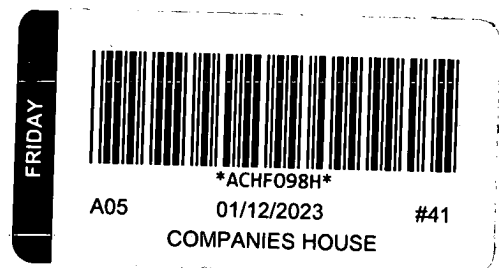


Registration number: 00904957

ADM Agriculture Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2022



ADM Agriculture Ltd

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ADM Agriculture Ltd

COMPANY INFORMATION

Directors	M P Farrow G T McGuigan M J Thompson J E Lane
Company secretary	LDC Nominee Secretary Limited Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Registered office	5 Hercules Way Leavesden Park Watford WD25 7GS
Auditors	Ernst & Yong LLP 1 Bridgewater Place Water lane Leeds LS11 5QR

ADM Agriculture Ltd

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is importation and trading of agricultural commodities, which are principally used as animal feedstuffs and secondly as biomass in the energy industry; and merchandising, handling, processing and storage of grain, seed and other human consumption ingredient products.

Fair review of the business and future developments

The results for the year are set out on page 14.

2022 has seen a decrease in profit before tax, from £5.2 Million in 2021 to £4.3 Million in 2022, however adjusting for one off expense in 2022 of £3.4 Million, the results are considerably better. The company performance has been strong in 2022 helped by an increase in volumes with particular growth in market share in the UK grain market, following the successful execution of strategic plans. The Ukraine / Russian conflict created significant volatility in the markets, which the business managed successfully, although with certain restrictions in availability of some feed products from the region. Inflation continues to impact on operating costs and we continue to seek out opportunities to challenge and reduce these costs through more efficient working practices and the use of new technologies.

The Directors consider the key performance indicators for the business to be the traded volumes, gross profit and gross profit after interest, which are analysed as follows:

	2022	% change	2021
Sales Volume (Tonnes'000)	5,061	10%	4,583
Gross profit (£'000)	32,423	33%	24,346
Gross profit after interest (£'000)	25,957	14%	22,843

Being part of ADM gives our trading partners confidence in our financial strength and worldwide logistical capability.

UK cereal production increased in 2022 and this combined with strong import requirement into Spain helped ADM Agriculture increase its export volumes. ADM's European footprint has allowed the ADM Agriculture business trade significantly higher export volumes for the up-coming year.

The impact of the Ukraine war pushed commodity prices higher and this has encouraged UK farmers to plant significantly more cereals for harvest in 2023 and this is likely to create a favourable market climate for the business as we move towards the 2023 harvest. The Ukraine war also impacted on the availability of feedstuffs and significantly impacted on prices. ADM Agriculture's strong financial position, combined with ADM's global footprint ensure we were able to access the full range of animal feed materials. This combined with our expertise in risk management ensured we maintained availability and were able to support our customers through this challenging period.

The directors are confident that the company will perform well in the future with its diverse portfolio and focus on controlling costs and looking to invest in technology to help improve business efficiencies. This will ensure the business will be well placed to deal with low crop years and changes in market dynamics.

We view the changes in Government support for farmers through the ELMS scheme as another driver of change for the arable sector and we are looking to embrace opportunities around sustainability and the improved use of technology to continue to drive growth.

The Company will continue to pursue its principal activity.

ADM Agriculture Ltd

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Principal risks and uncertainties

The directors have considered and reviewed the provisions included within the Companies Act 2006, relating to financial risk management objectives and policies, including any associated use of financial instruments.

As part of the review, the directors have also considered the exposure of the Company to price risk, credit risk and liquidity risk including interest risk and foreign currency risk, in order that an overall assessment can be made of the Company's assets, liabilities, its financial position and its result for the year. Further consideration of these risks are detailed within Note 23. With regard to the current situation in the Ukraine, the Company has seen a significant volatility in the markets, which the business managed successfully, although with certain restrictions in availability of some feed products from the region.

Financial risk management

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the ADM Group are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines on how to manage risk and the circumstances where it would be appropriate to use financial instruments.

Full details of the Company's financial risk management objectives and policies, including any associated use of financial instruments, are provided in Note 23 of these financial statements.

Section 172(1) statement

The directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 (1)(a-f) of the UK Companies Act 2006 and include a duty to promote the success of the Company, which is summarised below:

a) Principal decisions taken and Business planning

The Company is part of the Archer Daniels Midland Co (ADM) group of companies (the "Group"). Consequently, the Board of ADM and its Committees have overarching decision making authority for the Group on a number of reserved matters. These include setting the Group's strategy and values, as well as reviewing and approving the Group's operating plans, policies, processes and management of the Group then rests with the Group Board's executive directors and the Group's senior leadership team.

The Directors of the Company have considered the likely consequences of decisions in the long term, and the need to maintain a reputation for high standards of business conduct by ensuring that the Group's strategy, policies and standards are adopted and supported by the Company. Furthermore, the capital and liquidity plan is monitored on a regular basis as part of risk management framework. For details of our risks and uncertainties and how we manage our risks please refer to the Note 23 of these financial statements.

b) Employees

Our Employees are fundamental to the delivery of our plan. The detailed information about employee involvement and disabled persons is provided as part of the Director's Report on page 6.

c) Business Relationships

The business strategy of the Company sets out organic growth of the net trading book revenues through the development of new strategies and improving the performance of existing strategies. The Company is dependent upon external factors such as volatility and volume in the markets the Company trades on. To enable the Company to achieve this strategy, the directors of the Company ensure that the Company's employees develop and maintain strong relationships with all counterparties with which it interacts including farmers, customers and all other suppliers of services and goods to the Company. The Company strives to build long term business relationships that are mutually beneficial for all parties.

ADM Agriculture Ltd

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Section 172(1) statement (continued)

d) Community and Environment

Our duty is to provide a safe and secure supply to our customers and act safely to the environment. The Company's approach is to use our resources, expertise and work ethics to create positive change for the people and communities with which we interact through ADM's corporate social investment program, ADM Cares. The company's carbon footprint is discussed in the Director's report on page 6.


e) Business Conduct

The directors have a duty to ensure that the Company maintains the highest standards of business conduct. The Company has a robust, global Anti-Corruption program that, together with Code of Conduct, establishes high standards of honesty and integrity for all colleagues and business partners.

f) Shareholders

As the Board of Directors, our intention is to behave responsibly towards our shareholders and treat the shareholder adequately, so the shareholder may benefit from the successful delivery of our business plan.

Approved by the Board on 17 October 2023 and signed on its behalf by:

DocuSigned by:

C31F743E94A1448.....
J E Lane
Director

Date: 17 October 2023

ADM Agriculture Ltd

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

Results and dividends

The results for the year are set out on page 14. The profit of £3,131,280 (2021: profit £3,905,461) has been transferred to reserves.

The Directors do not recommend payment of an ordinary dividend (2021: £Nil)

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The Company is expected to generate positive results for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The parent, in turn, is a party to the funding arrangements of the ultimate holding company, Archer Daniels Midland Company, a company listed on the New York Stock Exchange.

The Company has a binding agreement whereby the Group undertakes to provide a credit facility of EUR 225 million or equivalent. ADM International Sarl has confirmed that the agreement has no end date and will be in place for as long as it is needed. ADM International Sarl further confirmed that they will provide any financial support required by the Company such that it is able to meet its liabilities as they fall due over the period to 12 months following approval of the financial statements.

Having considered these factors and the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' of the company

The directors, who held office during the year, were as follows:

G L Atkinson (ceased 1 July 2023)

M P Farrow

G T McGuigan

M J Thompson

The following director was appointed after the year end:

J E Lane (appointed 1 July 2023)

Employment of disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

ADM Agriculture Ltd

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Employee involvement

Consultation with the employees or their representatives continues at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests. Communications with all employees continues through the in-house newsletter and emails, which include parent undertaking news releases and financial performance updates.

Our culture promotes inclusion in all roles, at all levels. Our definition of diversity is broad, encompassing not only diversity in race, gender, ethnicity, economic and educational backgrounds, but also in experiences, perspectives and interests.

As a part of ADM global strategy, each region has a Diversity & Inclusion council with leaders who manage four strategic pillars. Each strategic pillar Leadership Engagement, Training & Communication – Recruiting – Advancement & Retention – Networks & Sponsorship has an action plan and the regional councils are responsible for driving and implementing those plans.

The Company operates an equal opportunities policy. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and the promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Company operates a health and safety policy as required under the Health and Safety at Work Act 1974.

Environmental report

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. ADM Agriculture Ltd supports these recommendations and are committed to disclosing the relevant information which can be found below.

Emissions and energy consumption

This report summarises the energy usage, associated emissions, energy efficiency actions and energy performance for ADM Agriculture, under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Reporting methodology

This report (including the Scope 1 and 2 consumption and CO₂e emissions data) has been developed and calculated using the GHG Protocol -A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol -Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2(ISO, 2018; ISO, 2019a); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting period 01/01/2022 -31/12/2022.

ADM Agriculture Ltd

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Environmental report (continued)

Summary of greenhouse gas emissions for the year ended 31 December 2022:

Name and description	Unit of measurement	2022	2021
Grid-Supplied Electricity (Scope 2)	tCO ₂ e	507	569
Gaseous and other fuels (Scope 1)	tCO ₂ e	274	188
Transportation (Scope 1)	tCO ₂ e	93	147
		<u>874</u>	<u>904</u>

Summary of energy consumption for the year ended 31 December 2022:

Name and description	Unit of measurement	2022	2021
Grid-Supplied Electricity (Scope 2)	kWh	2,622,084	2,679,137
Gaseous and other fuels (Scope 1)	kWh	1,200,180	937,748
Transportation (Scope 1)	kWh	432,085	623,023
		<u>4,254,349</u>	<u>4,239,908</u>

Intensity ratio

In 2022 an intensity metric of tCO₂e was 0.16 (2021: 0.197) per '000 tonnes product traded has been applied for the annual total emission of ADM Agriculture. The following details apply per '000 tonnes product traded:

Gas and Fuel - 0.05 tCO₂ (2021: 0.04)

Electricity - 0.09 tCO₂ (2021: 0.12)

Transport - 0.02 tCO₂ (2021: 0.03)

Energy efficiency improvements

We are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years. The following measures are ongoing and undertaken through 2022:

ISO14001 Continuous Improvement of Environmental Performance

The existing ISO14001 Environmental Management System in place within ADM Agriculture contains targets surrounding the continuous improvement of performance regarding the areas of significant environmental impact. These areas are reviewed on a regular basis and, at present, stand at Electricity, Water, Waste, and General Emissions. Building upon our progress in 2021, we have continued to make efforts to monitor and improve our performance in the four areas mentioned above.

Equipment Replacement Policies

We have continued to ensure that the procurement of new machinery and equipment aligns with the ISO14001 framework. In 2022, when replacing obsolete machinery and equipment, we have endeavoured to ensure that energy-efficient alternatives are sourced. This contributed towards maximising our operational efficiency whilst reducing overall energy consumption and emissions.

Solar and Wind Generation

In 2023, we will be enquiring into the installation of solar PV and wind turbines at certain sites in our portfolio. Through the renewable generation of our own electricity at these sites, we will be drawing less energy from the national grid and subsequently reducing our operational Scope 2 emissions.

ADM Agriculture Ltd

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Third party indemnity provision for directors

The Company has granted an indemnity to one or more Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

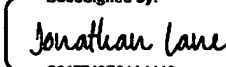
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director 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 confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Independent auditors

The auditor, Ernst & Young LLP, has indicated its willingness to continue in office.

Approved by the Board on 17 October 2023 and signed on its behalf by:

DocuSigned by:

C317743E94A1448.....
J E Lane
Director

Date: 17 October 2023

ADM Agriculture Ltd

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Strategic Report, the Director's 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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Generally Accepted Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 "Reduced disclosure framework" have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADM AGRICULTURE LTD

Opinion

We have audited the financial statements of ADM Agriculture Ltd (the 'Company') for the year ended 31 December 2022, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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, 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

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 company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 course of 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 this gives rise to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADM AGRICULTURE LTD (CONTINUED)

Opinion on other matter prescribed by 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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADM AGRICULTURE LTD
(CONTINUED)

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework, FRS 101, the Companies Act 2006 and the relevant tax laws and regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements relating to the food and agriculture industry, health and safety, employee matters and data protection.

- We understood how the company is complying with those frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and consideration of the results of our audit procedures across the company.

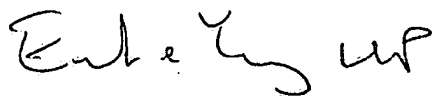
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where they considered there was susceptibility to fraud and reviewed the entity level controls in place. We also considered the existence of performance targets and their potential influence on management to manage earnings. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with the laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions; enquiries of company management; and challenging the assumptions and judgements made by management by reviewing third party evidence wherever possible. We also leveraged our data analytics platform in performing our work to assist in identifying higher risk transactions for testing. The results of our procedures did not identify any instances or irregularities, including fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.



Richard Frostick (Senior Statutory Auditor)
For and on behalf of Ernst & Yong LLP, Statutory Auditor

1 Bridgewater Place
Water lane
Leeds
LS11 5QR

Date: 18 October 2023

ADM Agriculture Ltd**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Revenue	4	1,604,899,859	1,092,593,972
Cost of sales		<u>(1,572,476,794)</u>	<u>(1,068,248,351)</u>
Gross profit		32,423,065	24,345,621
Administrative expenses		(18,266,952)	(17,674,759)
Other operating expense	5	<u>(3,387,177)</u>	<u>-</u>
Operating profit	6	<u>10,768,936</u>	<u>6,670,862</u>
Finance income	7	1,140,703	122,617
Finance costs	8	<u>(7,606,913)</u>	<u>(1,624,502)</u>
Net finance cost		<u>(6,466,210)</u>	<u>(1,501,885)</u>
Profit before tax		4,302,726	5,168,977
Income tax expense	12	<u>(1,171,446)</u>	<u>(1,263,516)</u>
Profit for the year		<u><u>3,131,280</u></u>	<u><u>3,905,461</u></u>

The above results were derived from continuing operations.

The notes on pages 17 to 37 form an integral part of these financial statements.

ADM Agriculture Ltd

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Profit for the year	<u>3,131,280</u>	<u>3,905,461</u>
Total comprehensive income for the year	<u><u>3,131,280</u></u>	<u><u>3,905,461</u></u>


ADM Agriculture Ltd

(REGISTRATION NUMBER: 00904957)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	2,331,000	2,331,000
Tangible assets	14	7,818,661	7,200,809
Right of use assets	15	5,504,769	8,329,985
Deferred asset	16	13,913,526	14,592,234
		<u>29,567,956</u>	<u>32,454,028</u>
Current assets			
Inventories	18	192,463,687	162,140,081
Trade and other receivables	19	155,542,339	126,339,174
Cash and cash equivalents	17	-	683,235
		<u>348,006,026</u>	<u>289,162,490</u>
Creditors: Amounts falling due within one year	20	<u>(293,898,314)</u>	<u>(240,358,490)</u>
Net current assets		<u>54,107,712</u>	<u>48,804,000</u>
Total assets less current liabilities		<u>83,675,668</u>	<u>81,258,028</u>
Creditors: Amounts falling due after more than one year	26	<u>(5,177,207)</u>	<u>(7,671,141)</u>
Provisions for liabilities	21	<u>(3,058,970)</u>	<u>(1,607,282)</u>
Net assets		<u><u>75,439,491</u></u>	<u><u>71,979,605</u></u>
Capital and reserves			
Called up share capital	24	800,000	800,000
Share-based payments reserve	25	783,062	617,082
Profit and loss account	24	<u>73,856,429</u>	<u>70,562,523</u>
Shareholders' funds		<u><u>75,439,491</u></u>	<u><u>71,979,605</u></u>

Approved by the Board on 17 October 2023 and signed on its behalf by:

DocuSigned by:

 C317743E94A1448...
 J E Lane
 Director
 Date: 17 October 2023

The notes on pages 17 to 37 form an integral part of these financial statements.

ADM Agriculture Ltd

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Share-based payments reserve	Retained earnings	Total
	Notes	£	£	£	£
At 1 January 2021		800,000	496,573	66,646,838	67,943,411
Profit for the year		-	-	3,905,461	3,905,461
Total comprehensive income		-	-	3,905,461	3,905,461
Charge for share-based payments for the year	25	-	321,810	-	321,810
Impact of ADM recharge		-	-	(160,411)	(160,411)
Transfer to profit and loss account		-	(170,635)	170,635	-
Current tax on share-based payments	12	-	(30,666)	-	(30,666)
At 31 December 2021		800,000	617,082	70,562,523	71,979,605

		Share capital	Share-based payments reserve	Retained earnings	Total
	Notes	£	£	£	£
At 1 January 2022		800,000	617,082	70,562,523	71,979,605
Profit for the year		-	-	3,131,280	3,131,280
Total comprehensive income		-	-	3,131,280	3,131,280
Charge for share-based payments for the year	25	-	348,337	-	348,337
Transfer to profit and loss account		-	(162,626)	162,626	-
Current tax on share-based payments	12	-	(87,772)	-	(87,772)
Deferred tax on share-based payments	12	-	68,041	-	68,041
At 31 December 2022		800,000	783,062	73,856,429	75,439,491

The notes on pages 17 to 37 form an integral part of these financial statements.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in the United Kingdom. The address of its registered office is ADM Agriculture Ltd, 5 Hercules way, Leavesden Park, Watford, WD25 7GS.

The principal activity of the company is importation and trading of agricultural commodities, which are principally used as animal feedstuffs and secondly as biomass in the energy industry; and merchandising, handling, processing and storage of grain, seed and other human consumption ingredient products.

These financial statements were authorised for issue by the Board on 17 October 2023.

2 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 - 'Reduced Disclosure Framework' (FRS101) and with the Companies Act 2006. They have been prepared under the historical cost convention modified to include fair value accounting for certain financial instruments in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the UK ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-Based Payment, because the share-based payment arrangement concerns the instruments of another group entity; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer-Daniels-Midland Company;

(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer-Daniels-Midland Company;

(c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement; on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer-Daniels-Midland Company;

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

(d) the requirement in paragraph 38 (a-d) of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;

(e) the requirements of paragraphs 10(d), 16, 38, 39(c), 111 and 134-136 of IAS 1 Presentation of Financial Statements;

(f) the requirements of IAS 7 Statement of Cash Flows;

(g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(h) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions entered into is wholly owned by such a member;

(i) the requirements of paragraphs 130(f) (ii), 130 (f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets, on the grounds that equivalent disclosures are included in the consolidated financial statements of its ultimate parent undertaking, Archer Daniels Midland Company.

The principal accounting policies adopted by the Company are set out below and have been consistently applied to all the years presented unless otherwise stated.

Going concern

The financial statements have been prepared on a going concern basis.

The Company is expected to generate positive results for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The parent, in turn, is a party to the funding arrangements of the ultimate holding company, Archer Daniels Midland Company, a company listed on the New York Stock Exchange.

The Company has a binding agreement whereby the Group undertakes to provide a credit facility of EUR 225 million or equivalent. ADM International Sarl has confirmed that the agreement has no end date and will be in place for as long as it is needed. ADM International Sarl further confirmed that they will provide any financial support required by the Company such that it is able to meet its liabilities as they fall due over the period to 12 months following approval of the financial statements.

Having considered these factors and the Company's financial position, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

Foreign currency transactions and balances

The presentational currency of the Company is British Pound Sterling (£), which is also the Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 Accounting policies (continued)

Revenue recognition

Revenue represents amounts receivable, net of trade discounts, rebates, value added tax, and other taxes or duty, for goods sold and services provided to customers.

For each contract with a customer, the company: identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration; allocates the transaction price to the separate performance obligations; and recognises turnover when or as each performance obligation is satisfied.

At contract inception, the transaction price is determined, being the amount that the company expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative stand along selling prices. The company uses the contractually stated price as the stand-alone selling price for each performance obligation.

The revenue recognition rules for different streams of revenue in the Company are described below:

Sale of agricultural products

Revenue is recognised at the point when the control of goods is transferred to the customer. For goods sold ex store this will be on issuance of documentation notifying the customer and the holding warehouse that goods are freely available for collection by the customer. For goods sold ex vessel this would be on transfer of documents specified in the contract, typically the bill of lading and invoice. In Grain (merchandising) division, this will be when the goods are delivered to the customer or when the customer collects the goods.

Sale of services

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

Intangible assets

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is not subject to amortisation but is tested for impairment.

Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Asset class	Depreciation method and rate
Buildings: Freehold	25 years
Plant and machinery	over 3 to 10 years
Computer equipment	over 4 years by equal annual instalments
Furniture, fittings, tools and equipment	over 8 years by equal annual instalments
Assets in the course of construction	not depreciated until brought into use

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 Accounting policies (continued)

Depreciation (continued)

The carrying values of tangible fixed assets are reviewed for impairment in periods when events or changes in circumstances indicate that the carrying value may not be recoverable, and if appropriate, an impairment provision will be made.

Borrowing costs that are directly attributable to the construction of tangible fixed assets to bring them up to the required condition for their intended use are capitalised as part of the cost of those assets.

Leases

Definition

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases for low-value assets. The Company recognises lease liabilities to make lease payments and right-of use assets representing the right to use the underlying assets.

Initial recognition and measurement

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right-of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The depreciation starts at the commencement date of the lease.

The company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

The right-of-use assets are presented within 'Tangible assets' in the statement of financial position and are disclosed separately in the notes to the financial statements.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The lease liability is presented under "Amounts falling due within one year" and "Amounts falling due in more than one year" in the statement of financial position and is disclosed separately in the notes to the financial statements.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 Accounting policies (continued)

Leases (continued)

Subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the incremental borrowing rate) and by reducing the carrying amount to reflect the lease payments made.

The incremental borrowing rate is used, being the rate determined by the company's treasury department as the sum of an appropriate regional political risk premium, appropriate regional risk free rate difference, indicative lease spread, benchmark rate and credit premium.

Lease expenses

The company presents interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which is presented separately in the income statement.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line basis over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statement.

Inventories

Inventories of certain agricultural commodities are stated at market value. Fair value accounting is applied to inventories for which it is possible to reliably measure market prices. Changes in the market values of these inventories are recognised in the income statement.

Merchandisable agricultural commodities are freely traded, have quoted market prices, and may be sold without significant additional processing. The Company estimates fair value for its commodity related assets based on exchange-quoted prices, adjusted for differences in local markets.

Where there are no reliable market prices available for a commodity, inventories are recorded at the lower of cost or net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Financial assets and liabilities are classified, at initial recognition at amortised cost or at FVPL.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 Accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments

The Company uses derivative financial instruments such as forward currency contracts and forward commodity contracts to hedge its risks associated with foreign currency and commodity price fluctuations. Such derivative financial instruments have been initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of commodity contracts is determined by reference to a quoted terminal market. Commodities which cannot be related to a quoted terminal market are valued at estimated market value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

2 Accounting policies (continued)

Deferred taxation (continued)

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the period for which the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Deferred tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise deferred tax is recognised in the income statement.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Employee benefits

The Company contributions to pension funds due in the financial year are recognised as an expense in the same year. All contributions are paid into money purchase schemes. No further liability accrues to the Company.

Share based payments

The fair value of the services received in respect of equity-settled share-based payments is determined by reference to the fair value of the shares or share options on the date of grant to the employee. The cost of the share-based payment, together with a corresponding increase in equity, is recognised in the income statement over the period the service conditions of the grant are met with the amount changing according to the number of awards expected to vest.

The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not recognised for the award is recognised immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement.

The Company has a recharge agreement with a certain Group company in respect of the share-based payment schemes whereby, the Company is charged for the benefit of share-based compensation. The impact of this recharge is reflected in the equity movements as a reduction to retained earnings (Impact of ADM recharge).

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3 Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The significant judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the accounting policies

Leases - determining the lease term

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease. In making this judgement, the company evaluates whether it is reasonably certain to exercise the option to renew or break the lease term.

The company considers all relevant factors that create an economic incentive for it to exercise the renewal and the circumstances and facts for each lease including past experience to determine the likely lease term and whether the break option is likely to be exercised. This includes an assessment on the length of time remaining before the option is exercisable, current trading conditions and future trading forecasts on the ongoing profitability of the business.

After the lease commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (for example, a change in business strategy).

As at 31 December 2022, it has been assumed that all leases will be held until the end of the lease term for the company.

Deferred tax

The Directors exercise judgement in determining the amount of deferred tax assets that can be recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Estimates and assumptions

Current tax

Uncertainties exist with respect to the amounts of current tax expected to be paid or recovered due to the interpretation of tax legislation, changes in tax regulations, and the amount and timing of future taxable income, resulting in the establishment of provisions by the Company depending upon reasonable estimate of the outcome to treatment of certain transactions by the responsible tax authority. The amount of current tax provisions is based on factors, such as experience of previous tax assessments and differing interpretations of tax laws by the Company and the tax authority in the country of operation.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

3 Critical accounting judgements, estimates and assumptions (continued)

Leases - key estimation

Application of IFRS 16 requires certain key estimations which, among others, include assessment whether a right-of-use asset is impaired and determination of the appropriate rate to discount the lease payments.

The company uses its incremental borrowing rate (IBR) as the discount rate for determining its lease liabilities at the lease commencement date since the rate implicit in the lease cannot be readily determined. The calculation of IBR involves estimation and has been determined by the company's treasury department on a lease-by-lease basis that the company would have to pay to borrow money to purchase the type of assets being leased. Rates applied are dependent on the entity leasing the asset and the following factors have been considered: an appropriate regional political risk premium, appropriate regional risk free rate difference, indicative lease spread, benchmark rate and credit premium.

During the year, the Directors reassesses the critical estimates and critical judgements and resolved that the following were no longer considered critical:

Share-based payments

The cost of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	1,604,707,387	1,092,516,589
Rendering of services	192,472	77,383
	<u>1,604,899,859</u>	<u>1,092,593,972</u>

The analysis of the company's turnover for the year by market is as follows:

	2022	2021
	£	£
UK	1,342,457,444	933,751,050
Europe	261,200,716	158,039,838
Rest of world	1,241,699	803,084
	<u>1,604,899,859</u>	<u>1,092,593,972</u>

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

5 Other operating expense

The analysis of the company's other operating expense/income for the year is as follows:

	2022	2021
	£	£
Miscellaneous other operating income	4,046	-
Lease early termination costs	(3,391,223)	-
	<u>(3,387,177)</u>	<u>-</u>

6 Operating profit

Arrived at after charging/(crediting)

		2022	2021
	Note	£	£
Inventory recognised as an expense		1,497,897,835	1,021,708,565
Depreciation expense	14	1,308,877	1,208,070
Depreciation on right of use assets	15	472,223	603,805
Expense on short term leases (over one month)	26	601,233	821,671
Foreign exchange gains		(154,842)	(656,952)
Profit on disposal of property, plant and equipment		(46,650)	-
Financial instruments net (gain)/loss at fair value through profit and loss account included in 'cost of sales'		<u>(9,351,198)</u>	<u>(17,729,292)</u>

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

7 Interest receivable and similar income

	2022	2021
	£	£
Income from Group undertakings	879,423	25,458
Other interest receivable	261,280	97,159
	<u>1,140,703</u>	<u>122,617</u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest paid to group undertakings	6,950,843	1,206,201
Other interest payable	421,311	129,256
Interest expense on leases	234,759	289,045
	<u>7,606,913</u>	<u>1,624,502</u>

Other interest receivable and other interest payable balances are the interest charged on the extended line of credit to customers and customer prepayments respectively.

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

		2022	2021
	Note	£	£
Wages and salaries		10,051,036	9,212,514
Social security costs		1,217,281	954,076
Pension costs, defined contribution scheme	22	1,545,395	1,434,204
Share-based payment expenses	25	348,337	321,810
		<u>13,162,049</u>	<u>11,922,604</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration	124	123
Operational	49	51
	<u>173</u>	<u>174</u>

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	655,951	839,345
Contributions paid to money purchase schemes	10,000	10,000
	<u>665,951</u>	<u>849,345</u>

Number of Directors accruing benefits under money purchase pension schemes one (2021: one).

The highest paid Director received emoluments of £430,277 (2021: £409,353) and company pension contributions of £Nil (2021: £Nil). During the year the Director was also granted Restricted Share Units, at no cost, under the ultimate holding company's compensation plan (see note 25). These shares vest after 3 years.

11 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>125,500</u>	<u>120,000</u>

12 Income tax

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	2,114,282	1,212,227
UK corporation tax adjustment to prior periods	<u>(36,494)</u>	<u>(7,427)</u>
	<u>2,077,788</u>	<u>1,204,800</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(693,780)	(221,010)
Arising from changes in tax rates and laws	(217,522)	263,411
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>4,960</u>	<u>16,315</u>
Total deferred taxation	<u>(906,342)</u>	<u>58,716</u>
Tax expense in the income statement	<u>1,171,446</u>	<u>1,263,516</u>

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

12 Income tax (continued)

Tax presented in Statement of Changes in Equity

	2022 £	2021 £
Current tax on share-based payments	87,772	30,666
Deferred tax on share-based payments	(68,041)	-
	<u>19,731</u>	<u>30,666</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>4,302,726</u>	<u>5,168,977</u>
Corporation tax at standard rate	817,518	982,106
(Decrease)/increase from effect of capital allowances depreciation	(1,231)	10,824
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	604,984	28,953
Increase from effect of revenues exempt from taxation	(769)	-
Decrease in current tax from adjustment for prior periods	(36,494)	(7,427)
Deferred tax expense from unrecognised temporary difference from a prior period	4,960	16,315
Deferred tax (credit)/expense relating to changes in tax rates or laws	(217,522)	263,411
Other tax effects for reconciliation between accounting profit and tax income	-	(30,666)
Total tax charge	<u>1,171,446</u>	<u>1,263,516</u>

The tax rate for the current year is the same as the prior year.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

13 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2022	2,331,000	2,331,000
At 31 December 2022	2,331,000	2,331,000
Amortisation		
Carrying amount		
At 31 December 2022	2,331,000	2,331,000
At 31 December 2021	2,331,000	2,331,000

The Company performed its annual impairment test as at December 2022. The impairment is considered unnecessary due to the current and forecast performance of the cash generating unit.

14 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Other equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2022	5,046,800	2,493,416	3,191,316	143,012	158,025	11,032,569
Additions	-	-	-	-	1,963,522	1,963,522
Transfers	-	365,150	1,337,628	-	(1,702,778)	-
Adjustments	-	(54)	-	-	(36,739)	(36,793)
At 31 December 2022	5,046,800	2,858,512	4,528,944	143,012	382,030	12,959,298
Depreciation						
At 1 January 2022	909,898	1,381,958	1,396,892	143,012	-	3,831,760
Charge for the year	340,122	314,226	654,529	-	-	1,308,877
At 31 December 2022	1,250,020	1,696,184	2,051,421	143,012	-	5,140,637
Carrying amount						
At 31 December 2022	3,796,780	1,162,328	2,477,523	-	382,030	7,818,661
At 31 December 2021	4,136,902	1,111,458	1,794,424	-	158,025	7,200,809

Net book value of Land and buildings includes costs of freehold land £182,404 (2021:£182,404).

Asset under construction includes an adjustment amount of £36,793 (2021:£11,164) relating to repairs that was expensed to profit and loss accounts during the year 2022.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

15 Right of use assets

The Company has entered into lease on real estate, machinery and also on vehicles. These leases have an average duration between 1 and 10 years, some of the real estate lease have a long term up to 45 years, with no renewal option included in the contracts.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings £	Plant and machinery £	Other £	Total £
As at 31 December 2021	8,187,516	135,848	6,621	8,329,985
Depreciation charge	(420,813)	(44,789)	(6,621)	(472,223)
Eliminated on disposal	<u>(2,352,993)</u>	-	-	<u>(2,352,993)</u>
As at 31 December 2022	<u>5,413,710</u>	<u>91,059</u>	<u>-</u>	<u>5,504,769</u>

16 Non-current assets - Deferred asset

	Deferred asset £
Cost	
At 1 January 2022	<u>16,500,000</u>
At 31 December 2022	<u>16,500,000</u>
Amortisation	
At 1 January 2022	1,907,766
Charge during the year	<u>678,708</u>
At 31 December 2022	<u>2,586,474</u>
Net book value	
At 31 December 2022	<u>13,913,526</u>
At 31 December 2021	<u>14,592,234</u>

On 22 March 2018, the Company entered into 25 year service agreement for the supply of port discharge and storage services. In return for an advance payment, the Company has benefited from free storage charges over the whole term, irrespective of the quantity of goods stored. The advance payment is being amortised over the life of the agreement, with the amortisation value taken to cost of sales. The investment of £10,500,000 has commenced on 1 July 2018 followed by the investment of £6,000,000 with commencement date of 1 July 2019.

17 Cash and cash equivalents

	2022 £	2021 £
Cash at bank	<u>-</u>	<u>683,235</u>

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

18 Inventories

	2022	2021
	£	£
Raw materials and consumables	<u>192,463,687</u>	<u>162,140,081</u>

Inventories include an amount of £114,765,418 (2021 - £104,687,347) carried at fair value less cost to sell.

19 Trade and other receivables

	2022	2021
	£	£
Trade receivables	24,039,287	6,258,357
Amounts owed by group undertakings	48,096,219	46,312,529
Prepayments and accrued income	39,639,019	29,929,894
Financial derivatives at fair value	42,949,295	43,838,394
Other receivables	818,519	-
	<u>155,542,339</u>	<u>126,339,174</u>

20 Creditors: amounts falling due within one year

		2022	2021
	Note	£	£
Bank overdrafts		325,936	297,511
Trade payables		110,506,746	82,982,042
Amounts owed to group undertakings		140,039,280	103,041,641
Other payables		-	868,391
Current portion of long term lease liabilities	26	319,495	688,675
Income tax liability		2,202,054	1,242,893
Financial derivatives at fair value		37,115,389	47,355,685
Accruals and deferred income		<u>3,389,414</u>	<u>3,881,652</u>
		<u>293,898,314</u>	<u>240,358,490</u>

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

21 Other provisions

	Deferred tax £	Other provisions £	Total £
At 1 January 2022	1,097,547	509,735	1,607,282
Increase (decrease) in existing provisions	(974,383)	2,426,071	1,451,688
At 31 December 2022	123,164	2,935,806	3,058,970
Non-current liabilities	123,164	2,935,806	3,058,970

Deferred tax movement during the year:

	At 1 January 2022 £	Recognised in income £	At 31 December 2022 £
Fixed assets	(1,688,411)	(233,169)	(1,921,580)
Capital allowances	870,014	219,506	1,089,520
Other items	(279,150)	988,046	708,896
Net deferred tax assets/(liabilities)	(1,097,547)	974,383	(123,164)

22 Pension and other schemes

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company and is detailed below:

	2022 £	2021 £
Current directors	10,000	10,000
All employees	1,535,395	1,424,204
Total	1,545,395	1,434,204

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

23 Financial instruments

The main risks facing the Company in the current volatile markets relate to contract execution and debt settlement.

Price risk

The Company is exposed to commodity price risk as a result of its operations. In order to reduce price risk caused by market fluctuations, the Company adopts a policy of reviewing its long and short trading positions on a daily basis.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed continuously by the finance department, and third party credit insurance is effected, where necessary. For the business transferred to the Company from ADM UK's merchandising division on 1 April 2019, the securitisation agreement with another Group undertaking is continued. Within the agreement, another Group undertaking purchases the trade debt without recourse.

Liquidity risk

The Company's major short-term funding requirement is provided by another Group undertaking which charges market-rate interest on a floating rate basis, calculated monthly. All funding is effected in currencies matching the underlying requirement.

Interest rate risk

The Company's interest bearing liabilities relate to intercompany borrowings whose interest is calculated monthly on a floating rate basis. The Directors consider that a reasonably possible change in interest with other variables held constant will have an immaterial impact on the Company's profitability. As the Company only has short-term funding requirements, the Directors ensure that interest rate agreements are as competitive as possible. Foreign exchange swaps are undertaken where necessary to optimise interest rates payable and receivable in different currencies.

Foreign currency risk

In order to reduce the risk of foreign currency exchange rate fluctuations, the Company follows a policy of entering into currency exchange forward contracts to mitigate its foreign currency risk related to transactions denominated in currency other than its functional currency. All committed purchases are hedged in the relevant currency against the sale. All currency positions are reviewed daily by the Directors.

Derivatives

In order to meet future trading commitments, the Company has entered into forward contracts for the purchase and sale of commodities and foreign currencies. These contracts are regarded as derivative financial instruments under IFRS 9 and the accounting treatment is set out in the accounting policies.

		2022	2021
Financial assets at fair value through profit and loss	Note	£	£
Open commodity contracts/forwards		36,183,302	37,208,277
Future derivative contracts		5,400,106	4,986,092
FX contracts		1,365,887	1,644,025
Total	19	42,949,295	43,838,394

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

23 Financial instruments (continued)

		2022	2021
Financial liabilities at fair value through profit and loss	Note	£	£
Open commodity contracts/forwards		35,400,577	46,979,085
Future derivative contracts		-	-
FX contracts		1,714,812	376,601
Total	20	<u>37,115,389</u>	<u>47,355,686</u>

24 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

Profit and loss account

This reserve records the accumulated distributable profits less dividends paid since the inception of the Company. Movements in the profit and loss reserve are detailed in the Statement of Changes in Equity.

25 Share-based payments

Incentive compensation plan

Scheme description

Certain officers and key employees of the Company are entitled to participate in the Archer Daniels Midland Company 2002 Incentive Compensation Plan. Awards of options and restricted shares are made under this scheme. Options are granted at market value on the date of grant, and vest over five years in equal annual tranches and expire ten years after the date of grant. Restricted shares are granted at no cost to the employee and vest after a three year restriction period.

The vesting period for the options is 5 years with vesting occurring in equal tranches over years 1 to 5. The vesting period for the restricted shares is 3 years. Accelerated vesting terms apply to employees over the age of 53 at the date of grant.

The expense recognisable under IFRS 2 for equity share-based payments in respect of employee services received during the year to 31 December 2022 is £348,337 (2021: £321,810).

At the balance sheet date, the IFRS 2 value of outstanding restricted shares amounted to £830,826 (2021: £645,115). Share-based payment reserve net of tax amounted to £783,062 (2021: £617,082).

No share options were granted to officers and key employees of the Company during the year.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

26 Leases

Leases are recognised as right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The Company has entered into various leases on real estate, plant and machinery, and also on vehicles.

Leases included in creditors

	Note	2022 £	2021 £
Current portion of long term lease liabilities	20	319,495	688,675
Long term lease liabilities		<u>5,177,207</u>	<u>7,671,141</u>

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	Note	2022 £	2021 £
Depreciation charge of right-of-use assets	6	472,223	603,805
Interest expense (included in finance cost)	8	234,759	289,045
Expense relating to short-term leases	6	601,233	821,671
Termination payments	5	<u>3,391,223</u>	<u>-</u>
Total		<u>4,699,438</u>	<u>1,714,521</u>

The total cash outflow for leases was £1,315,913 (2021: £1,701,945). In 2022 the Company made a payment of £3,391,223 for the early termination of one of the lease contracts.

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2022 £	2021 £
Less than one year	501,789	917,809
2 years	398,363	907,233
3 years	297,466	804,622
4 years	281,688	703,726
5 years	260,000	687,947
More than 5 years	<u>7,150,000</u>	<u>8,222,518</u>
Total lease liabilities (undiscounted)	<u>8,889,306</u>	<u>12,243,855</u>

27 Related party transactions

The Company has taken advantage of the exemptions conferred by paragraph 8(k): Related Party Disclosures of FRS 101 from the requirement to disclose transactions with fellow Group undertakings where 100% of the voting rights are controlled within the Group. There were no other related party transactions during the year.

ADM Agriculture Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

28 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Archer Daniels Midland (UK) Limited, and in the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Archer-Daniels-Midland Company, which is incorporated in Delaware, United States of America. The consolidated financial statements of Archer-Daniels Midland Company are both the smallest and largest consolidated financial statements drawn up for the groups of which the Company is a member. Copies of the consolidated financial statements are available upon application to the Directors at PO Box 1470, Decatur, Illinois 62525, United States of America.