumulated depreciation and impairment</b>					
At 4 September 2022	9,637	25,174	–	34,811	216
Exchange differences	(261)	(1,057)	–	(1,318)	–
Charge for the year	878	2,145	–	3,023	30
Transfers to investment property	(1,447)	–	–	(1,447)	–
Transfers from right-of-use assets	–	111	–	111	–
Disposals	(1)	(169)	–	(170)	–
Reclassifications	–	557	–	557	–
At 2 September 2023	<b>8,806</b>	<b>26,761</b>	–	<b>35,567</b>	<b>246</b>
Exchange differences	(151)	(503)	–	(654)	–
Charge for the year	807	2,024	–	2,831	32
Impairment during the year	–	1,170	736	1,906	–
Disposals	(4)	(1,918)	–	(1,922)	–
Reclassifications	2	(2)	–	–	–

Transferred to assets held for sale	<b>(6,500)</b>	<b>(11,909)</b>	-	<b>(18,409)</b>	-
<b>At 31 August 2024</b>	<b>2,960</b>	<b>15,623</b>	<b>736</b>	<b>19,319</b>	<b>278</b>
<b>Net book amount</b>					
At 3 September 2022	20,165	10,794	2,245	33,204	88
At 2 September 2023	17,160	11,292	1,498	29,950	86
<b>At 31 August 2024</b>	<b>5,258</b>	<b>4,346</b>	<b>296</b>	<b>9,900</b>	<b>62</b>

The impairment of £1,906,000 in the year relates to the Animax business which lost its aquaculture contract and continues to face challenges in its bolus business. The underperformance of the business has resulted in an impairment being recognised against its non-current assets. This impairment has been recognised within administrative expenses in the consolidated income statement and has been included as an adjusting item in note 5.

### **13 Property, plant and equipment** continued

Testing for impairment of property and testing for impairment of plant and equipment within the Animax business were undertaken separately.

The estimated recoverable amount of plant and equipment is below the carrying value of the assets and therefore plant and equipment has been impaired by £1.9m down to a carrying value of £nil. The estimated recoverable amount of property is in excess of the carrying value of £1.2m and therefore no impairment has been recognised.

For the purposes of testing plant and equipment the recoverable amount has been determined based on value in use using estimated future cash flows and discounting those cash flows to their present value. Key assumptions in this calculation are the levels of future cash flows, particularly in the perpetuity period, and the discount rate. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. Cash flows are estimated using the most recent performance information for the year to August 2025 and forecast information for the four years to August 2029 based on medium-term business plans. A long-term growth rate of 0% and a pre-tax discount rate of 11.3% has been assumed.

For the purposes of testing property the recoverable amount has been determined based on fair value less costs to sell using valuations from independent professionally qualified valuers. These valuations have been based on observable market prices (fair value hierarchy level 2 inputs) for recently sold comparable property.

Transfers from other intangible assets relates to capitalised development expenditure being reclassified as assets to be used as property, plant and equipment.

Transfers to investment property in the prior year relate to properties leased by companies in the continuing Group to Carrs Billington Agriculture (Sales) Ltd which were reclassified as investment properties when the company was sold on 26 October 2022.

Transfers from right-of-use assets represent finance leased assets that became owned assets on maturity of the lease term.

Freehold land owned by continuing operations amounting to £0.2m (2023 continuing operations: £0.2m) has not been depreciated.

Depreciation is recognised within the consolidated income statement as shown below:

	Group		Company	
	2024 £'000	2023 (restated) £'000	2024 £'000	2023 £'000
Cost of sales	<b>810</b>	1,097	—	—
Administrative expenses	<b>454</b>	417	<b>32</b>	30
Discontinued operations	<b>1,567</b>	1,509	—	—
	<b>2,831</b>	3,023	<b>32</b>	30

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## 14 Right-of-use assets and lease liabilities

### Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Group			Company
	Land and buildings £'000	Plant, equipment and vehicles £'000	Total £'000	Plant, equipment and vehicles £'000
<b>Lease assets</b>				
<b>Cost</b>				
At 4 September 2022	6,862	4,757	11,619	576
Exchange differences	(106)	(9)	(115)	–
Additions	–	559	559	72
Modifications	294	1	295	–
Transfers to property, plant and equipment	–	(524)	(524)	–
Disposals	(157)	(203)	(360)	(38)
At 2 September 2023	<b>6,893</b>	<b>4,581</b>	<b>11,474</b>	<b>610</b>
Exchange differences	(50)	(12)	(62)	–
Additions	3,093	375	3,468	167
Modifications	–	351	351	–
Disposals	–	(756)	(756)	(569)
Transferred to assets held for sale	<b>(9,526)</b>	<b>(3,344)</b>	<b>(12,870)</b>	–
<b>At 31 August 2024</b>	<b>410</b>	<b>1,195</b>	<b>1,605</b>	<b>208</b>
<b>Accumulated depreciation and impairment</b>				
At 4 September 2022	2,139	1,257	3,396	240
Exchange differences	(91)	(4)	(95)	–
Charge for the year	703	605	1,308	127
Transfers to property, plant and equipment	–	(111)	(111)	–
Disposals	(149)	(198)	(347)	(38)
At 2 September 2023	<b>2,602</b>	<b>1,549</b>	<b>4,151</b>	<b>329</b>
Exchange differences	(52)	(3)	(55)	–
Charge for the year	<b>756</b>	<b>555</b>	<b>1,311</b>	<b>71</b>
Impairment during the year	–	63	63	–
Disposals	–	(486)	(486)	(356)
Transferred to assets held for sale	<b>(3,117)</b>	<b>(918)</b>	<b>(4,035)</b>	–
<b>At 31 August 2024</b>	<b>189</b>	<b>760</b>	<b>949</b>	<b>44</b>
<b>Net book amount</b>				
At 3 September 2022	4,723	3,500	8,223	336

The impairment of £63,000 in the year relates to the Animax business which lost its aquaculture contract and continues to face challenges in its bolus business. The underperformance of the business has resulted in an impairment being recognised against its non-current assets. This impairment has been recognised within administrative expenses in the consolidated income statement and has been included as an adjusting item in note 5. Further details of the approach taken and the assumptions used in the impairment calculation for these non-current assets can be found in note 13.

Transfers to property, plant and equipment represent finance leased assets that became owned assets on maturity of the lease term.

#### **14 Right-of-use assets and lease liabilities** continued

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Lease liabilities</b>				
Current liabilities	<b>267</b>	1,264	<b>49</b>	126
Non-current liabilities	<b>448</b>	5,559	<b>118</b>	167
	<b>715</b>	6,823	<b>167</b>	293

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Lease liabilities</b>				
Less than one year	<b>291</b>	1,446	<b>56</b>	139
One to two years	<b>180</b>	1,344	<b>51</b>	126
Two to three years	<b>114</b>	848	<b>43</b>	29
Three to four years	<b>73</b>	577	<b>27</b>	7
Four to five years	<b>48</b>	509	<b>13</b>	–
More than five years	<b>62</b>	4,235	–	–
	<b>768</b>	8,959	<b>190</b>	301

#### **Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases:

	Continuing Group		Company	
	2024 £'000	2023 (restated) £'000	2024 £'000	2023 £'000
Depreciation	<b>327</b>	387	<b>71</b>	127
Impairment charge	<b>63</b>	–	–	–
(Profit)/loss on disposal	<b>(13)</b>	3	<b>(20)</b>	–
Interest expense	<b>33</b>	32	<b>9</b>	8
	<b>410</b>	422	<b>60</b>	135

Amounts in respect of short-term leases and low-value assets are immaterial and have therefore not been included in the table above. There is no expense recognised in the income statement in respect of variable lease payments that are not included in the measurement of the lease liabilities.

The total continuing Group cash outflow for leases was £355,000 (2023: continuing Group restated £399,000). The total Company cash outflow for leases was £70,000 (2023: £131,000).

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## 15 Investment property

Group	Total £'000
<b>Cost</b>	
At 4 September 2022	155
Transfers from property, plant and equipment	4,080
At 2 September 2023	<b>4,235</b>
Disposals	(65)
Transferred to assets held for sale	(3,569)
<b>At 31 August 2024</b>	<b>601</b>
<b>Accumulated depreciation</b>	
At 4 September 2022	81
Charge for the year	67
Transfers from property, plant and equipment	1,447
At 2 September 2023	<b>1,595</b>
Charge for the year	<b>67</b>
Disposals	(37)
Transferred to assets held for sale	(1,340)
<b>At 31 August 2024</b>	<b>285</b>
<b>Net book amount</b>	
At 3 September 2022	74
At 2 September 2023	2,640
<b>At 31 August 2024</b>	<b>316</b>

In the prior year transfers from property, plant and equipment of £4,080,000 (cost) and £1,447,000 (accumulated depreciation) related to properties leased by companies in the continuing Group to Carrs Billington Agriculture (Sales) Ltd which were reclassified as investment properties when the company was sold on 26 October 2022.

The fair value of investment properties at 31 August 2024 is £1,375,000 (2023: £5,645,000). Investment properties were valued by independent professionally qualified valuers in April 2022, June 2022 and, for one property held at the prior year end, October 2016. The Directors are satisfied that there has been no significant change in fair value since that date.

There is no investment property in the Company (2023: none).

Details of income and expenses included within Group operating profit in respect of investment property can be found in note 4.



## 16 Investments

Group	Joint ventures £'000	Other investments £'000	Total £'000
<b>Cost</b>			
At 4 September 2022	6,065	41	6,106
Exchange difference	(498)	(3)	(501)
Share of post-tax result	1,441	–	1,441
Dividend paid by joint ventures	(907)	–	(907)
Disposals		(2)	(2)
At 2 September 2023	<b>6,101</b>	<b>36</b>	<b>6,137</b>
Exchange difference	(232)	(1)	(233)
Share of post-tax result	<b>1,374</b>	–	<b>1,374</b>
Dividend paid by joint ventures	(955)	–	(955)
<b>At 31 August 2024</b>	<b>6,288</b>	<b>35</b>	<b>6,323</b>
<b>Accumulated provision for impairment</b>			
<b>At 4 September 2022, at 2 September 2023 and at 31 August 2024</b>	<b>–</b>	<b>9</b>	<b>9</b>
<b>Net book amount</b>			
At 3 September 2022	6,065	32	6,097
At 2 September 2023	6,101	27	6,128
<b>At 31 August 2024</b>	<b>6,288</b>	<b>26</b>	<b>6,314</b>
Other investments comprise shares in several private limited companies.			
Company	Shares in subsidiaries £'000	Joint ventures £'000	Total £'000
<b>Cost</b>			
At 4 September 2022	39,012	172	39,184
Capital contribution	817	–	817
Share-based payment credit in respect of employees of subsidiary undertakings	(203)	–	(203)
At 2 September 2023	<b>39,626</b>	<b>172</b>	<b>39,798</b>
Capital contribution	<b>186</b>	–	<b>186</b>
Share-based payment charge in respect of employees of subsidiary undertakings	<b>73</b>	–	<b>73</b>
Transferred to assets held for sale	<b>(16,829)</b>	–	<b>(16,829)</b>
<b>At 31 August 2024</b>	<b>23,056</b>	<b>172</b>	<b>23,228</b>
<b>Accumulated provision for impairment</b>			
At 4 September 2022 and at 2 September 2023	4,869	–	4,869

Impairment during the year	1,593	-	1,593
Transferred to assets held for sale	(3,921)	-	(3,921)
<b>At 31 August 2024</b>	<b>2,541</b>	<b>-</b>	<b>2,541</b>
<b>Net book amount</b>			
At 3 September 2022	34,143	172	34,315
At 2 September 2023	34,757	172	34,929
<b>At 31 August 2024</b>	<b>20,515</b>	<b>172</b>	<b>20,687</b>

Amounts transferred to assets held for sale is the Company's cost of investment in Carr's Engineering Ltd and Carr's Engineering (US), Inc. and, in respect of the prior year, was the Company's cost of investment in Carrs Billington Agriculture (Sales) Ltd and Carrs Billington Agriculture (Operations) Ltd.

## **16 Investments** continued

The capital contribution in both years relates to the difference between the face value of an interest-free loan provided to a subsidiary and the amount initially recognised in accordance with IFRS 9.

During the year an impairment charge of £1.6m was recognised against the investment in Afgritech. The carrying value carried forward is the amount expected to be recovered from the collection of receivables, after settlement of liabilities, following the closure of the business and sale of certain assets post year end.

## **17 Investment in associate**

The associated undertaking Carrs Billington Agriculture (Operations) Ltd was disposed of on 26 October 2022. Prior to this date the investment in associate was:

### **Group and Company**

Name	Proportion of shares held Ordinary %	Country of incorporation	Country of operation	Activity
Carrs Billington Agriculture (Operations) Ltd	49	England	UK	Manufacture of animal feed

The investment in Carrs Billington Agriculture (Operations) Ltd was held directly by the Company. The registered office of Carrs Billington Agriculture (Operations) Ltd is Cunard Building, Water Street, Liverpool L3 1EL.

The Group did not have the ability to control the financial and operating policies of the associate. The Group had a 49% shareholding and a 33% representation on the Board of Directors of Carrs Billington Agriculture (Operations) Ltd prior to disposal on 26 October 2022. The associate was accounted for using the equity method. The Group's share of its post-tax results are included within profit for the year from discontinued operations in the prior year (note 9). The aggregate amounts relating to the associate, of which the Group recognised 49%, were:

	2024 £'000	2023 £'000
Revenues	-	23,869
Profit after tax	-	772

## **18 Interest in joint ventures**

The joint ventures at 31 August 2024 are:

### **Group**

Name	Equity interest held %	Country of incorporation	Country of operation	Activity
Crystalyx Products GmbH	50	Germany <sup>1</sup>	Germany	Manufacture of animal feed blocks
Gold-Bar Feed Supplements LLC	50	USA <sup>2</sup>	USA	Manufacture of animal feed blocks
ACC Feed Supplement LLC	50	USA <sup>3</sup>	USA	Manufacture of animal feed blocks
Silloth Storage Company Ltd	50	England <sup>4</sup>	UK	Storage of molasses

1. Registered Office address: Industrieweg 110, 48155 Munster, Germany.
2. Registered Office address: 783 Eagle Boulevard, Shelbyville, Tennessee 37160, USA.
3. Registered Office address: 5101 Harbor Drive, Sioux City, Iowa 51111, USA.
4. Registered Office address: 5c Business Park, 1 Concorde Drive, Clevedon, Bristol BS21 6UH.

Crystalyx Products GmbH and Silloth Storage Company Ltd have a 31 December accounting year end. Joint ventures are accounted for using the equity method.

The Company directly holds the interest in Crystalyx Products GmbH. Animal Feed Supplement, Inc. directly holds the interest in Gold-Bar Feed Supplements LLC and ACC Feed Supplement LLC. Carrs Agriculture Ltd directly holds the interest in Silloth Storage Company Ltd.

The joint venture Bibby Agriculture Ltd was disposed of on 26 October 2022 and is therefore not included in the table above. Its principal activity was that of the sale of agricultural products. The 50% equity shareholding was held directly by Carrs Billington Agriculture (Sales) Ltd, which was also disposed of on 26 October 2022. Bibby Agriculture Ltd is incorporated in England and its registered office address is 16 Montgomery Way, Rosehill Industrial Estate, Carlisle, Cumbria CA1 2UY. The Group's share of its post-tax results were included within profit for the year from discontinued operations in the prior year (note 9).

## 18 Interest in joint ventures continued

At the year end the joint ventures had capital commitments of £nil (2023: £252,000). No contingent liabilities exist within the joint ventures.

The aggregate amounts included in the financial statements relating to the Group's share of joint ventures are:

	2024 £'000	2023 £'000
Non-current assets	<b>5,338</b>	4,607
Current assets	<b>4,342</b>	4,372
Current liabilities	<b>(2,302)</b>	(2,756)
Non-current liabilities	<b>(1,107)</b>	(139)
Income	<b>24,466</b>	32,319
Expenses	<b>(22,830)</b>	(30,494)
<u>Net finance cost</u>	<u><b>(130)</b></u>	<u><b>(107)</b></u>

Goodwill of £17,000 arose on the investment in Silloth Storage Company Ltd. This is included in the carrying amount of the Group's interest in joint ventures and is not shown as a separate asset.

## 19 Investment in subsidiary undertakings

Name	Company registration number <sup>9</sup>	Ordinary Shares held %	Country of incorporation	Country of operation	Activity
Carrs Agriculture Ltd <sup>9</sup>	00480342	100	England <sup>1</sup>	UK	Manufacture of animal feed/mineral blocks and ingredients of animal feed
Animal Feed Supplement, Inc.		100	USA <sup>2</sup>	USA	Manufacture of animal feed blocks
Carr's Supplements (NZ) Ltd		100	New Zealand <sup>3</sup>	New Zealand	Distributor of animal feed blocks
Carr's Engineering Ltd		100	England <sup>1</sup>	UK	Engineering
Wälischmiller Engineering GmbH		100	Germany <sup>4</sup>	Germany	Engineering
Carr's Engineering (US), Inc.		100	USA <sup>5</sup>	USA	Holding company
NuVision Engineering, Inc.		100	USA <sup>5</sup>	USA	Engineering
Carrs Properties Ltd <sup>9</sup>	00088157	100	England <sup>1</sup>	UK	Property holding
Carr's International Finance Ltd <sup>9</sup>	10888476	100	England <sup>1</sup>	UK	Finance company
Animax Ltd <sup>9</sup>	01604213	100	England <sup>6</sup>	UK	Manufacture of animal health products
Carr's Supplements (ROI) Ltd		100	Ireland <sup>7</sup>	Ireland	Distributor of animal feed blocks and health products
Afgritech Ltd <sup>9</sup>	05259304	100	England <sup>1</sup>	UK	Holding company
Afgritech LLC		100	USA <sup>8</sup>	USA	Producers of ingredients of animal feed <sup>10</sup>

1. Registered Office address: Warwick Mill Business Centre, Warwick Bridge, Carlisle, Cumbria CA4 8RR.
2. Registered Office address: 101 Roanoke Avenue, Poteau, Oklahoma 74953. USA.
3. Registered Office address: 151 Burnett Street, Ashburton, 7700, New Zealand.
4. Registered Office address: Schießstattweg 16, 88677 Markdorf, Germany.
5. Registered Office address: 2403 Sidney Street, Suite 700, Pittsburgh, Pennsylvania 15203. USA.
6. Registered Office address: Shepherds Grove West, Stanton, Bury St Edmunds, Suffolk IP31 2AR.
7. Registered Office address: Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland.
8. Registered Office address: C T Corporation System, 28 Liberty Street, New York, NY 10005. USA.
9. UK subsidiaries that have taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 August 2024. The Company will guarantee the debts and liabilities of the above UK subsidiary undertakings at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.
10. Activity of the subsidiary during the year. The business was closed on 31 October 2024 with the assets of the business sold on 1 November 2024.

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## **19 Investment in subsidiary undertakings** continued

Dormant subsidiaries are listed on page 214 of this Annual Report and Accounts.

Investments in the subsidiaries listed above are held directly by the Company with the following exceptions: Carr's Engineering Ltd holds 100% of the investment in Wälischmiller Engineering GmbH and NW Total Engineered Solutions Ltd; Carrs Agriculture Ltd holds 100% of the investment in Carr's Supplements (NZ) Ltd and Animax Ltd; Carr's Engineering (US), Inc. holds 100% of the investment in NuVision Engineering, Inc.; and Afgritech Ltd holds 100% of the investment in Afgritech LLC.

Since the year end the trade and certain assets of Afgritech LLC have been sold. The trading results of this business have been recognised as discontinued operations in the income statement in the current year and in the restated comparatives. The assets sold have been classified on the balance sheet as assets held for sale at the year end (note 9).

The subsidiary company Carrs Billington Agriculture (Sales) Ltd was disposed of on 26 October 2022 and is therefore not included in the table above. The parent Company held 51% of the ordinary shares in the company and its principal activity was that of an agricultural retailer. The company is incorporated in England and its registered office address is 16 Montgomery Way, Rosehill Industrial Estate, Carlisle, Cumbria CA1 2UY. Results were included within profit for the year from discontinued operations in the prior year (note 9).

### **Non-controlling interests in subsidiary undertakings**

The following tables summarise the information relating to Carrs Billington Agriculture (Sales) Ltd, where there was a material non-controlling interest. The amounts presented are before inter-company eliminations with other companies within the Group. The non-controlling interest in the subsidiary was 49% in the prior year.

There are no balances in the balance sheet at either the current or prior year end in respect of Carrs Billington Agriculture (Sales) Ltd.

	<b>2024 £'000</b>	<b>2023 £'000</b>
Income statement and statement of comprehensive income		
Revenue	-	54,270
Loss after tax	-	(1,180)
<u>Loss after tax allocated to non-controlling interest</u>	<u>(578)</u>	

There is no other comprehensive income in the prior year.

	<b>2024 £'000</b>	<b>2023 £'000</b>
Statement of cash flows		
Cash flows from operating activities	-	(2,492)
Cash flows from investment activities	-	(487)
Cash flows from financing activities	-	(9,669)
<u>Net decrease in cash and cash equivalents</u>	<u>(12,648)</u>	

No dividends were paid in the prior year.



## 20 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	2024 £'000	2023 £'000
Accelerated tax depreciation	(1,130)	(3,266)
Employee benefits	(452)	(1,329)
Short-term timing differences	618	135
Leases	–	158
Losses	1,149	483
Rolled over capital gains	–	(602)
<b>Net deferred tax</b>	<b>185</b>	<b>(4,421)</b>
Included in:		
Deferred tax assets	208	26
Deferred tax liabilities	(23)	(4,447)
<b>Net deferred tax</b>	<b>185</b>	<b>(4,421)</b>

Deferred tax net assets/(liabilities) are expected to reverse after more than one year from the balance sheet date. Tax of £38,000 (2023: £41,968) in respect of tax losses has not been recognised as a deferred tax asset in the Group balance sheet.

### Movement in deferred tax during the year

	At 3 September 2023 £'000	Exchange differences £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	Recognised in equity £'000	Transferred to disposal group £'000	At 31 August 2024 £'000
Accelerated tax depreciation	(3,266)	20	308	–	–	1,808	(1,130)
Employee benefits	(1,329)	–	774	103	–	–	(452)
Short-term timing differences	135	(40)	(1)	178	14	332	618
Leases	158	–	(4)	–	–	(154)	–
Losses	483	–	666	–	–	–	1,149
Rolled over capital gains	(602)	–	(16)	–	–	618	–
	(4,421)	(20)	1,727	281	14	2,604	185

Amounts recognised in equity comprise deferred tax related to share-based payments.

### Movement in deferred tax during the prior year

	At 4 September 2022 £'000	Exchange differences £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	Recognised in equity £'000	Included in discontinued operations £'000	At 2 September 2023 £'000

Accelerated tax depreciation	(3,676)	80	330	-	-	-	(3,266)
Employee benefits	(1,707)	-	(137)	515	-	-	(1,329)
Short-term timing differences	490	(70)	(874)	341	(4)	252	135
Leases	162	-	(4)	-	-	-	158
Losses	498	-	(15)	-	-	-	483
Rolled over capital gains	(602)	-	-	-	-	-	(602)
	(4,835)	10	(700)	856	(4)	252	(4,421)

## 20 Deferred tax assets and liabilities continued

Company	2024 £'000	2023 £'000
Accelerated tax depreciation	17	17
Employee benefits	(452)	(1,329)
Short-term timing differences	52	42
Losses	1,104	415
Net deferred tax	721	(855)
Included in:		
Deferred tax assets	721	-
Deferred tax liabilities	-	(855)
Net deferred tax	721	(855)

The Company has no unrecognised tax losses (2023: none).

### Movement in deferred tax during the year

	At 3 September 2023 £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	Recognised in equity £'000	At 31 August 2024 £'000
Accelerated tax depreciation	17	-	-	-	17
Employee benefits	(1,329)	774	103	-	(452)
Short-term timing differences	42	(2)	-	12	52
Losses	415	689	-	-	1,104
	(855)	1,461	103	12	721

Amounts recognised in equity comprise deferred tax related to share-based payments.

### Movement in deferred tax during the prior year

	At 4 September 2022 £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	Recognised in equity £'000	At 2 September 2023 £'000
Accelerated tax depreciation	20	(3)	-	-	17
Employee benefits	(1,707)	(137)	515	-	(1,329)
Short-term timing differences	104	(58)	-	(4)	42
Losses	402	13	-	-	415
	(1,181)	(185)	515	(4)	(855)



## 21 Inventories

Group	2024 £'000	2023 £'000
Raw materials and consumables	5,825	16,664
Work in progress	49	2,055
Finished goods and goods for resale	6,188	7,894
	<b>12,062</b>	26,613

Inventories are stated after a provision for impairment of £207,000 (2023: £646,000). The amount recognised as an expense in the year in respect of the write-down of inventories is £42,000 (2023 continuing operations restated: £9,000). The amount recognised as a credit in the year in respect of reversals of write-downs of inventories is £30,000 (2023 continuing operations restated: £152,000) and the amount utilised in the year was £nil (2023 continuing operations: £80,000).

The cost of inventories recognised as an expense and included in cost of sales is £60,773,000 (2023 continuing operations restated: £67,016,000).

The Company has no inventories (2023: none).

## 22 Contract balances

The timing of revenue recognition, billings and cash collection results in trade receivables (billed amounts), contract assets (unbilled amounts) and customer advances and deposits (contract liabilities) on the Group's balance sheet. For services in which revenue is earned over time, amounts are billed in accordance with contractual terms, either at periodic intervals or upon achievement of contractual milestones. The timing of revenue recognition is measured in accordance with the progress of delivery on a contract which could either be in advance or in arrears of billing, resulting in either a contract asset or a contract liability.

Contract assets	2024 £'000	2023 £'000
At the beginning of the year	7,915	7,880
Exchange differences	(73)	(138)
Transfers from contract assets recognised at the beginning of the year to receivables	(6,882)	(6,335)
Increase related to services provided in the year	8,260	6,508
Transferred to assets held for sale	(9,220)	–
At the end of the year	–	7,915

Contract liabilities	2024 £'000	2023 £'000
At the beginning of the year	5,194	2,426
Exchange differences	(64)	(95)
Revenue recognised against contract liabilities at the beginning of the year	(4,158)	(2,372)
Increase due to cash received, excluding any amounts recognised as revenue during the year	4,027	5,235
Transferred to liabilities held for sale	(4,999)	–
At the end of the year	–	5,194

The Group has assessed expected credit losses and the loss allowance for contract balances as immaterial. The Company has no contract assets or contract liabilities (2023: none).

## 23 Trade and other receivables

	Group		Company	
	2024 £'000	2023 (restated) £'000	2024 £'000	2023 (restated) <sup>2</sup> £'000
<b>Current:</b>				
Trade receivables	<b>6,075</b>	17,385	<b>209</b>	895
Less: provision for impairment of trade receivables	<b>(82)</b>	(290)	—	—
Trade receivables – net	<b>5,993</b>	17,095	<b>209</b>	895
Amounts owed by Group undertakings (note 35)	—	—	<b>4,303</b>	3,959
Amounts owed by other related parties (note 35)	<b>204</b>	15	—	2
Other taxes and social security receivable	<b>572</b>	741	—	—
Return assets	<b>1,885</b>	2,302	—	—
Other receivables	<b>939</b>	4,538	<b>774</b>	4,355
Prepayments	<b>759</b>	2,203	<b>193</b>	394
	<b>10,352</b>	26,894	<b>5,479</b>	9,605
<b>Non-current:</b>				
Amounts owed by Group undertakings (note 35)	—	—	<b>32,389</b>	32,797
Other receivables	—	21	—	—
	—	21	<b>32,389</b>	32,797

1 See note 37 for an explanation of the prior year restatement.

2 Restated to reclassify the group taxation relief asset of £639,000 from current tax assets to amounts owed by Group undertakings.

Other receivables at the prior year end for both the Group and the parent Company includes £4.0m deferred consideration in respect of the disposal of the Carr's Billington Agricultural business, which was deferred until the first anniversary of the disposal date. This was received during the current year.

The movement in the provision for impaired trade receivables consists of increases for additional provisions offset by receivables written off and unused provision released back to the consolidated income statement. The provision is utilised when there is no expectation of recovering additional cash.

During the year, for continuing operations, a credit of £17,000 (2023 restated: a credit of £11,000) has been recognised within administrative expenses in the consolidated income statement and £nil (2023 restated: £nil) has been utilised in respect of the movement in provision for impairment of trade receivables.

For all other receivables presented above, the Group has assessed expected credit losses and the loss allowance as immaterial.

There are no interest-bearing, non-trading amounts owed by Group undertakings within current trade and other receivables in either the current or prior period.

Interest-bearing, non-trading amounts owed by Group undertakings within non-current receivables carry interest at 4.50%, 6.25%, Bank of England base rate + 2.50% or Bank of England base rate + 1.5%. There is one non-interest bearing loan with a face value of £7.4m which is recognised at fair value based on a market rate of interest. These interest-bearing and non-interest bearing amounts

are unsecured and have remaining terms of 1.3 – 4.4 years.

Group	2024		2023	
	Gross £'000	Impairment £'000	Gross £'000	Impairment £'000
<b>The ageing of trade receivables is as follows:</b>				
Not past due	<b>4,785</b>	–	13,249	(57)
Past due 1 – 30 days	<b>363</b>	–	2,065	–
Past due 31 – 60 days	<b>(26)</b>	–	677	–
Past due 61 – 90 days	<b>267</b>	–	324	(15)
Past due 91 – 120 days	<b>25</b>	–	522	(8)
Past 121 days	<b>661</b>	<b>(82)</b>	548	(210)
	<b>6,075</b>	<b>(82)</b>	17,385	(290)

## 23 Trade and other receivables continued

Company	2024		2023	
	Gross £'000	Impairment £'000	Gross £'000	Impairment £'000
<b>The ageing of trade receivables is as follows:</b>				
Not past due	<b>10</b>	–	317	–
Past due 1 – 30 days	<b>8</b>	–	67	–
Past due 31 – 60 days	<b>1</b>	–	52	–
Past due 61 – 90 days	<b>1</b>	–	75	–
Past due 91 – 120 days	<b>3</b>	–	384	–
Past 121 days	<b>186</b>	–	–	–
	<b>209</b>	–	895	–

In relation to trade receivables, the major source of estimation uncertainty is the recoverable value of those receivables. The judgements applied to this include the credit quality of customers, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors, and provisions for impairment are made using those judgements. Provisions for impairment are reviewed monthly by divisional management.

Trade receivables are assessed by management for credit risk and are considered past due when a counterparty has failed to make a payment when that payment was contractually due. Management assesses trade receivables that are past the contracted due date by the ageing periods as presented in the tables above, consistent with how it views the credit risk of trade receivables.

A default is determined to have occurred if the Group becomes aware of evidence that it will not receive all contractual cash flows that are due.

The maximum exposure to credit risk at the year end is the carrying value, net of provision for impairment, of each receivable. The Group and Company do not hold any significant collateral as security (2023: none).

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
The carrying value of trade receivables is denominated in the following currencies:				
Sterling	<b>3,755</b>	12,329	<b>209</b>	895
US Dollar	<b>1,146</b>	2,303	–	–
Euro	<b>334</b>	1,669	–	–
New Zealand Dollar	<b>758</b>	794	–	–
	<b>5,993</b>	17,095	<b>209</b>	895



## 24 Cash and cash equivalents and bank overdrafts

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cash and cash equivalents per the balance sheet	<b>13,714</b>	23,123	<b>7,607</b>	13,443
Cash and cash equivalents of disposal groups classified as assets held for sale (note 9)	<b>4,802</b>	–	–	–
Bank overdrafts (note 26)	<b>(2,670)</b>	(12,354)	–	–
Bank overdrafts of disposal groups classified as liabilities held for sale	<b>(7,916)</b>	–	–	–
Cash and cash equivalents per the statement of cash flows	<b>7,930</b>	10,769	<b>7,607</b>	13,443

## 25 Trade and other payables

	Group		Company	
	2024 £'000	2023 (restated) £'000	2024 £'000	2023 £'000
<b>Current:</b>				
Trade payables	<b>4,727</b>	8,232	<b>335</b>	588
Amounts owed to Group undertakings (note 35)	–	–	<b>914</b>	809
Amounts owed to other related parties (note 35)	<b>20</b>	44	–	–
Other taxes and social security payable	<b>676</b>	2,036	<b>561</b>	877
Other payables	<b>2,155</b>	3,392	<b>167</b>	170
Accruals	<b>3,076</b>	4,802	<b>1,404</b>	948
Deferred income	<b>53</b>	352	–	–
	<b>10,707</b>	18,858	<b>3,381</b>	3,392
<b>Non-current:</b>				
Deferred income	–	71	–	–
	–	71	–	–

1 See note 37 for an explanation of the prior year restatement.

Amounts owed to Group undertakings and other related parties are interest-free, unsecured and repayable on demand.

Deferred income includes deferred rental income of £53,000 (current: £53,000; non-current: £nil) (2023: £400,000 (current: £347,000; non-current: £53,000)) which was agreed with the Billington Group as part of the sale process of the Carr's Billington Agricultural business. It also includes government grants as follows:

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000

At the beginning of the year	<b>23</b>	28	-	-
Amortisation in the year	(16)	(5)	-	-
Transferred to liabilities held for sale	(7)	-	-	-
At the end of the year	-	23	-	-
<b>Included within:</b>				
Current liabilities	-	5	-	-
Non-current liabilities	-	18	-	-
	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>

## 26 Borrowings

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Current:</b>				
Bank overdrafts	<b>2,670</b>	12,354	–	–
Bank loans	<b>94</b>	1,360	–	–
Loans from Group undertakings (note 35)	–	–	<b>1,580</b>	2,125
	<b>2,764</b>	13,714	<b>1,580</b>	2,125
<b>Non-current:</b>				
Bank loans and other borrowings	<b>2,913</b>	5,206	<b>2,913</b>	4,697
	<b>2,913</b>	5,206	<b>2,913</b>	4,697
<b>Borrowings are repayable as follows:</b>				
On demand or within one year	<b>2,764</b>	13,714	<b>1,580</b>	2,125
In the second year	–	5,206	–	4,697
In the third to fifth years inclusive	<b>2,913</b>	–	<b>2,913</b>	–
	<b>5,677</b>	18,920	<b>4,493</b>	6,822

Group and Company borrowings are shown in the balance sheet net of arrangement fees of £88,000 (2023: £44,000) of which £nil (2023: £nil) is deducted from current liabilities and £88,000 (2023: £44,000) is deducted from non-current liabilities.

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>The net borrowings are:</b>				
Borrowings as above	<b>5,677</b>	18,920	<b>4,493</b>	6,822
Cash and cash equivalents	(13,714)	(23,123)	(7,607)	(13,443)
Net cash	<b>(8,037)</b>	(4,203)	<b>(3,114)</b>	(6,621)

The Company, together with certain subsidiaries, acts as guarantor on the bank loans.

Interest-bearing loans from Group undertakings within current borrowings carry interest at 4.50%.

Bank loans are repayable by instalments and the overdraft is repayable on demand.

Non-current bank loans and other borrowings includes a drawn down revolving credit facility of £3.0m (2023: £4.7m) which is repayable in December 2026. At the year end the Group had £23.6m of undrawn revolving credit facilities (2023: £21.9m).

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## 27 Derivatives and other financial instruments

The Group's activities expose it to a variety of financial risks. The Board reviews and agrees policies for managing its risk. These policies have remained unchanged throughout the year.

### Currency rate risk – financial instruments by currency

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises when future commercial transactions, or recognised assets or liabilities, are denominated in a currency that is not the entity's functional currency.

The table below discloses balances across the Group that are denominated in a currency other than that entity's functional currency. Inter-company balances have been excluded from the table.

Group	2024					2023				
	Sterling £'000	US Dollar £'000	Euro £'000	NZ Dollar £'000	Total £'000	Sterling £'000	US Dollar £'000	Euro £'000	NZ Dollar £'000	Total £'000
<b>Assets</b>										
Current trade and other receivables	–	53	217	–	270	33	1	20	–	54
Cash and cash equivalents	137	569	490	3	1,199	601	1,110	798	3	2,512
	<b>137</b>	<b>622</b>	<b>707</b>	<b>3</b>	<b>1,469</b>	634	1,111	818	3	2,566
<b>Liabilities</b>										
Current derivatives	–	–	–	–	–	–	4	–	–	4
Current trade and other payables	–	7	12	10	29	1	(11)	55	17	62
	<b>–</b>	<b>7</b>	<b>12</b>	<b>10</b>	<b>29</b>	1	(7)	55	17	66

The table below discloses balances in the Company's balance sheet that are denominated in a currency other than the Company's functional currency.

Company	2024			2023		
	US Dollar £'000	Euro £'000	Total £'000	US Dollar £'000	Euro £'000	Total £'000
<b>Assets</b>						
Non-current receivables	<b>15,175</b>	<b>5,909</b>	<b>21,084</b>	15,776	6,009	21,785
Current trade and other receivables	<b>1,404</b>	<b>70</b>	<b>1,474</b>	1,160	9	1,169
Cash and cash equivalents	<b>348</b>	<b>9</b>	<b>357</b>	740	535	1,275
	<b>16,927</b>	<b>5,988</b>	<b>22,915</b>	17,676	6,553	24,229
<b>Liabilities</b>						
Current borrowings	<b>228</b>	<b>1,353</b>	<b>1,581</b>	237	1,889	2,126
	<b>228</b>	<b>1,353</b>	<b>1,581</b>	237	1,889	2,126

Other taxes and social security receivable and prepayments are excluded from trade and other receivables in the tables above as they are not financial instruments. For this same reason, other taxes and social security payable is excluded from trade and other payables. Deferred income is excluded as it is not a financial liability.

## 27 Derivatives and other financial instruments continued

### Sensitivity analysis

The impact of a 10% weakening or strengthening in Sterling against balances across the Group that are denominated in a currency other than that entity's functional currency is shown in the table below.

	2024		2023 (restated)	
	10% weakening £'000	10% strengthening £'000	10% weakening £'000	10% strengthening £'000
Continuing operations				
Impact on loss after taxation	(122)	100	(160)	133
Impact on total equity	(122)	100	(160)	133

This sensitivity analysis is not an indication of actual results, which may materially differ. For the purposes of this sensitivity analysis all other variables have been held constant.

### Interest rate risk

The Group finances its operations through a mixture of retained earnings and bank borrowings. The Group borrows in the desired currencies at fixed and floating rates of interest.

	2024		2023	
	Weighted average effective interest rate %	£'000	Weighted average effective interest rate %	£'000
<b>Group borrowings</b>				
Bank overdrafts	<b>6.70</b>	<b>2,670</b>	6.98	12,354
Bank loans and other borrowings	<b>6.70</b>	<b>3,007</b>	6.56	6,566
	<b>5.677</b>		18,920	
Fixed rate		-	834	
Floating rate	<b>5.677</b>		18,086	
	<b>5.677</b>		18,920	

The Group's floating rate financial liabilities bear interest determined as follows:

Bank overdrafts US prime rate + 1.0% margin; US prime rate; Bank of England base rate + 1.7% margin

Bank loans and other borrowings Bank of England base rate + 1.67%; Wall Street Journal prime rate - 1%

	2024		2023	
	Weighted average effective interest rate %	£'000	Weighted average effective interest rate %	£'000
<b>Company borrowings</b>				
Bank loans	<b>6.67</b>	<b>2,913</b>	6.92	4,697

Loans from Group undertakings	<b>3.85</b>	<b>1,580</b>	4.00	2,125
		<b>4,493</b>		6,825
Fixed rate		<b>1,352</b>		
Floating rate		<b>2,913</b>		6,588
Interest-free		<b>228</b>		235
		<b>4,493</b>		6,825

The Company's floating rate financial liabilities bear interest determined as follows:

Bank loans Bank of England base rate + 1.67%

## 27 Derivatives and other financial instruments continued

### Sensitivity analysis

The impact of a 1% decrease or increase in interest rates during the year is shown in the table below.

	2024		2023 (restated)	
	1% decrease £'000	1% increase £'000	1% decrease £'000	1% increase £'000
Continuing operations				
Impact on profit after taxation	110	(110)	112	(112)
Impact on total equity	110	(110)	112	(112)

This sensitivity analysis is not an indication of actual results, which may materially differ. For the purposes of this sensitivity analysis all other variables have been held constant.

### Liquidity risk

The Group's policy throughout the year has been to maintain a mix of short and medium-term borrowings. Short-term flexibility is achieved by overdraft facilities. In addition, it is the Group's policy to maintain committed undrawn facilities in order to provide flexibility in the management of the Group's liquidity. The Group monitors daily cash balances and forecasts, together with net debt, to ensure adequate headroom exists under its committed facilities.

The tables below analyse the Group and Company's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant balance sheet date.

Group	2024				2023			
	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000
Bank overdrafts	2,670	2,670	–	–	12,354	12,354	–	–
Bank loans and other borrowings	3,562	295	200	3,067	7,070	1,719	5,351	–
Derivatives	–	–	–	–	4	4	–	–
Trade and other payables	9,978	9,978	–	–	16,470	16,470	–	–
	16,210	12,943	200	3,067	35,898	30,547	5,351	–

Company	2024				2023			
	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000	Total £'000	Within one year £'000	One to two years £'000	Two to five years £'000
Bank loans	3,467	200	200	3,067	5,179	328	4,851	–
Loans from Group undertakings	1,580	1,580	–	–	2,125	2,125	–	–
Trade and other payables	2,820	2,820	–	–	2,515	2,515	–	–
	7,867	4,600	200	3,067	9,819	4,968	4,851	–

The above tables exclude leases accounted for under IFRS 16. Details of the contractual undiscounted cash flows for leases under IFRS 16 can be found in note 14.

Trade and other payables in the tables above exclude other taxes and social security which do not meet the definition of financial liabilities under IFRS 7. Deferred income has also been excluded as it does not give rise to a contractual obligation to pay cash.

## 27 Derivatives and other financial instruments continued

### Borrowing facilities

The Group has various undrawn facilities. The undrawn facilities available at 31 August 2024, in respect of which all conditions precedent had been met, were as follows:

	2024 Floating rate £'000	2023 Floating rate £'000
Expiring in one year or less	<b>10,119</b>	6,993
Expiring within two and five years inclusive	<b>22,000</b>	20,259
	<b>32,119</b>	27,252

Included in the table above for facilities expiring in one year or less is £6,481,000 (2023: £4,142,000) in respect of discontinued operations and included within facilities expiring within two and five years inclusive is £nil (2023: £nil) in respect of discontinued operations.

Undrawn facilities include overdraft facilities of £2.5m (2023: £2.5m) that are renewable on an annual basis.

The Company's overdraft is within a Group facility and it is therefore not possible to determine the Company's undrawn facilities at the balance sheet date.

### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt, excluding leases, divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) as shown in the consolidated balance sheet less cash and cash equivalents. Total equity is as shown in the consolidated balance sheet. At 31 August 2024, the Group had net cash of £8.0m (2023: net cash of £4.2m).

The Group monitors cash balances and net debt on a daily basis to ensure adequate headroom exists on banking facilities and that it is compliant with banking covenants.

### Derivative financial instruments

The Group and Company use forward foreign currency contracts to manage exchange risk exposure. At the balance sheet date, the fair value of outstanding forward foreign currency contracts are as below:

Group	2024		2023	
	Fair value £'000	Contractual or notional amount £'000	Fair value £'000	Contractual or notional amount £'000
At the beginning of the year	(4)	(203)	(62)	(557)
Exchange differences	-	(2)	-	50
Gains during the year	4	205	58	304

The Company has no forward foreign currency contracts (2023: none).

Fair value has been determined by reference to the value of equivalent forward foreign currency contracts at the balance sheet date.

Gains and losses on currency-related derivatives are included within administrative expenses.

## 27 Derivatives and other financial instruments continued

### Fair value hierarchy

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.

### Fair values of financial assets and liabilities

The fair values of Group and Company financial assets and liabilities are not materially different to book value.

### Financial instruments by category

The tables below disclose financial instruments in the Group and Company's balance sheets by category of measurement.

Group	2024		2023	
	Fair value through profit or loss £'000	Amortised cost £'000	Fair value through profit or loss £'000	Amortised cost £'000
<b>Assets</b>				
Non-current receivables	–	–	–	21
Contract assets	–	–	–	7,915
Current trade and other receivables	–	<b>9,021</b>	–	23,950
Cash and cash equivalents	–	<b>13,714</b>	–	23,123
	–	<b>22,735</b>	–	55,009
<b>Liabilities</b>				
Current borrowings	–	<b>2,764</b>	–	13,714
Derivative financial instruments	–	–	4	–
Trade and other payables	–	<b>9,978</b>	–	16,470
Contract liabilities	–	–	–	5,194
Non-current borrowings	–	<b>2,913</b>	–	5,206
	–	<b>15,655</b>	4	40,584

2024		2023	
Fair value through	Amortised	Fair value through	Amortised

Company	profit or loss £'000	cost £'000	profit or loss £'000	cost £'000
<b>Assets</b>				
Non-current receivables	–	<b>32,389</b>	–	32,797
Current trade and other receivables	–	<b>5,286</b>	–	9,211
Cash and cash equivalents	–	<b>7,607</b>	–	13,443
	–	<b>45,282</b>	–	55,451
<b>Liabilities</b>				
Current borrowings	–	<b>1,580</b>	–	2,125
Trade and other payables	–	<b>2,820</b>	–	2,515
Non-current borrowings	–	<b>2,913</b>	–	4,697
	–	<b>7,313</b>	–	9,337

## **27 Derivatives and other financial instruments** continued

Other taxes and social security receivable and prepayments are excluded from trade and other receivables in the tables above as they are not financial instruments. For this same reason, other taxes and social security payable is excluded from trade and other payables. Deferred income is excluded as it is not a financial liability.

## **28 Retirement benefits**

The Group participates in the Carr's Group Pension Scheme which is a defined benefit pension scheme. Prior to the disposal, on 26 October 2022, of the Carr's Billington Agricultural business it also participated in the Carrs Billington Agriculture Pension Scheme, a defined benefit pension scheme.

### **Carr's Group Pension Scheme (Group and Company)**

The Company sponsors the Carr's Group Pension Scheme and offered a defined contribution and a defined benefit section. The assets of the scheme are held separately from those of the Group and are invested with independent investment managers.

From 1 September 2015 the defined contribution section was closed. Members of that section were enrolled in a new defined contribution scheme, the Carr's Group Retirement Savings Scheme ("Carr's Group RSS"), set up under a Master Trust arrangement.

The defined benefit section of the scheme was previously closed to new members, and has closed to future accrual with effect from 31 December 2015. Members of this section became entitled to become members of the Carr's Group RSS from 1 January 2016. Following the disposal of the Carr's Billington Agricultural business the Company made a contribution of £0.4m in the prior year into the defined benefit section of the scheme. There have been no contributions into the scheme during the current year.

The following disclosures relate to the defined benefit section of the Carr's Group Pension Scheme. At the latest practicable date prior to finalising this Report and Accounts the last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 December 2020 and updated on an approximate basis to 31 August 2024 by a qualified independent actuary.

#### **Major assumptions:**

	<b>2024 %</b>	<b>2023 %</b>
Inflation (RPI)	<b>3.10</b>	3.30
Inflation (CPI)	<b>2.70</b>	2.80
Rate of discount	<b>4.90</b>	5.50
Pension in payment increases:		
RPI or 5.0% per annum if less	<b>2.90</b>	3.00
RPI or 5.0% per annum if less, minimum 3.0% per annum	<b>3.60</b>	3.70

The assumption for CPI has been derived by making an adjustment for the expected long-term gap between RPI and CPI. This has generally been viewed as more credible than fixing the assumption based on the Bank of England CPI inflation target. This may change going forward, especially from 2030, when RPI will be aligned with CPIH.

The assumed RPI/CPI gap as at 31 August 2024 is 0.4% (2023: 0.5%). This broadly reflects retention of a 0.9% p.a. assumed gap before 2030 and 0% p.a. gap thereafter, suitably weighted to reflect the scheme's exposure to CPI liabilities in the period before non-pensioner members' retirement and, given the maturity of the population, is significantly weighted to the period before 2030.

The mortality tables used in the valuation as at 31 August 2024 are 100% of 2019 Vita Curves for males and females with allowance for mortality improvements using CMI\_2021 with a 1.25% p.a. underpin. The mortality assumptions adopted imply the following life expectancies at age 65 as at 31 August 2024:

	At 31 August 2024	At 2 September 2023
Males currently age 45	<b>23.3 years</b>	23.3 years
Females currently age 45	<b>25.8 years</b>	25.7 years
Males currently age 65	<b>22.0 years</b>	21.9 years
Females currently age 65	<b>24.3 years</b>	24.3 years

No adjustments have been made to mortality assumptions at the year end to reflect the potential effects of COVID-19 as the actual plan experience is not yet available and it is too soon to make a judgement on the impact of the pandemic on future mortality improvements. The mortality experience analysis for the scheme will be carried out as part of the 31 December 2023 funding valuation for the Carr's Group Pension Scheme.

## 28 Retirement benefits continued

### Amounts recognised in the Income Statement in respect of defined benefit schemes:

	2024 £'000	2023 £'000
Administrative expenses	<b>477</b>	166
Past service costs	<b>2,900</b>	–
Net interest on the net defined benefit asset	<b>(280)</b>	(312)
Total expense/(income)	<b>3,097</b>	(146)

Past service costs of £2.9m relates to a Barber Window equalisation adjustment identified through advice received by the Trustees of the Scheme during the year. The impact relates to understated past service liabilities in respect of the equalisation of normal retirement ages between male and female members of the pension scheme. This has been recognised within administrative expenses in the consolidated income statement and as an adjusting item in the year (note 5).

Included in administrative expenses in the table above is £0.3m of costs in respect of the process of seeking an insurer from whom to purchase an insured bulk annuity ("buy-in"). These costs have been included as an adjusting item (note 5).

### The expense/(income) is recognised within the Income Statement as shown below:

	2024 £'000	2023 £'000
Within operating profit/(loss):		
Administrative expenses	<b>477</b>	166
Past service costs	<b>2,900</b>	–
Within interest:		
Finance income	<b>(280)</b>	(312)
Total expense/(income)	<b>3,097</b>	(146)

### Remeasurements of the net defined benefit asset to be shown in the Statement of Comprehensive Income:

	2024 £'000	2023 £'000
Actual gains and losses arising from changes in:		
Financial assumptions	<b>(2,339)</b>	5,440
Demographic assumptions	<b>605</b>	–
Experience adjustments	<b>149</b>	(760)
Return on assets, excluding interest income	<b>1,173</b>	(6,738)
Total remeasurement of the net defined benefit asset	<b>(412)</b>	(2,058)

### Amounts included in the Balance Sheet:

	2024 £'000	2023 £'000

Present value of funded defined benefit obligations	(46,421)	(42,505)
Fair value of scheme assets	48,228	47,821
Surplus in funded scheme	<b>1,807</b>	5,316

## 28 Retirement benefits continued

### Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

	2024 £'000	2023 £'000
Benefit obligation at the beginning of the year	<b>42,505</b>	48,578
Past service costs	<b>2,900</b>	–
Interest cost	<b>2,254</b>	2,120
Net measurement losses/(gains) – financial	<b>2,339</b>	(5,440)
Net measurement gains – demographic	<b>(605)</b>	–
Net measurement (gains)/losses – experience	<b>(149)</b>	760
Benefits paid	<b>(2,823)</b>	(3,513)
Benefit obligation at the end of the year	<b>46,421</b>	42,505

### Benefit obligation by participant status:

	2024 £'000	2023 £'000
Vested deferred	<b>11,408</b>	10,088
Retirees	<b>35,013</b>	32,417
	<b>46,421</b>	42,505

### Reconciliation of opening and closing balances of the fair value of scheme assets:

	2024 £'000	2023 £'000
Fair value of scheme assets at the beginning of the year	<b>47,821</b>	55,406
Interest income on scheme assets	<b>2,534</b>	2,432
Employer contributions	<b>–</b>	400
Return on assets, excluding interest income	<b>1,173</b>	(6,738)
Benefits paid	<b>(2,823)</b>	(3,513)
Scheme administrative cost	<b>(477)</b>	(166)
Fair value of scheme assets at the end of the year	<b>48,228</b>	47,821

### Analysis of the scheme assets and actual return:

	Fair value of assets	
	2024 £'000	2023 £'000
Equity instruments	–	3,262
Debt instruments	<b>47,797</b>	39,944
Cash	<b>431</b>	3,315

Other		1,300
	<b>48,228</b>	47,821
Actual return on scheme assets	<b>3.707</b>	(4,306)

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## **28 Retirement benefits** continued

Equity instruments, debt instruments and "other" assets are held in unquoted Mercer fund portfolios and are not held directly by the Pension Scheme. These Mercer portfolios in turn invest in a mix of quoted and unquoted underlying assets. "Other" assets in the prior year relate to assets held in the Mercer's Alternative Strategies funds within the Scheme's growth portfolio. In the prior year cash includes investments in UK Cash Funds within the Mercer fund portfolios.

In accordance with IAS 19, Scheme assets must be valued at the fair value at the balance sheet date. The following applies to the assets in the Scheme:

Asset	Valuation
Equity instruments	Fair value being the net asset value provided by the investment manager
Debt instruments	Fair value being the net asset value provided by the investment manager
Other	Fair value being the net asset value provided by the investment manager

### **Sensitivity analysis**

A sensitivity analysis of the principal assumptions used to measure the scheme liabilities:

	Change in assumption	Present value of defined benefit obligation £'ooo
Discount rate	-50 basis points	<b>48,821</b>
	+50 basis points	<b>44,191</b>
Price inflation rate	-25 basis points	<b>45,430</b>
	+25 basis points	<b>47,441</b>
Post-retirement mortality assumption	-1 year age rating	<b>48,129</b>
	+1 year age rating	<b>44,620</b>

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. It is not an indication of actual results which may materially differ; for example, changes in some assumptions may actually be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methodology and principal assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

The weighted average duration of the defined benefit obligation is approximately 10 years (2023: 11 years).

Expected cash flows for the following year:

	£'ooo
Expected employer contributions	—
Expected contributions to reimbursement rights	—
Expected total benefit payments by the scheme:	
Year 1	<b>2,904</b>

Year 2	<b>2,988</b>
Year 3	<b>3,074</b>
Year 4	<b>3,162</b>
Year 5	<b>3,253</b>
Next 5 years	<b>17,727</b>

## **28 Retirement benefits** continued

### **Characteristics and the risks associated with the Scheme**

Information about the characteristics of the Scheme:

The Scheme provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at 31 December 2015 (or date of leaving, if earlier) and their length of service. Since 31 December 2015 the Scheme has been closed to future accrual.

The Scheme is a registered scheme under UK legislation.

The Scheme is subject to the scheme funding requirements outlined in UK legislation. As at 31 December 2020, being the date of the most recent finalised actuarial valuation at the latest practicable date prior to finalising this Report and Accounts, the scheme funding valuation of the Scheme revealed a surplus of £2.3m equating to a funding level of 103%. On a solvency basis the scheme had a deficit of £10.0m, equating to a funding level of 88%. The purpose of the scheme funding valuation is to monitor the progress towards achieving the Trustees' funding objectives and to determine the past service contributions and future service contributions that may be required. The solvency valuation provides an indication of the financial impact on members were the scheme to wind up with no money recoverable from the employer. The Trustees agreed that deficit contributions were not required and therefore contributions to the Scheme by the Group and Company in the year ending August 2025 are expected to be £nil. The next full triennial actuarial valuation will be at 31 December 2023, at which point the funding requirements will be revisited.

The Scheme was established under trust and is governed by the Scheme's trust deed and rules dated June 2008. The Trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy in conjunction with the Company.

### **Risk exposure and investment strategy**

During the year the Trustees commenced the process of seeking an insurer from whom to purchase an insured bulk annuity ("buy-in"). This would remove the risks faced by the Scheme as income from the insurance policy would exactly match the benefit payments for the members covered.

To prepare the Scheme for a buy-in a de-risking strategy was implemented to remove assets entirely from the growth portfolio into the matching portfolio whilst adopting a 100% funded liability hedging target. Mercer continues to have delegated responsibilities over the matching asset portfolio under a fiduciary management arrangement. Assets continue to be invested in Mercer portfolios. The strategy adopted will align the Scheme's asset allocation with the assets the insurer will use to price the transaction which results in a more optimal investment strategy until buy-in is finalised.

Prior to this change in strategy the Scheme's investment strategy was to invest in return-seeking assets and lower-risk assets, such as bonds. That strategy reflected the Scheme's liability profile and the Trustees' attitude to risk. The objective was to achieve a 110% funding level on a gilts +0.25% p.a. basis by 2024–2028. The Trustees have a fiduciary management arrangement with Mercer who have certain delegated responsibilities over investment decisions within parameters set by the Trustees. Those parameters were reviewed on a regular basis to ensure they remained appropriate. Assets were invested in Mercer portfolios. The Scheme aimed to reduce risks such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk through liability hedging, diversification and de-risking triggers. Where de-risking triggers were met, assets were transferred from growth asset portfolios to matching asset portfolios. The objective of the matching asset portfolio was to manage the impact on the funding level of interest rate risk and inflation risk such that the majority of the Scheme's risk was allocated to the growth portfolio.

At the date of signing these financial statements the process is still ongoing. It is expected that a buy-in transaction will complete in early 2025.

### **Carr's Group Retirement Savings Scheme ("RSS")**

The Company offers membership in a Master Trust arrangement, Carr's Group RSS, following the closure of both sections of the

Carr's Group Pension Scheme. The pension expense for this scheme for the year for continuing operations was £558,000 (2023 continuing operations restated: £653,000).

#### **Carrs Billington Agriculture Pension Scheme**

Carrs Billington Agriculture (Sales) Ltd, a subsidiary of the Group until its disposal on 26 October 2022, is a participating employer in the Carrs Billington Agriculture Pension Scheme, which is a multi-employer defined benefit pension scheme. For the reasons explained below this scheme was accounted for as a defined contribution scheme.

The scheme is closed to new entrants and has been closed to future accrual since 1 December 2007. The Group has recognised, at the date of disposal of the Carr's Billington Agricultural business in the prior year, a surplus of £4.2m, calculated in accordance with IAS 19.

Under the rules of the scheme, any employer wishing to exit the scheme would trigger a partial wind-up of the scheme and would therefore be responsible for their s75 debt. A full wind-up of the plan would also trigger s75 debts for each participating employer.

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## **28 Retirement benefits** continued

### **Carrs Billington Agriculture Pension Scheme** continued

The history of the scheme is that it was brought together from many other pension schemes and employers following multiple acquisitions over several years. Many of those acquisitions had little or no records of employee histories. Because of this, approximately 85% of the scheme liabilities are 'orphan liabilities'. For the purposes of estimating an allocation of these orphan liabilities over the current participating employers, they have been split in the same proportion as their calculated share of non-orphan liabilities. At the last finalised actuarial valuation, the buy-out deficit was £5.3m and the Group's estimated liability on the wind-up of the scheme was £2.6m. In the actual event of a wind-up of the scheme the Trustees, with assistance from the actuary and legal counsel, would need to determine how the orphan liabilities should be allocated.

Because of the scheme history described above, it was not possible to calculate the Group's share of the assets and liabilities of the scheme, and consequently despite it being a defined benefit pension scheme, the Group treated it as a defined contribution pension scheme for accounting purposes. The Group paid no contributions to the scheme in the prior year up to the date of disposal. Previously the deficit repair contributions were funded solely by the sponsoring employer. The last finalised triennial valuation of the scheme as at 31 December 2021 showed that the scheme had a surplus of £4.1m on a technical provisions basis. As the scheme is in surplus, a recovery plan was not required. The sponsoring employer will meet the cost of administrative expenses up to an allowance of £100k per annum.

The Group's level of participation in the scheme was estimated at 48.5%, which was based on its estimated share of the total buy-out liabilities. The Group had a 49% shareholding in its associate company which is the sponsoring company of the pension scheme. As a result of equity accounting for its share of the net assets of the associate, the Group recognised 49% of the surplus calculated on an IAS 19 accounting basis.

### **Other pension schemes**

The pension expense in respect of defined contribution pension arrangements in foreign subsidiaries (continuing operations) during the year was £146,000 (2023 continuing operations: £158,000).

Pension contributions into NEST during the year by continuing operations amounted to £27,000 (2023 continuing operations restated: £24,000).

### **Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)**

The Trustees are aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case. There is a potential for the outcome of the case to have an impact on the UK pension scheme. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

As a result, there may be a further liability to the pension scheme for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The Trustees and their legal advisors have started reviewing the records of the scheme to look for evidence of having obtained the necessary written actuarial confirmation where relevant. The Trustees will continue to investigate the possible implications with their advisers, but it is not possible at present to estimate the potential impact, if any, on the scheme and consequently on the defined benefit obligation in the financial statements.

## **29 Share capital**

	2024		2023	
	Shares	£'000	Shares	£'000
<b>Group and Company</b>				

Allotted and fully paid Ordinary Shares of 2.5p each:				
At the beginning of the year	<b>94,150,362</b>	<b>2,354</b>	93,999,596	2,350
Allotment of shares	<b>282,718</b>	<b>7</b>	150,766	4
At the end of the year	<b>94,433,080</b>	<b>2,361</b>	94,150,362	2,354

The table above includes no (2023: nil) shares held in Treasury.

The consideration received on the allotment of shares during the year was £288,372 (2023: £167,283).

For details of share-based payment schemes see note 30.

Since the year end 3,260 shares have been allotted with a nominal value of £82 due to the exercise of share options.

## 30 Share-based payments

### Group

The Group operates three active share-based payment schemes at 31 August 2024.

The Executive Directors participated in a deferred bonus share plan under which 25% of any bonus earned will be deferred into awards over shares in the Company, with awards subject to a two-year post-vesting holding period.

Previously, under the Long Term Incentive Plan ("LTIP"), shares will be awarded to eligible individuals subject to an earnings per share ("EPS") target measured against average annual increases over a three-year period. For the awards granted in December 2021 an average annual growth of EPS must exceed 3.0% for 25% of the awards to vest and 100% vest at 10.0%, with a straight-line calculation between 25% and 100% of the award.

LTIP awards granted to Executive Directors in May 2023 and January 2024 are subject to an adjusted earnings per share ("EPS") target measured against average annual increase over a three-year performance period (75% weighting) and total shareholder return ("TSR") over a three-year performance period (25% weighting). The average annual growth of adjusted EPS must exceed 5.0% for 25% of the weighted awards to vest and 100% vest at 14%. The compound annual growth in TSR must exceed 7% for 25% of the weighted awards to vest and 100% vest at 16%. LTIP awards granted in August 2023, January 2024 and March 2024 to eligible senior management are subject to non-market related performance measures with awards being at the discretion of the Remuneration Committee.

All employees, subject to eligibility criteria, may participate in the Share Save Scheme. Under this scheme, employees are offered savings contracts for three-year vesting period plans. The exercise period is six months from the vesting date.

The fair value per option granted and the assumptions used in the calculation of fair values for Long Term Incentive Plans and Share Save Schemes are as follows:

	Long Term Incentive Plan (Executive Directors) January 2024		Long Term Incentive Plan (Executive Directors) May 2023		Long Term Incentive Plan December 2021	Share Save Scheme (3-Year Plan 2024)	Share Save Scheme (3-Year Plan 2023)	Share Save Scheme (3-Year Plan 2022)
	EPS weighting	TSR weighting	EPS weighting	TSR weighting				
Grant date	22/01/24		04/05/23		10/12/21	08/02/24	03/07/23	06/06/22
Share price at grant date (weighted average)	£1.14		£1.21		£1.51	£1.25	£1.47	£1.355
Exercise price (weighted average)	£0.00		£0.00		£0.00	£0.92	£1.17	£1.15
Fair value per option at grant	£0.82	£0.33	£0.87	£0.36	£1.37	£0.42	£0.51	£0.38
Number of employees at grant	1		2		10	98	72	150
Shares under option at grant	267,834		620,920		529,766	567,344	292,723	492,231
Vesting period (years)	3		3		3	3	3	3
Model used for	Market	Monte	Market	Monte	Market	Black-	Black-	Black-

valuation	value*	Carlo	value*	Carlo	value*	Scholes	Scholes	Scholes
Expected volatility	-	38.6%	-	34.3%	-	37.9%	39.7%	40.0%
Option life (years)	10		10		10	3.55	3.55	3.55
Expected life (years)	6.5		6.5		6.5	3.3	3.3	3.3
Risk-free rate	-	3.9%	-	3.8%	-	4.1%	5.1%	1.78%
Expected dividends expressed as a dividend yield	3.1%	4.6%	3.1%	4.2%	3.6%	4.20%	3.50%	3.80%
Expectations of vesting	0%	95%	0%	95%	0%	95%	95%	95%

\* Discounted for dividends forgone over the three-year vesting period.

The fair value of the deferred bonus plan offered to the Executive Directors is calculated with reference to the market value of the shares under award discounted to reflect illiquidity during the post-vesting two-year period.

### **30 Share-based payments continued**

The fair value of the LTIP granted to eligible senior management in August 2023, January 2024 and March 2024 are calculated with reference to the market value of the shares under award.

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of each option. The expected life is the midpoint of the exercise period. The risk-free rate of return is the implied yield of zero-coupon UK Government bonds with a remaining term equal to the expected term of the award being valued.

#### **Number of options (LTIP and Share Save)**

	Long Term Incentive Plan January/March 2024	Long Term Incentive Plan May/August 2023	Long Term Incentive Plan December 2021	Long Term Incentive Plan November 2020	Share Save Scheme (3-Year Plan 2024)	Share Save Scheme (3-Year Plan 2023)	Share Save Scheme (3-Year Plan 2022)	Share Save Scheme (3-Year Plan 2021)
	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000	Number '000
<b>Outstanding:</b>								
At 4 September 2022	-	-	502	449	-	-	483	917
Granted in the year	-	737	-	-	-	293	-	-
Forfeited in the year	-	(343)	(247)	(182)	-	-	(263)	(541)
At 2 September 2023	-	<b>394</b>	<b>255</b>	<b>267</b>	-	<b>293</b>	<b>220</b>	<b>376</b>
Granted in the year	<b>978</b>	-	-	-	<b>567</b>	-	-	-
Exercised in the year	-	-	-	-	-	-	-	(283)
Forfeited in the year	-	-	(44)	(267)	(60)	(151)	(73)	(93)
<b>At 31 August 2024</b>	<b>978</b>	<b>394</b>	<b>211</b>	-	<b>507</b>	<b>142</b>	<b>147</b>	-
<b>Exercisable:</b>								
At 2 September 2023	-	-	-	-	-	-	-	-
<b>At 31 August 2024</b>	-	-	-	-	-	-	-	-
Weighted average (years):								
Remaining contractual life	<b>9.33/9.5</b>	<b>8.7/8.9</b>	<b>7</b>	<b>6</b>	<b>2.97</b>	<b>2.38</b>	<b>1.3</b>	<b>0.07</b>
Remaining expected life	<b>5.83/6.0</b>	<b>5.2/5.4</b>	<b>3.50</b>	<b>2.50</b>	<b>2.72</b>	<b>2.13</b>	<b>1.05</b>	-

The total charge/(credit) recognised for the year arising from share-based payments is as follows:

	2024 £'000	2023 £'000
Deferred Bonus Share Plan 2023	5	-

Deferred Bonus Share Plan 2022	-	1
Long Term Incentive Plan January/March 2024	<b>104</b>	-
Long Term Incentive Plan May/August 2023	<b>77</b>	14
Long Term Incentive Plan December 2021	-	(120)
Long Term Incentive Plan November 2020	-	(79)
Share Save Scheme (3-Year Plan 2024)	<b>47</b>	-
Share Save Scheme (3-Year Plan 2023)	<b>85</b>	4
Share Save Scheme (3-Year Plan 2022)	<b>26</b>	32
Share Save Scheme (3-Year Plan 2021)	<b>14</b>	46
Share Save Scheme (3-Year Plan 2020)	-	10
	<b>358</b>	(92)

### 30 Share-based payments continued

#### Company

The movement in the number of outstanding options under the share schemes for the Company is shown below.

#### Number of options (LTIP and Share Save)

	Long Term Incentive Plan January/March 2024 Number '000	Long Term Incentive Plan May/August 2023 Number '000	Long Term Incentive Plan December 2021 Number '000	Long Term Incentive Plan November 2020 Number '000	Share Save Scheme (3-Year Plan 2024) Number '000	Share Save Scheme (3-Year Plan 2023) Number '000	Share Save Scheme (3-Year Plan 2022) Number '000	Share Save Scheme (3-Year Plan 2021) Number '000
<b>Outstanding:</b>								
At 4 September 2022	-	-	298	316	-	-	31	140
Granted in the year	-	570	-	-	-	87	-	-
Forfeited in the year	-	(343)	(187)	(117)	-	-	(10)	(29)
At 2 September 2023	-	<b>227</b>	<b>111</b>	<b>199</b>	-	<b>87</b>	<b>21</b>	<b>111</b>
Granted in the year	<b>656</b>	-	-	-	<b>167</b>	-	-	-
Exercised in the year	-	-	-	-	-	-	-	(93)
Forfeited in the year	-	-	-	(199)	(34)	(48)	(7)	(18)
<b>At 31 August 2024</b>	<b>656</b>	<b>227</b>	<b>111</b>	-	<b>133</b>	<b>39</b>	<b>14</b>	-
<b>Exercisable:</b>								
At 2 September 2023	-	-	-	-	-	-	-	-
<b>At 31 August 2024</b>	-	-	-	-	-	-	-	-
Weighted average (years):								
Remaining contractual life	<b>9.33/9.5</b>	<b>8.7/8.9</b>	<b>7</b>	<b>6</b>	<b>2.97</b>	<b>2.38</b>	<b>1.3</b>	<b>0.07</b>
Remaining expected life	<b>5.83/6.0</b>	<b>5.2/5.4</b>	<b>3.50</b>	<b>2.50</b>	<b>2.72</b>	<b>2.13</b>	<b>1.05</b>	-

The total charge/(credit) recognised for the year arising from share-based payments is as follows:

	2024 £'000	2023 £'000
Deferred Bonus Share Plan 2023	<b>5</b>	-
Deferred Bonus Share Plan 2022	-	1
Long Term Incentive Plan January/March 2024	<b>54</b>	-
Long Term Incentive Plan May/August 2023	<b>23</b>	8
Long Term Incentive Plan December 2021	-	(68)

Long Term Incentive Plan November 2020	-	(53)
Share Save Scheme (3-Year Plan 2024)	<b>12</b>	-
Share Save Scheme (3-Year Plan 2023)	<b>28</b>	1
Share Save Scheme (3-Year Plan 2022)	<b>4</b>	3
Share Save Scheme (3-Year Plan 2021)	-	10
Share Save Scheme (3-Year Plan 2020)	-	2
	<b>126</b>	(96)

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### **30 Share-based payments continued**

Share-based payments awarded to employees of subsidiary undertakings and recognised as an investment in subsidiary undertakings in the Company are as follows:

	<b>2024 £'000</b>	2023 £'000
Long Term Incentive Plan January/March 2024	<b>51</b>	–
Long Term Incentive Plan August 2023	<b>61</b>	6
Share Save Scheme (3-Year Plan 2024)	<b>25</b>	–
Share Save Scheme (3-Year Plan 2023)	<b>18</b>	3
Share Save Scheme (3-Year Plan 2022)	<b>34</b>	28
Share Save Scheme (3-Year Plan 2021)	<b>–</b>	80
Total carrying amount of investments	<b>189</b>	117



### 31 Cash generated from/(used in) continuing operations

	Group		Company	
	2024 £'000	2023 (restated) £'000	2024 £'000	2023 (restated) £'000
<b>(Loss)/profit for the year from continuing operations</b>	<b>(4,489)</b>	<b>(844)</b>	<b>(7,354)</b>	28,972
Adjustments for:				
Tax	<b>(1,974)</b>	72	<b>(1,931)</b>	(504)
Tax credit in respect of R&D	<b>(116)</b>	(82)	—	—
Dividends received from subsidiaries	—	—	—	(3,958)
Dividends received from joint ventures	—	—	<b>(845)</b>	—
Depreciation of property, plant and equipment	<b>1,264</b>	1,515	<b>32</b>	30
Depreciation of right-of-use assets	<b>327</b>	387	<b>71</b>	127
Depreciation of investment property	<b>67</b>	67	—	—
Intangible asset amortisation	<b>93</b>	493	—	—
Goodwill and other intangible assets impairment and amounts written off	<b>229</b>	2,019	—	—
Property, plant and equipment impairment	<b>1,906</b>	—	—	—
Right-of-use assets impairment	<b>63</b>	—	—	—
Loss on fair value measurement less costs to sell	<b>720</b>	—	—	—
Loss/(profit) on disposal of property, plant and equipment	<b>9</b>	(88)	—	—
(Profit)/loss on disposal of right-of-use assets	<b>(13)</b>	3	<b>(20)</b>	—
Profit on disposal of investment property	<b>(154)</b>	—	—	—
Gain on disposal of subsidiary and associate	—	—	—	(29,502)
Impairment of subsidiary	—	—	<b>1,593</b>	—
Net fair value charge/(credit) on share-based payments	<b>164</b>	(82)	<b>126</b>	(96)
Other non-cash adjustments	<b>(347)</b>	(835)	<b>722</b>	1,777
Finance costs:				
Interest income	<b>(1,013)</b>	(814)	<b>(2,643)</b>	(2,840)
Interest expense and borrowing costs	<b>712</b>	771	<b>465</b>	530
Share of results of joint ventures	<b>(1,374)</b>	(1,441)	—	—
IAS 19 income statement credit in respect of employer contributions	—	(400)	—	(400)
IAS 19 income statement charge (excluding interest):				
Past service cost (note 28)	<b>2,900</b>	—	<b>2,900</b>	—
Administrative expenses (note 28)	<b>477</b>	166	<b>477</b>	166
Changes in working capital:				
Decrease in inventories	<b>2,982</b>	772	—	—
Decrease/(increase) in receivables	<b>84</b>	527	<b>404</b>	(1,289)
Increase/(decrease) in payables	<b>140</b>	(4,358)	<b>(10)</b>	(745)

Cash generated from /(used in) continuing operations	2,657	(2,152)	(6,013)	(7,732)
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- 1 See note 37 for an explanation of the prior year restatement. This has impacted the changes in receivables and payables in the prior year by an equal but opposite amount.
- 2 Restated to reclassify costs of disposal of subsidiary and associate of £864,000 from cash flows from investing activities to cash flows from operating activities.

### 32 Analysis of net cash and leases

Group	At 3 September 2023 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	Transferred to assets/liabilities of disposal group £'000	At 31 August 2024 £'000
Cash and cash equivalents	23,123	(4,403)	–	(204)	(4,802)	13,714
Bank overdrafts	(12,354)	1,768	–	–	7,916	(2,670)
	10,769	(2,635)	–	(204)	3,114	11,044
Loans and other borrowings:						
– Current	(1,360)	863	–	(7)	410	(94)
– Non-current	(5,206)	2,340	(32)	(15)	–	(2,913)
Net cash	4,203	568	(32)	(226)	3,524	8,037
Leases:						
– Current	(1,264)	–	(160)	–	1,157	(267)
– Non-current	(5,559)	1,475	(3,333)	20	6,948	(449)
Leases	(6,823)	1,475	(3,493)	20	8,105	(716)
Net cash and leases	(2,620)	2,043	(3,525)	(206)	11,629	7,321

Group	At 4 September 2022 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 2 September 2023 £'000
Cash and cash equivalents	22,515	662	–	(54)	23,123
Bank overdrafts	(9,734)	(2,620)	–	–	(12,354)
	12,781	(1,958)	–	(54)	10,769
Loans and other borrowings:					
– Current	(3,000)	1,698	(48)	(10)	(1,360)
– Non-current	(23,805)	18,732	(8)	(125)	(5,206)
Net (debt)/cash	(14,024)	18,472	(56)	(189)	4,203
Leases:					
– Current	(1,416)	–	152	–	(1,264)
– Non-current	(6,128)	1,545	(1,006)	30	(5,559)
Leases	(7,544)	1,545	(854)	30	(6,823)
Net (debt)/cash and leases	(21,568)	20,017	(910)	(159)	(2,620)

Company	At 3 September 2023 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 31 August 2024 £'000

Cash and cash equivalents	13,443	(5,813)	-	(23)	7,607
Loans and other borrowings:					
– Current	(2,125)	518	-	27	(1,580)
– Non-current	(4,697)	1,816	(32)	-	(2,913)
Net cash	6,621	(3,479)	(32)	4	3,114
Leases:					
– Current	(126)	-	77	-	(49)
– Non-current	(167)	61	(12)	-	(118)
Leases	(293)	61	65	-	(167)
Net cash and leases	6,328	(3,418)	33	4	2,947

### 32 Analysis of net cash and leases continued

Company	At 4 September 2022 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	At 2 September 2023 £'000
Cash and cash equivalents	12,726	783	–	(66)	13,443
Loans and other borrowings:					
– Current	(1,413)	(700)	(48)	36	(2,125)
– Non-current	(22,757)	18,200	(8)	(132)	(4,697)
Net (debt)/cash	(11,444)	18,283	(56)	(162)	6,621
Leases:					
– Current	(113)	–	(13)	–	(126)
– Non-current	(231)	123	(59)	–	(167)
Leases	(344)	123	(72)	–	(293)
Net (debt)/cash and leases	(11,788)	18,406	(128)	(162)	6,328

Other non-cash changes in net cash/(debt) for both the Group and Company relate to the release of deferred borrowing costs to the income statement. For leases, these relate to new leases entered into during the year net of liabilities extinguished on exit of leases.

The table below shows a reconciliation of cash flows shown in the tables above to the consolidated and Company statements of cash flows.

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cash flows from cash and cash equivalents less bank overdrafts in tables above	(2,635)	(1,958)	(5,813)	783
New financing and drawdowns on RCF	–	(5,574)	–	(4,741)
Repayment of RCF drawdowns	1,816	21,741	1,816	21,741
Lease principal repayments	322	367	61	123
Repayment of borrowings	863	2,400	–	2,400
Receipt of loans from subsidiaries	–	–	–	(2,500)
Repayment of loans from subsidiaries	–	–	518	600
Cash from financing activities in discontinued operations	1,677	12,640	–	–
Cash from financing activities in discontinued operations (previously recognised in FY23 Report and Accounts)	–	(9,599)	–	–
Cash flows from net cash and leases per tables above	2,043	20,017	(3,418)	18,406

<b>Group</b>	<b>2024</b> £'000	<b>2023</b> £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts:		
Property, plant and equipment	–	1,636
Right-of-use assets	<b>701</b>	–
	<b>701</b>	1,636

The Company has no capital commitments (2023: none).

## **34 Financial guarantees and contingent liabilities**

The Company, together with certain subsidiary undertakings, has entered into a guarantee with Clydesdale Bank PLC (trading as Virgin Money) in respect of the Group loans, overdraft, asset finance and guarantee facilities with that bank, which at 31 August 2024 amounted to £6,568,000 (2023: £9,552,000).

Certain subsidiary undertakings utilise guarantee facilities with financial institutions which include their own bankers. These financial institutions in the normal course of business enter into certain specific guarantees with some of the subsidiaries' customers. All these guarantees allow the financial institutions to have recourse to the subsidiaries if a guarantee is enforced. The total outstanding of such guarantees at 31 August 2024 was £4,462,000 (2023: £5,717,000).

The Company has provided specific guarantees to certain customers of subsidiaries. These are in place to guarantee the completion of the contract in any event. The contracts under these guarantees had a total contract value of £45,877,000 (2023: £46,389,000) and as at 31 August 2024 £14,196,000 (2023: £21,840,000) remained uncompleted.

The Company has provided a guarantee over the lease of a premises occupied by a subsidiary. The guarantee is in respect of prompt and full payment of rents due throughout the term of the lease. As at 31 August 2024, the cumulative rent payable over the remaining term of the lease is £112,000 (2023: £316,000).

Certain UK subsidiaries have taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 August 2024. The Company will guarantee the debts and liabilities of these subsidiaries at the balance sheet date in accordance with section 479C of the Companies Act 2006. Details of the subsidiaries taking audit exemption are included in note 19. The Company has assessed the probability of loss under the guarantee as remote.

The Group and Company do not expect any of the above to be called in.

## **35 Related parties**

### **Group and Company**

The Group has a related party relationship with its subsidiaries, associate, up to the date of its disposal in the prior year, and joint ventures and with its Directors.

Key management personnel for the Group and the parent Company are considered to be the Directors and their remuneration is disclosed within the Remuneration Committee Report and note 6.

Other than remuneration, there are no transactions between the continuing Group and the Directors. At both the current year end and prior year end there are no balances receivable or payable with Directors.

Company		
2024 £'000	2023 (restated) <sup>1</sup> £'000	
<b>Balances reported in the Balance Sheet</b>		
Amounts owed by subsidiary undertakings:		
Non-current loans receivable	<b>32,389</b>	32,797
Other receivables	<b>4,303</b>	3,959

	<b>36,692</b>	36,756
Amounts owed to subsidiary undertakings:		
Current loans payable	<b>(1,580)</b>	(2,125)
Other payables	<b>(914)</b>	(809)
	<b>(2,494)</b>	(2,934)
<b>Transactions reported in the Income Statement</b>		
Management charges receivable	<b>2,794</b>	2,708
Dividends receivable	<b>–</b>	3,957
Interest receivable	<b>1,682</b>	2,067

1 Restated to include group taxation relief assets of £639,000 within other receivables above.

Non-current loans receivable includes one non-interest bearing loan with a face value of £7.4m which is recognised at fair value based on a market rate of interest. Included within other receivables is £2,394,000 (2023: £1,865,000) in respect of loans owed by subsidiary undertakings.

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### 35 Related parties continued

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Transactions reported in the Income Statement (continuing operations)</b>				
Revenue	-	37	-	-
Rental income	-	3	-	-
Management charges receivable	-	18	-	18

There were no balances at the current or prior year end in respect of the associate. Amounts presented for transactions reported in the income statement are in respect of continuing operations only. Transactions in the prior year between Carrs Billington Agriculture (Sales) Ltd and the associate are excluded as they were both within the same disposal group.

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Balances reported in the Balance Sheet</b>				
Amounts owed by joint ventures:				
Trade and other receivables	<b>204</b>	15	-	2
	<b>204</b>	15	-	2
Amounts owed to joint ventures:				
Trade and other payables	<b>(20)</b>	(44)	-	-
	<b>(20)</b>	(44)	-	-
<b>Transactions reported in the Income Statement (continuing operations)</b>				
Revenue	<b>929</b>	337	-	-
Management charges receivable	<b>60</b>	67	-	-
Dividends receivable	-	-	<b>845</b>	-
Purchases	<b>(400)</b>	(465)	-	-

Amounts presented for transactions reported in the income statement are in respect of continuing operations only. Transactions in the prior year between Carrs Billington Agriculture (Sales) Ltd and Bibby Agriculture Ltd are excluded as they were both within the same disposal group.

### 36 Post balance sheet events

Since the year end, prior to signing these financial statements, the Group sold the trade and certain assets of its subsidiary company Afgritech LLC for net cash proceeds of £0.8m. The trading results of Afgritech LLC have been included in discontinued operations in the income statement during the year and in the restated comparatives. At the year end the assets subsequently sold have been classified as held for sale on the balance sheet.

Also since the year end, prior to signing these financial statements, the sale of one of the investment properties classified as held for sale at the year end completed for consideration of £1.3m.

Further details of discontinued operations and assets held for sale at the year end can be found in note 9.

### **37 Prior year restatements**

Given the reduced size of the continuing Group following the classification of the Engineering businesses and Afgritech LLC as discontinued, two areas of accounting have been reviewed and revised in the year with the impact being a reclassification between revenue and cost of sales and an increase to assets and liabilities. There is no impact to profit or net assets in either the current or prior year.

The first is a reassessment of certain costs incurred in the UK Agriculture business, by reference to the agent/principal guidance within IFRS 15. This has resulted in a gross up of revenue and cost of sales on the face of the income statement for costs previously recognised net within cost of sales, with no impact on profitability.

The second reassessment relates to items of re-usable packaging in which finished goods are sold in the US Agriculture business. Previously these were accounted for as stock consumables with no material impact on the income statement. The accounting for these items was reconsidered under the requirements of IFRS 15. The resulting adjustment grosses up revenue and cost of sales on the income statement, with no profitability impact. The balance sheet has also been grossed up to show an asset and corresponding liability to reflect a sale with a right to return under IFRS 15.

The results and financial position of the Group's continuing operations for the year ended 2 September 2023 have been restated to reflect these.

The affected financial statement line items are as follows:

	2 September 2023 (previously reported) £'000	Restatement in respect of previously netted amounts £'000	Restatement in respect of packaging £'000	2 September 2023 (restated) £'000
<b>Income Statement</b>				
Revenue	80,903	599	313	81,815
Cost of sales	(66,629)	(599)	(313)	(67,541)

	2 September 2023 (previously reported) £'000	Restatement in respect of packaging £'000	2 September 2023 (restated) £'000
<b>Balance Sheet</b>			
Trade and other receivables	24,592	2,302	26,894
Current assets	86,138	2,302	88,440
Total assets	160,021	2,302	162,323
Trade and other payables	(16,556)	(2,302)	(18,858)
Current liabilities	(36,863)	(2,302)	(39,165)
Total liabilities	(52,146)	(2,302)	(54,448)

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 items are as follows:

	3 September 2022 (previously reported) £'000	Restatement in respect of packaging £'000	3 September 2022 (restated) £'000
<b>Balance Sheet</b>			
Trade and other receivables	19,015	2,541	21,556
Current assets	224,339	2,541	226,880
Total assets	307,561	2,541	310,102
Trade and other payables	(21,000)	(2,541)	(23,541)
Current liabilities	(139,915)	(2,541)	(142,456)
<b>Total liabilities</b>	<b>(175,232)</b>	<b>(2,541)</b>	<b>(177,773)</b>

## FIVE-YEAR STATEMENT

	(Restated) <sup>1,2,3</sup> 2020 £'000	(Restated) <sup>1,3</sup> 2021 £'000	(Restated) <sup>1</sup> 2022 £'000	(Restated) <sup>1,4</sup> 2023 £'000	2024 £'000
<b>Continuing operations</b>					
<b>Revenue</b>	61,895	68,461	75,728	81,815	<b>75,701</b>
<b>Operating profit/(loss)</b>	4,957	5,670	5,411	(871)	<b>(6,795)</b>
<i>Analysed as:</i>					
<b>Adjusted operating profit</b>	5,142	7,478	6,467	2,845	<b>2,168</b>
Adjusting items	(185)	(1,808)	(1,056)	(3,716)	<b>(8,963)</b>
<b>Operating profit/(loss)</b>	4,957	5,670	5,411	(871)	<b>(6,795)</b>
Finance income	283	249	334	814	<b>1,013</b>
Finance costs	(742)	(518)	(613)	(715)	<b>(681)</b>
<b>Profit/(loss) before taxation</b>	4,498	5,401	5,132	(772)	<b>(6,463)</b>
<i>Analysed as:</i>					
<b>Adjusted profit before taxation</b>	4,683	7,209	6,188	2,944	<b>2,500</b>
Adjusting items	(185)	(1,808)	(1,056)	(3,716)	<b>(8,963)</b>
<b>Profit/(loss) before taxation</b>	4,498	5,401	5,132	(772)	<b>(6,463)</b>
Taxation	(638)	(1,244)	(431)	(72)	<b>1,974</b>
<b>Profit/(loss) for the year from continuing operations</b>	3,860	4,157	4,701	(844)	<b>(4,489)</b>
<b>Discontinued operations</b>					
Profit/(loss) for the year from discontinued operations	5,145	5,440	(4,993)	83	<b>(1,231)</b>
<b>Profit/(loss) for the year</b>	9,005	9,597	(292)	(761)	<b>(5,720)</b>
Earnings/(loss) per share – basic (continuing operations)	4.2p	4.5p	5.0p	(1.0)p	<b>(4.8)p</b>
Earnings per share – adjusted (continuing operations)	4.1p	6.2p	5.9p	2.5p	<b>2.6p</b>
Dividends per ordinary share	4.75p	5.0p	5.2p	5.2p	<b>5.2p</b>

1. Revenue and results included in the table above have been restated to reflect the separate disclosure of continuing operations and discontinued operations following the classification of the Engineering Division and Afgritech LLC as discontinued operations.
2. Restated for the change in accounting policy for configuration and customisation costs incurred in implementing Software-as-a-Service ("SaaS").
3. Restated in relation to the recognition of revenue from customer contracts within the Engineering Division.
4. See note 37 for an explanation of the prior year restatements. In the information shown in the table above this only impacts revenue and has no impact to profit.

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## FIVE-YEAR STATEMENT CONTINUED

	(Restated) <sup>a</sup> 2020 £'000	(Restated) <sup>a</sup> 2021 £'000	(Restated) <sup>a</sup> 2022 £'000	(Restated) <sup>a</sup> 2023 £'000	2024 £'000
<b>Net assets employed</b>					
<b>Non-current assets</b>					
Goodwill	32,041	31,560	23,609	19,161	<b>2,068</b>
Other intangible assets	6,365	5,151	4,635	3,318	<b>32</b>
Property, plant and equipment	38,259	36,198	33,204	29,950	<b>9,900</b>
Right-of-use assets	14,856	16,777	8,223	7,323	<b>656</b>
Investment property	158	152	74	2,640	<b>316</b>
Investments	24,666	23,822	6,097	6,128	<b>6,314</b>
Contract assets	-	312	316	-	-
Financial assets					
– Non-current receivables	20	20	23	21	-
Retirement benefit asset	8,037	9,371	6,828	5,316	<b>1,807</b>
Deferred tax assets	-	182	213	26	<b>208</b>
	124,402	123,545	83,222	73,883	<b>21,301</b>
<b>Current assets</b>					
Inventories	42,197	43,226	26,990	26,613	<b>12,062</b>
Contract assets	7,416	7,202	7,564	7,915	-
Trade and other receivables	51,686	61,735	21,556	26,894	<b>10,352</b>
Current tax assets	2,068	2,669	3,866	3,895	<b>712</b>
Financial assets					
– Derivative financial instruments	3	-	-	-	-
– Cash and cash equivalents	17,571	24,309	22,515	23,123	<b>13,714</b>
Assets included in disposal groups and other assets classified as held for sale	-	-	144,389	-	<b>85,663</b>
	120,941	139,141	226,880	88,440	<b>122,503</b>
<b>Total assets</b>	<b>245,343</b>	<b>262,686</b>	<b>310,102</b>	<b>162,323</b>	<b>143,804</b>
<b>Current liabilities</b>					
Financial liabilities					
– Borrowings	(11,420)	(11,113)	(12,734)	(13,714)	<b>(2,764)</b>
– Leases	(2,778)	(2,967)	(1,416)	(1,264)	<b>(267)</b>
– Derivative financial instruments	-	-	(62)	(4)	-
Contract liabilities	(3,297)	(3,312)	(2,426)	(5,194)	-
Trade and other payables	(55,522)	(69,526)	(23,541)	(18,858)	<b>(10,707)</b>
Current tax liabilities	(33)	(42)	(711)	(131)	-
Liabilities included in disposal groups classified as held for sale	-	-	(101,566)	-	<b>(31,748)</b>
	(73,050)	(86,960)	(142,456)	(39,165)	<b>(45,486)</b>
<b>Non-current liabilities</b>					

Financial liabilities					
- Borrowings	(25,021)	(23,159)	(23,805)	(5,206)	<b>(2,913)</b>
- Leases	(11,171)	(12,458)	(6,128)	(5,559)	<b>(448)</b>
Deferred tax liabilities	(4,377)	(5,503)	(5,048)	(4,447)	<b>(23)</b>
Other non-current liabilities	(1,385)	(55)	(336)	(71)	<b>-</b>
	<b>(41,954)</b>	<b>(41,175)</b>	<b>(35,317)</b>	<b>(15,283)</b>	<b>(3,384)</b>
<b>Total liabilities</b>	<b>(115,004)</b>	<b>(128,135)</b>	<b>(177,773)</b>	<b>(54,448)</b>	<b>(48,870)</b>
<b>Net assets</b>	<b>130,339</b>	<b>134,551</b>	<b>132,329</b>	<b>107,875</b>	<b>94,934</b>

1. Restated for the change in accounting policy for configuration and customisation costs incurred in implementing Software-as-a-Service ("SaaS").
2. Restated in relation to the recognition of revenue from customer contracts within the Engineering Division.
3. See note 37 for an explanation of the prior year restatements. In the information shown in the table above this impacts trade and other receivables and trade and other payables and has no impact to net assets.

## **ALTERNATIVE PERFORMANCE MEASURES GLOSSARY**

The Annual Report and Accounts 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
<b>EBITDA</b>	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.
<b>Adjusted EBITDA</b>	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.
<b>Adjusted operating profit</b>	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.
<b>Adjusted profit before taxation</b>	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.
<b>Adjusted profit for the year</b>	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.
<b>Adjusted earnings per share</b>	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 11.
<b>Adjusted diluted earnings per share</b>	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 adjusted for the effects of any potentially dilutive options. Diluted earnings per share is shown in note 11.
<b>Net cash/(debt)</b>	The net position of the Group's and Company's cash at bank and borrowings as per the balance sheet. Details of the movement in net cash/(debt) is shown in note 32.
<b>Operating cash flow</b>	Cash generated from operating activities. This measure is shown on the face of the consolidated statement of cash flows and is shown below. Operating cash flow demonstrates how much cash is available for the Group to utilise for capital investment, paying dividends, or financing/repaying borrowings.
<b>Gross margin</b>	Reported gross profit as a percentage of reported revenue. Gross margin is a reflection of how successfully the Group manages raw material price volatility and production costs as well as its

<b>Adjusted Group operating margin</b>	selling prices in competitive markets. A calculation of gross margin is shown below. Operating profit after adding back items regarded by the Directors as adjusting items as a percentage of revenue. Adjusted Group operating margin excluding adjusting items is presented because if included, these items could distort the understanding of the Group's performance for the year and the comparability between the years presented. The calculation of adjusted Group operating margin to the statutory equivalent is shown below.
<b>Return on net assets</b>	Profit before tax after adding back items regarded by the Directors as adjusting items as a percentage of net assets. This financial performance metric allows users to understand how effectively and efficiently the Group is using its assets to generate earnings. The calculation of return on net assets is shown below.
<b>Ratio of net (cash)/debt to adjusted EBITDA</b>	The ratio of net (cash)/debt to adjusted EBITDA is a measurement of leverage and reflects the Group's ability to service its debt. The calculation of net (cash)/debt to adjusted EBITDA is shown below.

## **ALTERNATIVE PERFORMANCE MEASURES GLOSSARY CONTINUED**

The following tables show reconciliations and calculations that are not presented elsewhere in this Annual Report and Accounts.

### **Operating cash flow**

	Continuing operations		
	2024 £'000	2023 (restated) £'000	Change
Cash generated from operating activities per the consolidated statement of cash flows	<b>4,249</b>	(2,872)	+247.9%

### **Gross margin**

	Continuing operations		
	2024 £'000	2023 (restated) £'000	Change
Reported revenue	<b>75,701</b>	81,815	-7.5%
Reported gross profit	<b>14,267</b>	14,274	
Gross profit as a percentage of revenue	<b>18.8%</b>	17.4%	

### **Adjusted Group operating margin**

	Continuing operations		
	2024 £'000	2023 (restated) £'000	Change
Reported operating loss	<b>(6,795)</b>	(871)	-680.1%
Adjusting items (note 5)	<b>8,963</b>	3,716	
Adjusted operating profit	<b>2,168</b>	2,845	-23.8%
Reported revenue	<b>75,701</b>	81,815	
Adjusted operating profit as a percentage of reported revenue	<b>2.9%</b>	3.5%	

### **Return on net assets**

	2024 £'000	2023 <sup>1</sup> £'000
Reported (loss)/profit before taxation (2024: continuing operations only)	<b>(6,463)</b>	1,507
Adjusting items (2024: continuing operations only) (note 5)	<b>8,963</b>	5,999
Adjusted profit before taxation (2024: continuing operations only)	<b>2,500</b>	7,506
Net assets per the consolidated balance sheet	<b>94,934</b>	107,875
Net assets of disposal groups and other assets classified as held for sale (note 9)	<b>(53,915)</b>	-
Adjusted net assets (2024: continuing operations only)	<b>41,019</b>	107,875
Adjusted profit before taxation as a percentage of adjusted net assets	<b>6.1%</b>	7.0%

### Ratio of net (cash)/debt to adjusted EBITDA

	2024 £'000	2023 <sup>1</sup> £'000
Adjusted EBITDA (2024: continuing operations only) (note 2)	<b>2,452</b>	10,945
Net cash (2024: continuing operations only) (note 32)	<b>8,037</b>	4,203
Ratio of net (cash)/debt to adjusted EBITDA	<b>(3.28)</b>	(0.38)

1. Figures for continuing operations as reported in the 2023 Annual Report and Accounts.

## DIRECTORY OF OPERATIONS

### Carr's Group plc

Warwick Mill Business Centre, Warwick Bridge, Carlisle, Cumbria CA4 8RR  
Tel: 01228 554600  
Web: www.carrsgroup.com

### AGRICULTURE

#### ACC Feed Supplement LLC\*

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Tel: 001 712 255 6927

#### AminoMax

Lansil Way, Lancaster LA1 3QY  
Tel: 01524 597 200

#### Animal Feed Supplement, Inc

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PO Box 188, Belle Fourche,  
South Dakota 57717 USA  
Tel: 001 605 892 3421

#### Animal Feed Supplement, Inc

PO Box 105, 101 Roanoke Avenue, Poteau, Oklahoma 74953 USA  
Tel: 001 918 647 8133

#### Animax Limited

Shepherds Grove West,  
Stanton,  
Bury St Edmunds, Suffolk IP31 2AR  
Tel: 01359 252 181

#### Caltech

Solway Mills, Silloth,  
Wigton, Cumbria CA7 4AJ  
Tel: 016973 32592

#### Carr's Supplements (NZ) Limited

c/o KPMG,  
151 Burnett Street,  
Ashburton 7700,  
New Zealand

#### Carr's Supplements (ROI) Limited

Unit 1, Old Creamery Enterprise Centre, Creamery Road, Piltown, County Kilkenny,  
E32 FK57, Ireland

#### Crystalyx Products GmbH\*

Am Stau 199-203, 26122,  
Oldenburg, Germany  
Tel: 00 49 441 2188 9218

#### Gold-Bar Feed Supplements LLC\*

783 Eagle Boulevard,  
Shelbyville TN 37160, USA  
Tel: 001 877 618 6455

#### Scotmin

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Heathfield Industrial Estate,  
Ayr KA8 9RX  
Tel: 01292 280 909

#### Silloth Storage Company\*

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Wigton, Cumbria CA7 4JQ

### ENGINEERING

#### Bendalls Engineering

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Tel: 01228 815 350

#### CARRSMSM Wälischmiller

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Spitfire Way, Hunts Rise,  
South Marston Park,  
Swindon, Wiltshire SN3 4TX  
Tel: 01793 824 891

#### Chirton Engineering

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North Shields, Tyne and Wear NE29 7SW  
Tel: 0191 296 2020

#### NuVision Engineering, Inc.

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Suite 700,  
Pittsburgh,  
Pennsylvania 15203, USA  
Tel: 001 888 748 8232

#### NuVision Engineering, Inc.

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North Carolina 28117, USA  
Tel: 001 704 799 2707

#### NW Total Engineered Solutions Limited

Unit 2 Andrews Way, Barrow in Furness, Cumbria LA14 2UE  
Tel: 01229 811000

#### Wälischmiller Engineering GmbH

Schießstattweg 16, 88677 Markdorf, Germany

· Joint venture company

## **DORMANT SUBSIDIARIES AT 31 AUGUST 2024**

<b>Company Name</b>	<b>Registered and Located</b>	<b>Ownership</b>
Carr's Group Corporate Trustee Ltd	England and Wales <sup>1</sup>	100%
Chirton Engineering Ltd	England and Wales <sup>1</sup>	100%
Conegar S.A.	Uruguay <sup>2</sup>	100%
Animax NZ Ltd	New Zealand <sup>3</sup>	100%



## **REGISTERED OFFICE AND ADVISERS**

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### **Registered Office**

#### **Carr's Group plc**

Warwick Mill Business Centre,  
Warwick Bridge,  
Carlisle  
CA4 8RR  
Registered No. 98221

### **Chartered Accountants and Statutory Auditors**

#### **Grant Thornton UK LLP**

Landmark,  
St Peter's Square,  
1 Oxford Street,  
Manchester  
M1 4PB

### **Bankers**

#### **Clydesdale Bank (Trading as Virgin Money)**

82 English Street,  
Carlisle  
CA3 8HP

### **Financial Advisers and Joint Brokers**

#### **Investec Bank plc**

30 Gresham Street,  
London  
EC2V 7QP

#### **Joint Broker**

#### **Cavendish Capital Markets Limited**

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London  
EC1A 7BL

### **Financial and Corporate PR Advisers**

#### **FTI Consulting**

200 Aldersgate,  
Aldersgate Street,  
London  
EC1A 4HD

### **Solicitors**

#### **Ashurst LLP**

London Fruit & Wool Exchange,  
1 Duval Square,  
London  
E1 6PW

### **Registrar**

#### **Link Group**

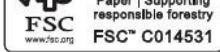
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## **NOTES**







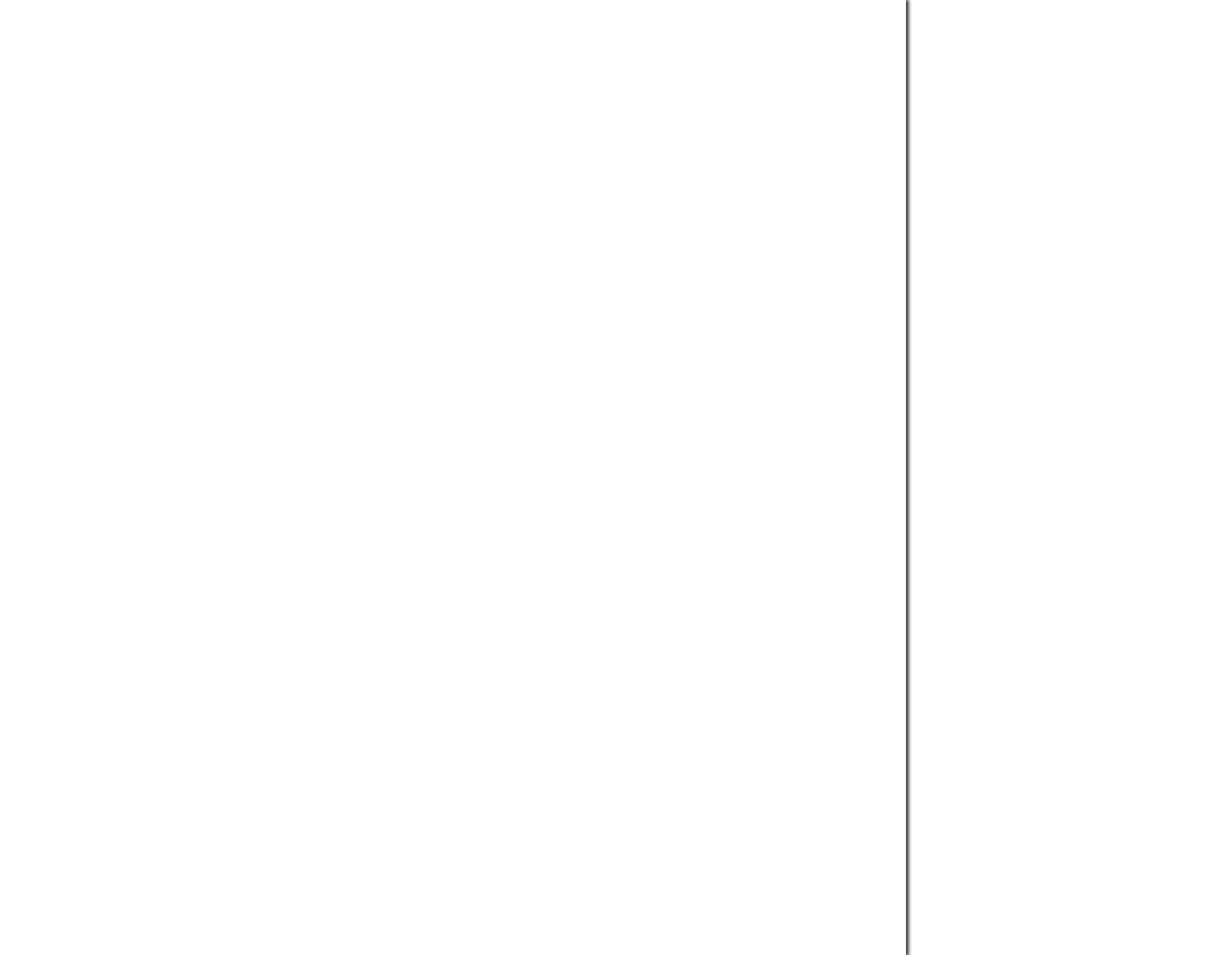
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