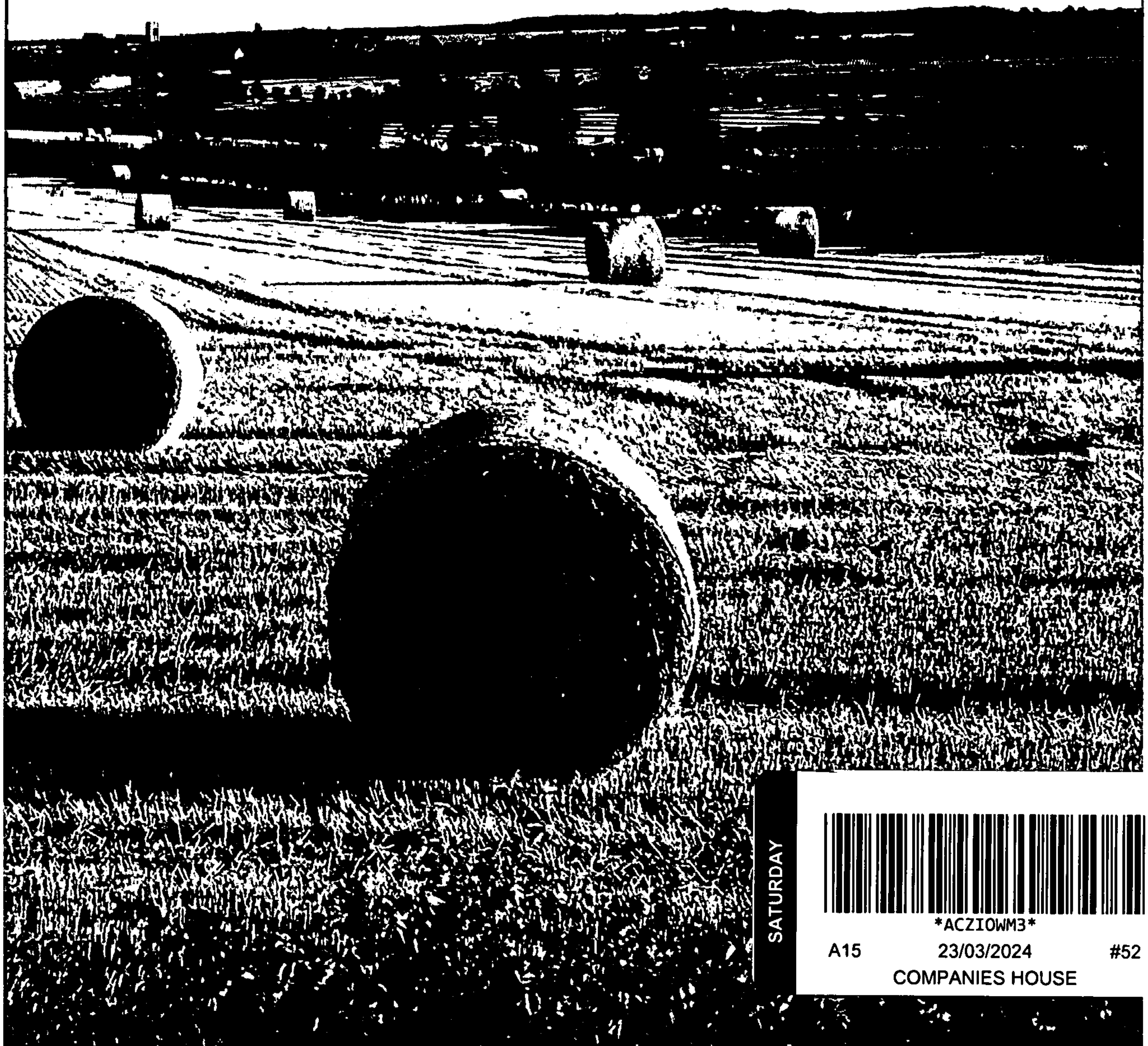
Leading positive change for the future of agriculture



FRONTIER AGRICULTURE LIMITED ANNUAL REPORT & ACCOUNTS
JUNE 2023

COMPANY NUMBER 05288567

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KEY FIGURES 2023

TURNOVER

£2.36 BILLION

2022: £1.84 BILLION

OPERATING PROFIT

£52.1 MILLION

2022: £42.9 MILLION

PROFIT AFTER TAX

£31.9 MILLION

2022: £30.1 MILLION

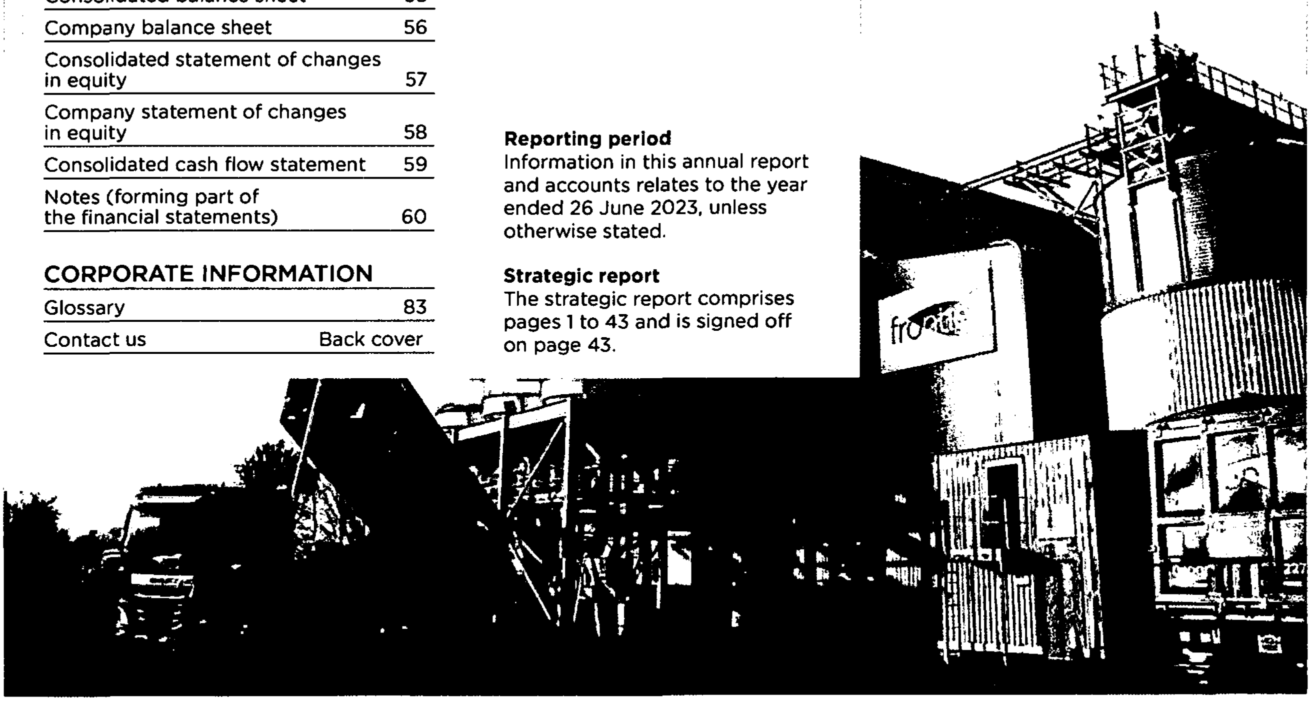
TOTAL CAPITAL EXPENDITURE

£14.7 MILLION

2022: £13.0 MILLION

Reporting period
Information in this annual report and accounts relates to the year ended 26 June 2023, unless otherwise stated.

Strategic report
The strategic report comprises pages 1 to 43 and is signed off on page 43.



Seed processing plant in Sandy, Bedfordshire.

WELCOME FROM OUR CHAIR

Frontier Agriculture is the UK's leading crop production and grain marketing business, recognised for its close customer relationships with arable farmers and grain consumers.

LEADING POSITIVE CHANGE

I am delighted to introduce Frontier's new-style annual report and accounts. Communicative and insightful, it reflects Frontier's development over the past 18 years as we look to lead positive change in agriculture.

As well as meeting our growing corporate reporting obligations in new areas such as climate-related financial disclosures, we recognise the benefits of being more open - particularly in areas such as health and safety, sustainable farming initiatives, employee welfare and risk management.

By making this information more accessible to existing and potential new stakeholders, we are able to demonstrate our capacity to become a first-choice partner and to create a better future for agriculture.

As Chair of the Board, I believe this report encapsulates Frontier's business ethos and the work of our dedicated employees. It demonstrates strong leadership, disciplined investment and the importance of our values, alongside a deep-rooted dedication to finding innovative solutions for our UK farmer customers and grain consumers in a challenging and fast-moving sector. I hope you enjoy reading our latest report, as I and the rest of the Board have done.

José Nobre

José Nobre
Chair

Our purpose

Creating a better future for agriculture

Our values

Our business approach is underpinned by our ICE values - Integrity, Customer first and Expertise - which drive our behaviour and are key to our success.

Integrity
Customer first
Expertise

Focus on sustainability

Our sustainability approach 'The Responsible Choice' is a natural extension of our values, providing a focus on action in five key pillars - planet, people, production, partnership and prosperity - to ensure long-term, responsible business growth.

The Responsible Choice

Market trends page 12

AT A GLANCE

Our vision is to be the first-choice partner for crop production and grain marketing for UK farmers, and the first-choice employer in UK agriculture.

CROP INPUTS AND ADVISORY SERVICES


Field of barley.

We provide arable farmers with crop inputs such as seed, fertiliser and crop protection products. We also provide growers with expert crop production advice covering risk management, agronomy, the use of technology and regenerative agriculture.

c.135K TONNES

of seeds processed each year

14K+

farmer customers

GRAIN TRADING, STORAGE AND LOGISTICS


Frontier truck tipping product.

We trade, store, transport, import and export grain and other arable commodities, building strategic partnerships with our grain consumer and food production customers.

c.5 MILLION TONNES

of grain traded each year

875K+ TONNES

of grain storage capacity

OTHER SERVICES


MyFarm farm management platform.

We provide technical support, sustainability and supply chain efficiencies, including precision farming services, backed by the UK's largest industry-specific research and development programme.

21

crop production innovation, technical development and demonstration sites

Grain consumers

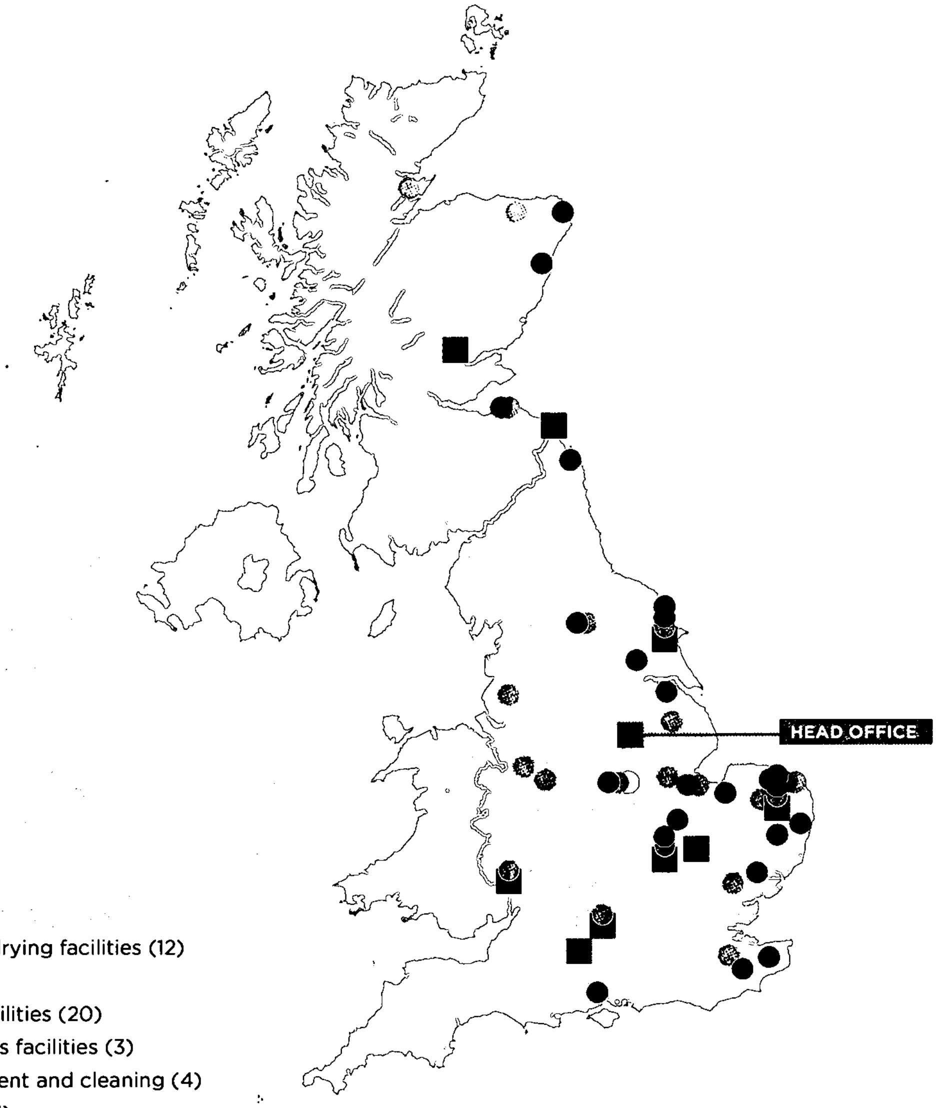
Around 100 grain consumers and manufacturers including:

Our core brands and services

We own a number of brands and associated businesses that provide additional advice and value to the arable supply chain, including:

Business model page 10, The Responsible Choice page 18

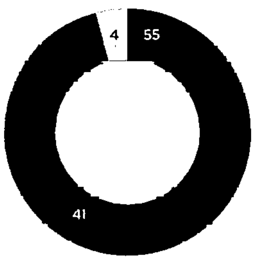
WHERE WE OPERATE[1]



- ■ Head office
- ■ Main offices (9)
- ● Grain storage and drying facilities (12)
- ● Seed plants (4)
- ● Crop protection facilities (20)
- ● Contracting services facilities (3)
- ● Mobile seed treatment and cleaning (4)
- ● Shipping terminal (1)
- ○ Processing (1)

IN NUMBERS

GROSS EARNINGS, %



- ● Crop inputs and advisory services
- ● Grain trading, storage and logistics
- ○ Other services

UK SITES

46

EMPLOYEES

1,100+

AGRONOMISTS

100+

CHARITABLE DONATIONS

£40K

IN BUSINESS SINCE APRIL

2005

FARM AND GRAIN TRADERS

100+

Group Managing Director's report page 6

1 Please note that several of our 46 sites have multiple facilities.

GROUP MANAGING DIRECTOR'S REPORT

Against a backdrop of challenging conditions, we grew both our turnover and operating profit to record levels, demonstrating our ongoing strategic resilience.

Our record trading performance was underpinned by our strong balance sheet, our industry-wide expert reputation and our crop inputs and crop marketing capabilities, enabling us to deliver integrated farm-gate solutions.

PERFORMANCE OVERVIEW

I am pleased to report another strong performance against a challenging backdrop in this, our 18th, year of trading. During the year, Group turnover was £2.36 billion (2022: £1.84 billion) largely attributable to the higher market prices of traded grain, as well as crops and fertiliser. Group operating profit was £52.1 million (2022: £42.9 million) and profit for the year on ordinary activities after taxation was £31.9 million (2022: £30.1 million) - delivering for this sector a very respectable 12% return on total capital employed (2022: 11%).

STRATEGIC RESILIENCE

We operate a unique, balanced business model. We are market leaders in the supply of 'crop inputs', such as seeds and fertilisers, and the provision of agronomic advice and crop protection products. We are also leaders in the marketing of 'crop outputs' to large grain consumers via our nationwide grain trading, storage and logistics activities, while our hedging, trading and risk management services keep the UK grain supply chain financed and liquid.

RETURN ON CAPITAL EMPLOYED

12%

2022: 11%

CUMULATIVE APPROVED CAPITAL EXPENDITURE

£109 MILLION+

Since April 2005

CARBON REDUCTION 2023

10% REDUCTION VERSUS 2022

Location-based Scope 1 and 2 emissions

COVER CROPS ACREAGE

195,089 ACRES

These diversified activities enable us to mitigate the cyclical volatility of the sector, while delivering robust earnings.

GRAIN-RELATED ACTIVITIES

Our grain trading and grain handling operations performed well, despite experiencing market conditions with exceptional volatility and unusual trade flows. These resulted from the ongoing conflict in Ukraine, where normal supply-and-demand-led flows were replaced by daily, politically driven price movements which proved difficult to predict and interpret.

Grain-related annual earnings accounted for 41% of the Group's total earnings. The exceptional and rapid rise in grain prices created an opportunity for us to hedge new crop grain contracts for customers at both ends of the supply chain, giving them increased certainty and security. This was made possible by our 'blue-chip' financial credibility and strong balance sheet, alongside access to adequate working capital due to supportive relationships with our partner banks.

During the year, we entered into several strategic grain supply chain agreements in response to the growing demand for grain contracts which support ESG (environmental, social and governance) factors and regenerative agriculture. Our combined 'crop inputs' and 'crop outputs' model gives us the unique capability to manage both grain crop production and crop marketing and to develop expertise in these sought-after areas.

Group Finance Director's report page 14

CROP INPUTS AND NON-GRAIN-RELATED ACTIVITIES

The exceptional crop prices during the year underpinned very healthy combinable crop gross margins, enabling growers to buy higher volumes of fertiliser, seed and crop protection inputs. Our ability to hedge new crop grain contracts also meant that growers could purchase expensive nitrogen fertilisers with more confidence as a certain margin over growing costs could be achieved. During the year, we continued our investment in new crop protection warehousing capacity, ensuring that critical strategic product chemistry could be stored in advance of the spring usage season. This guarantees full availability for our agronomy customers and eliminates the risk of shipping delays due to post-Brexit import procedures.

Our Kings Game, Conservation and Stewardship seed business again enjoyed strong growth as more farmers adopted regenerative agriculture, sustainable farming incentive (SFI) and cover crop strategies to reduce establishment costs and improve soil resilience. Crop inputs and non-grain-related activities made up 55% of the Group's gross earnings.

ADJACENCY STRATEGY DEVELOPMENTS

Our adjacency strategy continued to develop well. It is designed to supplement our core business via investment in start-up subsidiary or joint venture enterprises in banking, oat milling and farm data analytics.

Oxbury Bank (banking)
Oxbury Bank continued to grow in line with budget and plan, trading profitably during the second half of 2023. Frontier invested further to maintain our shareholding and we were encouraged by Oxbury Bank's ability to raise further investment capital from new share allocations. With anticipated tighter working capital in future years, this service will become invaluable to our farmer customers.

Navara Oat Milling Limited (oat milling)
Frontier continued to invest during 2023 in Navara – a joint venture company established to build Europe's largest oat mill. Construction was completed on time and production has now commenced. This state-of-the-art mill benefits from minimal waste due to precision milling yields and has a lower environmental footprint due to incorporated investment in renewable energy, see also page 31.

Yagro Limited (farm data analytics)
Our independent software and data analytics subsidiary, Yagro, continued to develop its suite of crop performance reporting tools, which are used in several industry advisory businesses as well as Frontier's MyFarm crop reporting and management platform. Yagro moved to new, purpose-designed headquarters in Cambridge in Q1 2024.

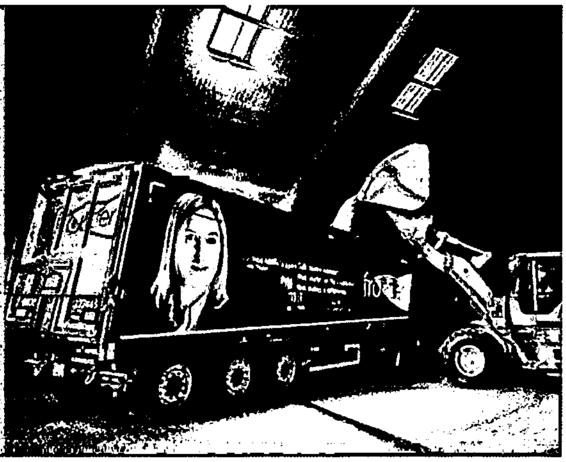
ONGOING INVESTMENT

During the period, £14.7 million (2022: £13.0 million) was approved for new capital expenditure including software. This is prioritised towards customer-facing assets in grain handling, crop processing, crop protection warehousing, and digital farm-gate software analytics and precision systems. Since April 2005, cumulative approved capital investment exceeds £109 million.

MARKET-LEADING INSIGHTS ACROSS GLOBAL SUPPLY CHAINS

We are the UK's largest grain merchant and our skilled trading teams draw on their grain commodity expertise and global insight to provide market-leading opinions and advice.

Through our work, we develop marketing and risk management strategies for our farmer customers and form partnerships with major industrial grain consumers, bringing supply chain participants closer together. In addition to providing bespoke advice, our trading team regularly shares information via our website, podcasts and social media channels. Frontrunner, for example, is Frontier's weekly market round-up from our grain trading, seed and fertiliser teams and is available free of charge to subscribers.



Loading truck at Frontier's site in Cranswick.

www.frontierag.co.uk/frontrunner

GROUP MANAGING DIRECTOR'S REPORT continued

STRATEGIC DEVELOPMENTS

Frontier's senior leadership team (SLT) is currently working on a refreshed strategy. This is a significant workstream that considers the macro trends affecting our sector and how Frontier is responding to them. We share more insight on page 12 to page 13.

In response to the growing demand at the farm gate and in the food industry for regenerative agriculture, natural capital management and increased countryside stewardship, we have created a brand-new department for sustainable crop production. Populated by our experts in agronomy, crop nutrition, genetics and stewardship and conservation, we are now able to design bespoke husbandry solutions that improve biodiversity, crop resilience and soil biology. These solutions provide farmers with greater resilience to meet the growing demand in the food industry for differentiated crop output supply chains.

Another output from our ongoing strategy work has been a total review of our Customer Value Proposition. We will report further on this exciting development, that reflects our total determination to constantly adapt our brand and services to meet the new challenges faced by our customers – wherever they sit in our supply chain.

2023 was the third year of our digital transformation initiative. Benefiting from £7.5 million of additional capital to our annual capital expenditure, this work is designed to radically modernise our operating systems to improve productivity, agility and customer satisfaction.

Our experience to date has been very positive and we expect to extend this investment in future years to fully capitalise on the competitive advantage we believe it can deliver.

'THE RESPONSIBLE CHOICE'

'The Responsible Choice' is Frontier's Group commitment to sustainability and environmental, social and governance (ESG) considerations. As a responsible organisation with long-term ambitions in the food and agriculture sector, we clearly express our commitments to reducing Scope 1 and 2 CO_2e emissions in our own operations, mitigating impacts in our supply chain, working responsibly in our communities and looking after our employees. We disclose our climate-related risks and opportunities this year, and these can be found on page 38. Increasingly, the food industry is selecting strategic partners who can positively contribute to their own ESG ambitions to enhance and protect their brand equity; we aim to support the industry through our responsible approach and actions.

FRONTIER'S PEOPLE

We employ over 1,100 people who operate and bring to life our distinctive culture of Integrity, Customer first and Expertise – our ICE values.

As a service business, we are defined not by 'what we do' but by 'how we behave'. Our people are the reason why we can navigate the ongoing complexity and challenges in our operating environment successfully and with agility, flexibility and resilience.

I would once again like to take this opportunity to pay a huge tribute to the dedication, commitment and professionalism of all our colleagues at Frontier who work tirelessly in demanding and – in this year – exceptional circumstances and who have delivered another outstanding set of results. We are performing ahead of our own high expectations, and this is entirely due to our ability to attract, retain and develop the industry's top people and – through them – to bring to life our unique and distinctive culture.

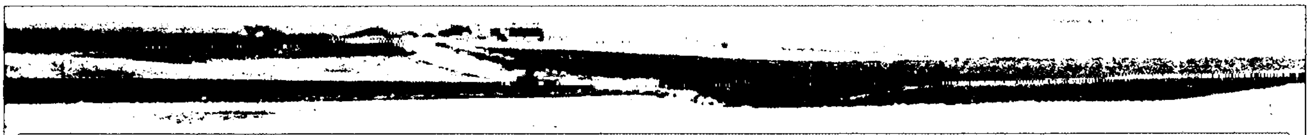
OUTLOOK

We are a high-performing and industry-leading company that remains totally focused on continuous improvement and strategic investment. We will further strengthen our balance sheet, manage risk, deepen our expertise, improve employee engagement and customer satisfaction, and continue to invest to strengthen and grow our business. This focus will strengthen our capabilities and services, adding further value for our customers throughout the whole supply chain.

Looking ahead, I anticipate further growth in underlying earnings as we see the full impact of acquisitions, adjacency investments, strategic grain supply partnerships, capital investment in digital transformation, oat milling and banking and the continued rollout of our strategic plans for growth.

Mark Aitchison
Group Managing Director

Championing sustainable crop production page 9



CHAMPIONING SUSTAINABLE CROP PRODUCTION

We work with UK farmers to support long-term, viable farming systems that increase the longevity of farming businesses, encourage high-quality crop production and help our farmed environment to become more resilient.

Sustainable crop production is a holistic approach to farming that balances food production with the need to maintain and increase natural capital.

Our model brings together expertise from across the Frontier business to assist farmers with the implementation of sustainable crop production techniques and regenerative agriculture practices.

Our commitment to champion sustainable crop production and to optimise yields with reduced impact are the two goals that support the Production pillar in our 'The Responsible Choice' framework, see page 18.

EXAMPLES OF HOW WE SUPPORT SUSTAINABLE CROP PRODUCTION

Optimised crop production
> Optimising inputs (especially nitrogen)
> Integrated pest management
> Rotation and appropriate variety selection
> Precision agriculture
> Regenerative agriculture principles

Soil health and function
> Structure
> Fertility

Water quality and management
> Water quality
> Efficient usage (irrigation)
> Drought tolerance

Biodiversity and environmental management
> Enhance and protect natural capital
> Agri-environment schemes

Energy and carbon management
> Soil carbon
> Verify carbon emissions reduction

Business insights
> Data analysis/analytics
> Market reports

Legislative compliance
> Management plans
> Assurance

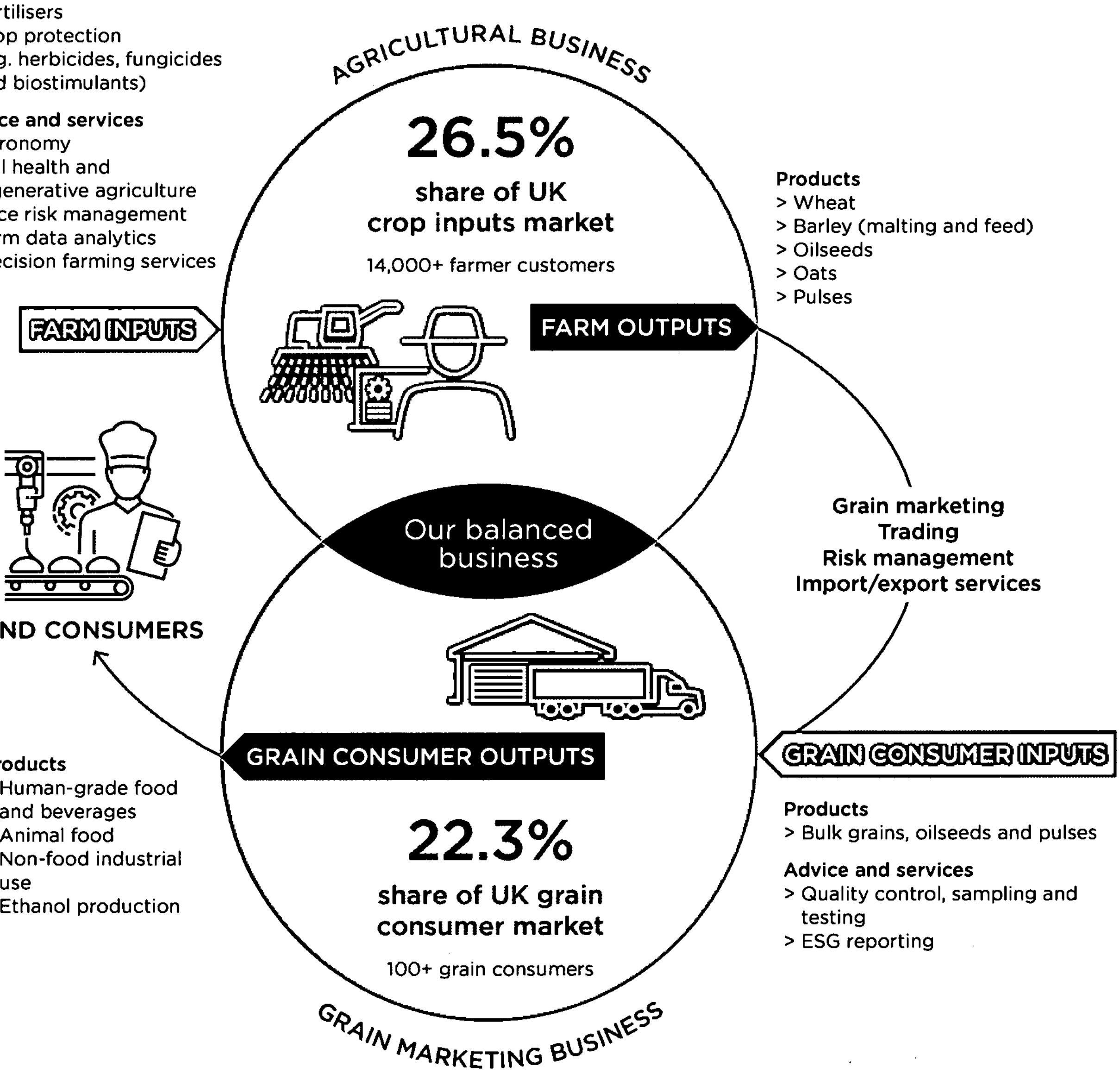
Field of barley.

BUSINESS MODEL

Creating a better future for agriculture by providing integrated services and solutions across our supply chain.

Products
> Seeds (combinable crops and environmental and biodiversity mixes)
> Fertilisers
> Crop protection (e.g. herbicides, fungicides and biostimulants)

Advice and services
> Agronomy
> Soil health and regenerative agriculture
> Price risk management
> Farm data analytics
> Precision farming services



Products
> Wheat
> Barley (malting and feed)
> Oilseeds
> Oats
> Pulses

Products
> Human-grade food and beverages
> Animal food
> Non-food industrial use
> Ethanol production

Products
> Bulk grains, oilseeds and pulses

Advice and services
> Quality control, sampling and testing
> ESG reporting

OUR SUSTAINABLE APPROACH TO VALUE CREATION

PLANET - PEOPLE - PRODUCTION - PARTNERSHIP - PROSPERITY

The Responsible Choice page 18

OUR BALANCED BUSINESS

We operate a balanced inputs-outputs business model that connects UK farmers with grain consumers.

This gives us a unique insight into the UK's arable supply chain, allowing us to develop value-added products and services. With this high degree of integration comes the responsibility to create a better future for agriculture, and this is embedded in our purpose.

> **Farmer customers:** We enhance crop production throughout the growing cycle and help risk manage the value of farm outputs.

> **Grain consumers:** We buy, sell and deliver bulk and added-value commodities to long-standing strategic partners.

250+

Employees working directly with farmer customers (e.g. agronomists, technical support, farm traders)

80+

Employees working with grain consumers (e.g. quality control, processing, commodity traders)

AGRICULTURAL BUSINESS

From improving soil health to managing price risk, we engage at every stage of the crop lifecycle.

Services (agronomy and financial)
Our agronomists and technical support teams improve soil health through testing and analysis and protect crops by advising on rotations, varieties, disease and pest management and compliance systems associated with fertiliser application and chemical handling. We develop leading-edge advice through proprietary research, trials data and specialist training.

Our farm traders use global intelligence from our trading and shipping network to offer farmers a range of risk management contracts that aim to optimise returns while reducing price risk.

Our financial strength and our investment in Oxbury Bank allow us to support farmers with financial tools to manage their own cash flows.

Products (seeds and crop protection)
We grow, sell and deliver certified seed and treat 'farm-saved' seed. We fulfil orders of recommended crop protection products (e.g. herbicides, pesticides, fertilisers and biostimulants) through our stores.

GRAIN MARKETING BUSINESS

We help to get the right quantity and quality of products to our grain consumers at the optimal time.

Services
We are the UK's largest grain storekeeper, with a nationwide capacity of over 875k tonnes. We provide in-house food safety, quality control and laboratory grain sampling services alongside grain drying and cleaning facilities. We can provide bespoke barley storage with direct links to distillers and maltsters. Our planning and forwarding experts manage the daily delivery of grain using our bulk grain trucks and outside hauliers.

Products
We buy c.22% of all grain that is harvested in the UK and sell it to grain consumers for onward processing. Our commodity trading team manages purchased grain in a central system to ensure effective and efficient fulfilment across the UK. Depending on global crop yields and demand we also offer import/export services.

POOLING INDUSTRY RESOURCES TO PROMOTE ENVIRONMENTAL BEST PRACTICES

Buffering waterbodies with flower-rich margins and plots.

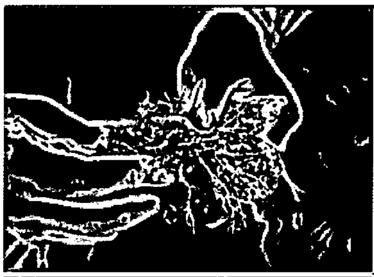
We are involved in the Landscape Enterprise Network Scheme (LENs) in the East of England and Yorkshire.

LENs bring together businesses, public bodies, NGOs, farmers and land managers to finance and implement initiatives to improve the health, productivity and resilience of landscapes they all rely on. Additionally, since 2020 Frontier has been acting as a supply aggregator, working with farmers and industry partners to help develop and implement LENs projects.

S172 statement page 28

MARKET TRENDS

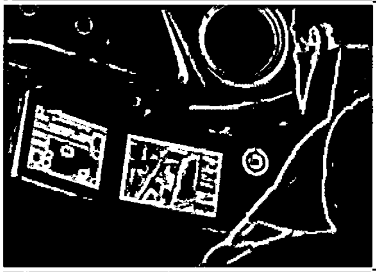
MARKET TREND



On-farm soil inspection, North Yorkshire.

PRODUCTIVITY

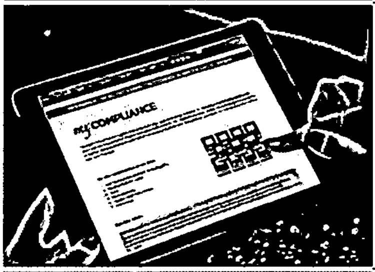
The area dedicated to UK arable farming is in decline and farmers are balancing challenging economic trade-offs – maximising food production while under increased pressure to address climate change impacts. Despite a predicted short-term dip, five-year average yields are increasing and positive cultivation strategies are evolving through the uptake of regenerative agriculture practices that will improve soil health and reduce costs in the longer term. Improvements in crop genetics have been made but are not yet commercially viable.



SOYL precision farming tools.

DIGITAL EVOLUTION

There is an established acceptance and use of data and digitalisation to influence decision-making across our supply chains, with increasing adoption of artificial intelligence tools. The uptake of smart customer-facing digital solutions and the digitalisation of labour-intensive manual activities are leading to overall efficiency gains. While related cost-savings, health and safety and job satisfaction benefits are welcomed, there is some concern about the potential impact of digitalisation on jobs and livelihoods.



Frontier's MyCompliance service.

REGULATORY ENVIRONMENT

The UK agricultural sector has been disadvantaged by an unstable regulatory environment, resulting in inconsistent policy changes and uncertainty. Specific challenges include: subsidy applications; differing global food and animal welfare standards; and the need to adhere to both UK and EU regulations to supply certain customers. Indirect pressures come from a banking sector required to increase funding for sustainable projects, and higher public awareness of the agricultural sector's role in tackling climate challenges.

Farm Trader on farm in Cambridgeshire.

PEOPLE

Changing demographics and attitudes are profoundly impacting our supply chains. Farmers are facing succession challenges, particularly on family-owned and -controlled farms, and experiencing shortfalls in labour availability. Grain consumers are responding to the significant influence of their 'Gen Z' and 'Millennial' customers, who favour products and employers with high sustainability and ethical credentials, and this is increasingly reflected in decision-making. Overall, the agricultural sector is predicted to become more diverse and inclusive, which will bring longer-term benefits.

Photo credit: Ed Robinson/ OneRedEye.

SUSTAINABILITY

Demand for 'sustainability' creates longer-term opportunities alongside short-term pressures given the speed of change required. Farmers need to maintain farm income and commercial food production, while embracing regenerative agriculture practices. Grain consumers are increasingly influenced by ESG factors and seek to engage more with farmers to achieve Scope 3 reduction targets. The agricultural sector is recognised as both a significant contributor to CO_2e emissions and a solutions provider through its ability to reduce and sequester carbon.

Regional Forwarding Manager in Hermitage.

RISK MANAGEMENT

There is significant pressure to manage and mitigate intensifying supply chain risks, including: diverse factors that drive price volatility; more complex demands from grain consumers; and the need to protect food security. Distributors have an increasing responsibility to anticipate and finance the availability of inputs in an environment with reduced access to low-cost financial products. Conversely, technological advances allow 24/7 access to market and supply chain information that facilitates transparency, accuracy and speed of decision-making.

Principal risks and uncertainties page 35

We monitor closely events and trends that affect our business, our people and the agriculture sector at large and feed these into our risk management and strategy development work.

HOW WE ARE RESPONDING

> Continue to invest in expertise to support growers in this changing environment.

> Develop sustainable crop production (SCP), with focus on soil health, nutrition and biology.

> Focus on developing solutions to improve productivity through initiatives in our SOYL, Kings and IntraCrop divisions.

> Focus on quality trials to reinforce crop production strategies.

> Invest in new technologies, e.g. low-carbon fertiliser production and data capture/ analytics, to improve decision-making for farmers.

> Design and deploy digital solutions and insight tools based on Customer Value Proposition.

> Identify and implement innovative technology to drive internal productivity that benefits customers and Frontier.

> Take leading position in on-farm analytics e.g. via Yagro, investing to improve data and reporting across supply chain to support profitable decision-making.

> Continue to invest in MyCompliance to help farmers to fulfil their legal obligations and meet the requirements of Government payment schemes.

> Act as key partner for Defra, feeding back responses from farmers to new sustainable farming incentive (SFI) schemes.

> Represent farmers' position as new regulations are developed, through active involvement with key trade bodies, e.g. AIC/BSPB (see 'Glossary' on page 83).

> Use our unique position between farmers and grain consumers to better understand implications of regulations on whole supply chain.

> Adopt leadership role in promoting an innovative and professional agricultural industry to attract the best new talent with farming and other backgrounds.

> Develop deeper relationships with farmers to support them in building resilience as they adapt to change.

> Build capability in our people to meet the future needs of our farmer customers and grain consumers.

> Attract and invest in the development of talent in our industry from a diverse range of backgrounds.

> Promote Frontier's 'The Responsible Choice'.

> Invest in whole-farm approach to give advice and customer support via our unified SCP proposition.

> Support farmer customers in natural capital management, whilst responding to the need for healthy food production.

> Work with supply chain partners to use new technology to improve productivity more sustainably.

> Leverage our grain contracts/risk management tools to help growers offset input costs, lock in margins and secure end markets.

> Manage extreme price volatility to secure inputs and forward grain contracts and help growers to manage cash flow.

> Support growers to make informed decisions with better access to market information through MyFarm software.

> Focus on total supply chain understanding and participation to improve certainty of outcomes.

GROUP FINANCE DIRECTOR'S REPORT

Building on our recent strong performance, we remain focused on the execution of our strategy and selective and disciplined investment.

Our ability to navigate volatile markets year in, year out is testament to our focus on maintaining a strong, credible balance sheet with ongoing investment in our core activities and innovation. This makes us a reliable, secure and long-term partner for farmers and grain consumers, at all points in our supply chains.

TURNOVER

During the year, Group turnover amounted to £2.36 billion (2022: £1.84 billion). Much of this growth was attributable to ongoing higher prices and volatile trading conditions for grain and fertiliser, as well as the impact of inflation on crop inputs. All turnover is generated by operations based solely in the United Kingdom and 89% of turnover (2022: 94%) is realised in the UK.

PROFIT

Having recorded in 2022 our highest operating profit since Frontier commenced trading, we were very pleased to deliver an even stronger performance of £52.1 million in 2023 (2022: £42.9 million) - an increase of 21%. Profit for the year on ordinary activities after taxation was £31.9 million (2022: £30.1 million). Performance against both metrics demonstrates the strength of our balance sheet and the support of our parent companies, which allowed us to access increased levels of working capital in response to the unprecedented market conditions.

INTEREST COSTS

During the year, Frontier's Board approved an increase in total working capital facilities to £430 million, enabling Frontier to continue to support its farmers in securing their grain incomes through the availability of forward contracts for grain purchases. Further interest rate rises - with eight base rate rises during the reporting period - combined with the increase in working capital facilities meant that our annual net interest costs rose to £11.3 million (2022: £3.8 million).

TAXATION

We are fully domiciled in the UK and committed to full compliance with all statutory obligations and full disclosure to tax authorities, consistent with our value of integrity. During the year, the UK Government announced an increase in the corporation tax main rate from 19% to 25% with effect from 1 April 2023. The tax rate applicable in the year ended 26 June 2023 is a blended rate of 20.5%. Cash tax paid was £7.5 million (2022: £8.1 million).

CAPITAL EXPENDITURE

As our Group Managing Director, Mark, explains in his report on page 6, we continue to invest in our core operations, with investment in IT and renewable energy generation driving higher capital expenditure levels over the last two years. We recorded a total capital investment of £14.7 million in 2023 (2022: £13.0 million). In 2024, we anticipate a similar level of capital expenditure to recent years.

ACQUISITIONS AND DISPOSALS

We have a track record of acquisitive activity which has allowed us to grow our business in adjacent areas which complement and reinforce our core business activities. In 2023, for example, we benefited from strong growth in biostimulants, delivered via IntraCrop - a business that we acquired in 2016. We remain focused on investing in strategic acquisitions alongside delivering organic growth. Post year end, we increased our level of investment in Navara Oat Milling Ltd and in Oxbury Bank plc.

NET ASSETS

Group net assets stood at £282.7 million at year end (2022: £277.1 million), an increase of 2.0%, reflecting the continuing reinvestment in our business.

STRONG PERFORMANCE TRACK RECORD IN CORE AND ADJACENT ACTIVITIES

SUMMARY GROUP PERFORMANCE

	2021 £000	2022 £000	**2023 £000**
Group turnover	1,438,303	1,842,540	**2,362,743**
Group profit on ordinary activities after taxation for the financial year	25,646	30,125	**31,923**

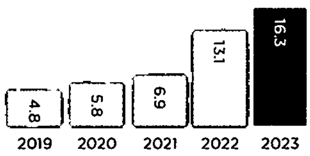
TAX STRATEGY

Our tax strategy sets out the principles governing the management of our tax affairs across all Frontier Group companies and our strategy for delivering against those principles and can be viewed on our corporate website at www.frontierag.co.uk/tax-strategy

BIOSTIMULANTS TURNOVER, £M

£16.3 MILLION

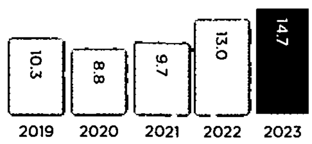
+ 24.4%



CAPITAL EXPENDITURE (INCLUDING SOFTWARE), £M

£14.7 MILLION

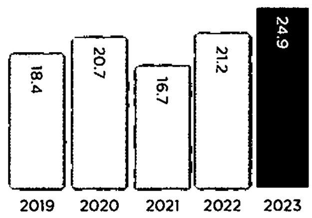
+ 13.0%



DIVIDENDS PAID, £M

£24.9 MILLION

+ 17.4%



FINANCIAL INSTRUMENTS RISK

The Company's activities expose it to a variety of financial risks that include commodity price and position risk, credit risk, interest rate risk and foreign exchange exposure. Senior leaders and Board members regularly review financial risk against established policies.

COMMODITY PRICE AND POSITION RISK

The trading activities of the business necessitate that forward positions are taken in order to meet supply requirements in the ordinary course of business. Positions are operated, by agreement from the Board, within duly authorised limits relative to each commodity. Senior leaders and Board members regularly review these positions compared to those limits. Exposure to commodity price fluctuations is controlled by the operation of position limits and by the use of approved futures markets.

CREDIT RISK

Credit checks are performed, where appropriate, on potential customers before sales are transacted. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by senior leaders. In addition, the Company has in place credit insurance to manage the potential financial loss relating to customers in the grain consumer, agricultural merchant and farmer buying group sectors.

INTEREST RATE RISK

The Company is exposed to movements in interest rates. Bank debt liabilities are maintained on a floating rate basis. Senior leaders and Board members regularly review the level of bank debt and the cost of finance.

FOREIGN EXCHANGE RISK

Trading activities include the import/export of grain and the import of fertiliser, which create exposures to movements in foreign exchange (FX) rates, principally relating to EUR and USD. This exposure risk is managed through matching FX contracts. Authorisation levels for FX contracts are in place for both the amount and period of forward cover and are subject to regular independent review by senior leaders.

Risks and risk management page 32

GROUP FINANCE DIRECTOR'S REPORT continued

BANKING AGREEMENTS

We continue to have a very strong working capital position and supportive relationships with our four existing banks: Lloyds Bank Plc, Barclays Bank Plc, HSBC UK Bank Plc and Rabobank. We meet regularly with them to update on performance and evaluate whether the facilities in place are adequate and appropriate.

In 2023, as grain prices returned to longer-term historical levels, we reviewed our total facilities to minimise our interest costs and reduce our legal and administrative burden, whilst maintaining the flexibility to respond to any sudden changes in the macro-economic environment. Subsequent to year end we reduced our total facilities to £400 million and are also moving towards implementing a syndicate arrangement for our main revolving credit facilities, which will take effect in 2024.

ROCE

Historically, we have generated very respectable returns on total capital employed in our sector. This year was no exception and we recorded 12% (2022: 11%).

DIVIDEND

The Board approved a dividend payment of £25.9 million (2022: £24.9 million), demonstrating the consistent level of returns to our shareholders, A.B.F.Holdings Limited and Cargill PLC, for the last seven years.

OUTLOOK

The severe flooding and extended period of wet weather during the autumn and winter of 2023 resulted in a reduced cropping area compared to 2022 and a different set of challenges for our industry. However, the strength of Frontier's balanced inputs-outputs business model ensures that our financial performance is not overly dependent on one activity and we remain confident of maintaining our strong financial platform to support our growth aspirations throughout 2024.

Diana Overton
Group Finance Director

WOMEN'S DEVELOPMENT PROGRAMME

At the Oxford Farming Conference in January 2024, our Group Finance Director addressed the question of 'Diversified leadership - could farming do better?' on a panel with other industry representatives.

The discussion covered the need to encourage a more diverse range of talent to improve the resilience of the agricultural sector, including raising the visibility of women.

Since 2021, Frontier has been running a Women's Development Programme (WDP) to support our talented women. The year-long programme builds self-confidence and self-awareness, identifies potential barriers and encourages our colleagues to seize opportunities that they may previously have shied away from. Our first cohort of colleagues completed the WDP in February 2022 and the second in December 2023. More information can be found on page 27.

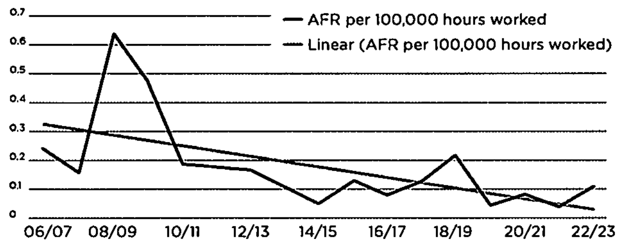
WDP close-out session, December 2023.

KEY PERFORMANCE INDICATORS

We use a number of financial and non-financial key performance indicators (KPIs) which our Board considers to be the most relevant for tracking and managing our Group performance. The following metrics cover all businesses within the Group.

NON-FINANCIAL KPIs

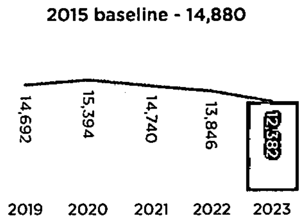
ACCIDENT FREQUENCY RATE (AFR), PER 100,000 HOURS WORKED



Why this indicator is important
Health and safety (HAS) is our number one priority and is embedded in our ways of working. HAS indicators are reported as a standing agenda item at each Board and senior leadership team meeting.

Performance
In 2023, our AFR increased to 0.11 per 100,000 hours worked against a target of zero. We continue to focus on ways to raise awareness of HAS across the business and to implement Group-wide initiatives, see page 24.

SCOPE 1 AND 2 CO2e EMISSIONS, TONNES

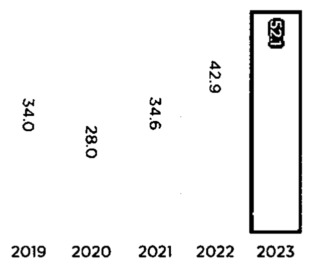


Why this indicator is important
We are committed to our journey towards net zero carbon emissions within our own direct operations (Scopes 1 and 2) by 2030.

Performance
In 2023, our combined Scope 1 and 2 emissions (location-based) decreased by 1,464 tCO_2e to 12,382 tCO_2e. We have a dedicated Project Zero team that oversees our progress across the business, and more information can be found on page 20.

FINANCIAL KPIs

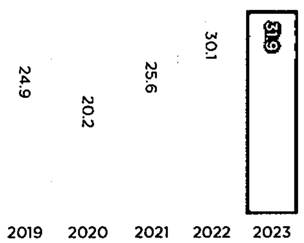
OPERATING PROFIT, £M



Why this indicator is important
This is our most important indicator of profit across the Group and is used to measure our productivity as we grow. It is also used as a key bonus measure for our employees.

Performance
Operating profit in the period grew by £9.2 million to £52.1 million (2022: £42.9 million), reflecting our very strong performance in 2023.

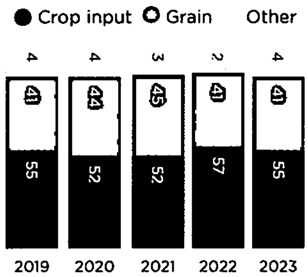
PROFIT AFTER TAX (PAT), £M



Why this indicator is important
This is our key measure for shareholders as PAT performance determines the level of dividend payments.

Performance
PAT in the period increased by £1.8 million to £31.9 million (2022: £30.1 million), reflecting our strongest profit performance to date. Dividend payment information can be found on pages 15 and 16.

GROSS EARNINGS BY BUSINESS ACTIVITY, %



Why this indicator is important
Our gross earnings by business activity underlines the importance of our balanced 'inputs-outputs' business model and demonstrates that our business is not reliant on one supply chain activity.

Performance
In 2023, 55% of our gross margin related to our crop inputs business (2022: 57%) and 41% to our grains-related business (2022: 41%).

THE RESPONSIBLE CHOICE

The five pillars of The Responsible Choice





	PLANET	PEOPLE	PRODUCTION	PARTNERSHIP	PROSPERITY
MISSION	We are dedicated to ensuring our operations and relationships contribute to an overall positive environmental impact.	We look after and respect people across all interactions that Frontier has.	We work with UK farmers to support long-term, viable farming systems that increase the longevity of farming businesses, encourage high-quality crop production and help our farmed environment to become more resilient.	We work to build strong, long-term relationships and create value and profitability across all partnerships.	We help to create a better future for agriculture; demonstrating responsible leadership and creating prosperity that enables us to add value in all our relationships.
GOALS - WE WILL:	**Reduce our impact on climate** Set science-based targets and continuously manage our decarbonisation roadmap.	**Look after and empower our employees** Maintain a safe working environment whilst continuing to develop an equal, diverse and inclusive workforce.	**Champion sustainable crop production** Increase total crop output produced with sustainable principles.	**Collaborate and innovate in our supply chains** Work together to develop innovative solutions that enable the whole supply chain to increase sustainable practices.	**Deliver compliant, transparent and impactful business** Ensure our investors, stakeholders and supply chain have trust and confidence in us.
	Advance circularity of resources in our operations Reduce waste by increasing the re-use and recycling potential of all waste streams.	**Support local communities where we interact/ operate** Demonstrate progress on engagement with and support of local communities.	**Optimise yields with reduced impact** Realise the full potential of land by advancing sustainable agriculture.	**Strengthen partnerships in our supply chain** Link the supply chain by creating opportunities to add value for growers, grain consumers and supplier partners.	**Demonstrate responsible industry leadership, growth and investment** Use our success, expertise and ability to manage risk to support our industry.

Focus on planet page 20, Focus on people page 24

SUSTAINABILITY

Our sense of social purpose and responsibility is directed and brought together by Frontier's company-wide approach to environmental, social and governance (ESG) matters, 'The Responsible Choice' (TRC).

Growing our business responsibly
Our ambition is to grow our business responsibly: doing things properly and using our expertise, our scale and our leadership position to make a difference to others. Our TRC framework is a natural extension of our values of Integrity, Customer first and Expertise and was launched over ten years ago.

In November 2023, our senior leadership team refreshed our TRC framework, as set out opposite on page 18. Each of the five pillars - planet, people, production, partnership and prosperity - has a clearly defined mission and agreed goals, with many goals already in place across our business. Two pillars - planet and people - are discussed on the following pages. By reinforcing these through the TRC framework, we aim to give greater clarity - to both internal and external stakeholders - about where we are focusing our efforts as a business to make the most positive impacts.

UNDERSTANDING OUR PRIORITY ESG FOCUS AREAS

During the year under review, we worked with a third party, Accenture, to undertake a materiality assessment, using the outcome to help shape our approach to ESG matters and our TRC framework.

Having identified the topics most relevant to Frontier, a ranking of importance by key stakeholder group was determined based on interviews and focus groups with internal stakeholders and a desktop review of competitors, investors, customers, employees and industry policy and regulation.

Impact was evaluated and scored based on several factors, including: the extent to which our products and services have an associated impact; our ability to make positive impact; and the level of influence we have to drive change in our operations and along our supply chain.

The following five topics were identified as Frontier's priority ESG areas: carbon emissions, energy, biodiversity and land use change, supporting local communities, and industry collaboration and innovation. The analysis and priority topics were presented to our senior leadership team and informed debate and discussion when our TRC framework was refreshed.

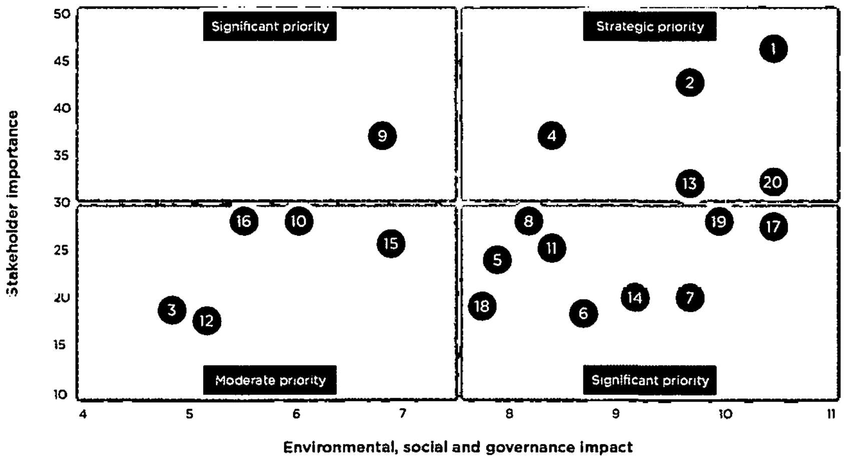
20

ESG topics selected for the research

>30

Frontier employees took part in detailed interviews and focus groups

FRONTIER AGRICULTURE ESG MATERIALITY MATRIX



E
1 Carbon emissions
2 Biodiversity and land-use change
3 Water use and treatment
4 Energy
5 Waste and circularity
6 Responsible sourcing
7 Responsible chemistry

S
8 Human rights
9 Health, safety and wellbeing
10 Equality, diversity and inclusion
11 Food security
12 Labour conditions
13 Supporting local communities
14 Product quality and safety
15 Employee development

G
16 Corporate governance and ethics
17 Transparency and disclosure
18 Risk and crisis management
19 Supply chain management
20 Industry collaboration and innovation

Source: Accenture

FOCUS ON PLANET

Our mission: We are dedicated to ensuring our operations and relationships contribute to an overall positive environmental impact.

Within the Planet pillar of our 'The Responsible Choice' (TRC) programme, we have set out two commitments. We will: reduce our impact on climate, setting science-based targets and continuously managing our decarbonisation roadmap; and advance circularity of resources in our operations, reducing waste by increasing the re-use and recycling potential of all waste streams.

REDUCING OUR IMPACT ON CLIMATE (PROJECT ZERO)

We are committed to our journey towards net zero carbon emissions within our own direct operations (Scopes 1 and 2) by 2030, and we have a dedicated Project Zero team that oversees our progress across the business.

Scope 1 emissions

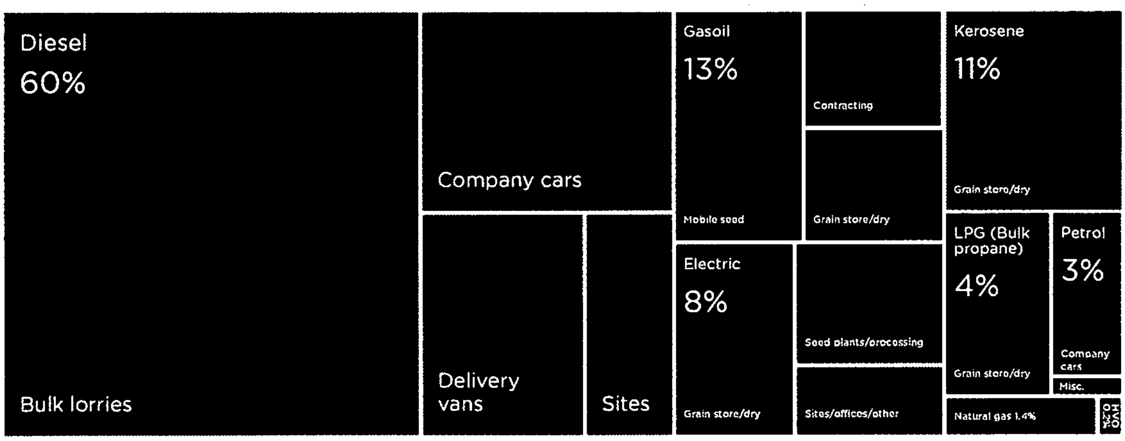
Our analysis shows that most of our greenhouse gas (GHG) emissions come from the diesel that we use in our fleets (bulk vehicles, company cars and delivery vans) and our sites.

To reduce diesel volumes, since 2021 we have been trialling a drop-in, hydrotreated vegetable oil (HVO) fuel made principally from waste oil products and enhanced with a proprietary additive so it can be used in any diesel engine. We currently have HVO tanks at three sites that supply fuel to over 20% of both our bulk lorry and delivery van fleets. For our bulk fleet, we have the financial strength to maintain a replacement policy of six years, allowing us to continually invest in the most efficient models available.

As at June 2023, 57% of our company cars were either hybrid or fully electric and we continue to aim to phase out diesel vehicles at point of contract renewal or upgrade. We have installed electric vehicle (EV) chargers in six sites and plan to extend these to other sites over the next two years. We use video conference facilities in 17 sites to help reduce business travel.

For all company car drivers, we encourage driving best practices and behaviours to improve fuel efficiency, as well as safety (see also page 24) and we aim to increase our data analysis in this area. Between 2015 and 2023 our diesel CO_2e emissions fell from 9,015 metric tonnes to 7,384 metric tonnes.

CO_2e EMISSIONS ANALYSIS 2023



Source: Company financial data

Other key Scope 1 emissions are derived from fuels (gasoil, natural gas, LPG and kerosene) that are used mainly to operate drying equipment in our grain stores.

Scope 2 emissions
Since 2015, we have been installing ground- and roof-mounted solar panels. These are now in 12 sites and we estimate that they generate c.20% of electricity used, resulting in a drop in CO2e emissions of 308 metric tonnes between 2015 and 2023. Over 80% of the total electricity we used in the last quarter of 2023 was from green energy sources. We continue to engage with energy companies to consider options to promote renewable energy usage and investment, and to reduce costs through initiatives such as energy sleeving.

Scope 3 emissions
Although we have not yet published a commitment to reduce Scope 3 emissions, we continue to refine our data and impacts in this area and have embarked upon various initiatives and investigations that we will use to inform our activities.

Working with our farm customers, we market our crop production expertise and on-farm proprietary tools and services. These help monitor carbon to support long-term, sustainable farming systems. We have recently launched our seven-stage sustainable crop production model (see page 9) and are exploring the application of different soil management practices to increase carbon sequestration and/or storage. This work supports our goal to champion sustainable crop production under the Production pillar of 'The Responsible Choice'.

ABOUT OUR SECR REPORTING

The diverse nature of Frontier's business and the intrinsic link between energy use and the size and condition of the UK's combinable arable crop each harvest creates significant year-on-year fluctuations. In years where we experience a wet harvest, for example, the use of energy in arable farming increases due to the requirement to dry moisture from crops before storage. The increasingly unpredictable climate is contributing to greater variations in grain weight, moisture content and prices at harvest. This has an inevitable impact on the carbon intensity (the emission rate) for agricultural businesses like Frontier.

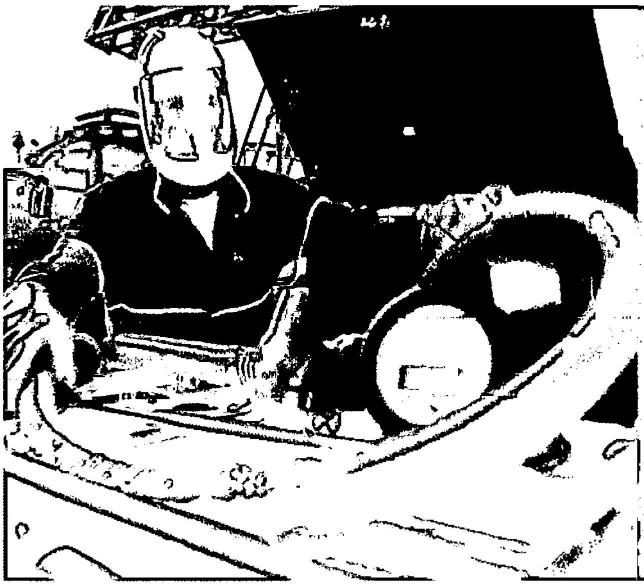
Despite these fluctuations, in 2021, Frontier committed to achieving net zero for its Scope 1 and 2 carbon emissions by 2030.

2023 PERFORMANCE

In 2023, Frontier's carbon tonnage reduced by 1,464 tCO2e compared to 2022 and factors affecting this performance are summarised below:

> A reduced need for grain drying as a result of a dry harvest reduced our consumption of LPG and natural gas, leading to a drop of 1,018 tCO2e.
> Electricity consumption decreased by 158 tCO2e as a result of a dry harvest and reduced drying tonnage, alongside an increase in usage of our own solar-generated energy.
> Hydrotreated vegetable oil (HVO) usage similar to previous year.
> Impact of Octopus electricity contract, reflected in Scope 2 market-based tCO2e numbers, led to a decrease of 563 tCO2e since 2022.

ADVANCING CIRCULARITY OF RESOURCES IN OUR OPERATIONS



We encourage good waste management practices in our sites to reduce consumables (for example, we use LED bulbs and re-usable cups) and to recycle responsibly.

We also look at ways to reduce operational waste in our supply chains. Our closed transfer system (CTS), for example, helps growers and sprayer operators to manage crop protection and nutrition products in a safer, more sustainable way. The CTS reduces reliance on single-use plastic intermediate bulk containers and, as products are diluted and mixed directly into the tank, the risk of spillage and environmental contamination is also reduced.

In 2024, we aim to educate the business further on circular economy principles and investigate the principles' application in our agricultural supply chains.

Closed transfer system in use on Malshanger Farm, Reading.

FOCUS ON PLANET continued

METHODOLOGY

Frontier Agriculture calculates its carbon emissions based on a financial control approach.

- **Scope 1 (direct)** includes heating of buildings, processing plants, company cars, vans, LGVs and HGVs. Diesel from the Company's vehicles makes up the majority of its carbon footprint.
- **Scope 2 (indirect)** includes purchased electricity.
- **Scope 3 (indirect)** includes business travel using a mixture of mileage and spend reports from the Company's expense system.

Data quality

99% of the carbon emissions calculation is covered by high-quality activity data. The remaining 1% is covered by lower-quality spend data (e.g. private mileage and mileage reimbursements).

The 2023 conversion factors set by the Department for Environment, Food and Rural Affairs (Defra) have been used to calculate greenhouse gas (GHG) emissions in Frontier's Streamlined Energy and Carbon Reporting (SECR).

ClimatePartner has reviewed Frontier's calculations and methodology pertaining to its Scope 1 and 2 emissions relevant to its SECR for the 2023 financial year. ClimatePartner confirms this has been conducted in accordance with the GHG Protocol and the UK Government's Environmental Reporting Guidelines, and to sufficient data quality.

Frontier has selected the '£million of turnover to CO_2e carbon' ratio when setting its environmental targets and measuring performance. This measurement best reflects carbon intensity (emission rate) over a number of years.

Frontier has focused on reducing energy usage for a number of years and has been documenting CO_2 emissions in its reporting to parent companies since 2015. Frontier has made a 17% saving on its carbon emissions against its baseline of 2015 as a result of investments in:

- Purchase of hydrotreated vegetable oil (HVO), which replaced 17% of our diesel fuel in 2023.
- Installation of a total of 3.6MW solar panels providing renewable energy across the business.
- Moving 57% of the company car fleet to electric or hybrid vehicles.
- Installation of electric vehicle charging points (currently in six sites).

As outlined on pages 20 to 21, Frontier continues to work on projects which will contribute towards its journey to net zero Scope 1 and 2 carbon emissions by 2030. Frontier has a roadmap in place to understand the current options to reduce its carbon footprint through energy-efficient measures, lower-carbon technology and renewable energy sources.

Explanation of location-based versus market-based emissions

Location-based emissions refer to what is physically consumed at our operational sites and business facilities. It is calculated solely by using the average emission intensity of the local grid where power is sourced; for Frontier the National Grid. A location-based method does not factor in any green measures we are adopting, for example the use of REGO-backed energy sources. The calculation for market-based emissions focuses on the individual company and its direct purchasing decisions, for example choosing a green energy tariff or using energy from solar installations. A dual reporting approach is recommended by the GHG Protocol.

Frontier delivery fleet.

Focus on diesel

60%

of our CO_2e emissions come from diesel

18%

reduction in diesel-related CO_2e emissions since 2015

Environmental reporting

We disclose mandatory Energy Savings Opportunity Scheme (ESOS) and Streamlined Energy and Carbon Reporting (SECR) data. Our first climate-related financial disclosures report is on pages 38 to 43.

Climate-related financial disclosures page 38.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

	Per annum 2023	Per annum 2022	Per annum 2015
Scope 1 (tCO_2e)	**10,994**	12,227	12,249
Scope 2, location-based (tCO_2e)	**1,359**	1,517	2,631
Scope 3 (tCO_2e)	**29**	102	-
Scope 1 and 2 (location-based) and Scope 3 (tCO_2e)	**12,382**	**13,846**	**14,880**
Energy consumption (kWh)	**59,728,603**	**68,213,657**	**-**
Scope 2, market-based (tCO_2e)	**2,191**	2,754	-
Energy and transport fuel consumed (tCO_2e)			
Diesel	**7,384**	7,738	9,015
Petrol	**359**	310	133
Biogas	**-**	-	-
Natural gas	**167**	872	406
Liquefied petroleum gas (LPG)	**504**	816	-
Fuel oils	**2,588**	2,570	2,695
Coal	**-**	-	-
Electricity	**1,359**	1,517	2,631
Heat and steam	**-**	-	-
Hydrotreated vegetable oil (HVO)	**21**	23	-
TOTAL (including location-based Scope 2)	**12,382**	**13,846**	**14,880**
Tonnes of CO_2e per £m of Group turnover	**5.24**	**7.51**	**10.30**

Source: Company financial data/ClimatePartner UK

FOCUS ON PEOPLE

Our mission: We look after and respect people across all interactions that Frontier has.

Within the People pillar of our 'The Responsible Choice' (TRC) programme, we have set out two commitments. We will: look after and empower our employees, maintaining a safe working environment whilst continuing to develop an equal, diverse and inclusive workforce; and support local communities where we interact/operate, by demonstrating progress on engagement with and support of local communities.

SAFE WORKING ENVIRONMENT

Health and safety (HAS) is our number one priority and is fully embedded in our ways of working. We work in a high-risk sector with some employees encountering hazards such as heavy machinery and vehicles, noise and dust pollution, chemical handling and storage, and heavy lifting - either on our own sites or when visiting other business premises or farms.

We have clearly documented, risk-assessed procedures for employees working in each area of our business, or working from home, as well as for contractors and visitors. HAS is discussed at each senior leadership team and Frontier Agriculture Limited Board meeting and every employee has the authority to stop tasks and challenge if they feel or see something unsafe. Our HAS incident target is zero and in 2023 our accident frequency rate per 100,000 hours worked was 0.11 (see also page 17).

OUR 'HAS' CAMPAIGNS

Selection of HAS awareness campaigns launched in 2023.

We assess candidates' approach to health and safety at the interview stage, provide training during onboarding and reinforce our HAS focus through internal campaigns, best practice sharing and regular training and monitoring. We also recognise employees who demonstrate HAS excellence through our internal awards programme. Our most recent behavioural campaign in 2023 focused on safe driving to help protect the hundreds of Frontier drivers using our company vehicles and HGV fleets.

HEALTH AND WELLBEING

We support any employee who is experiencing personal challenges that may be affecting their wellbeing at work. We provide a range of support mechanisms that encourage and enable employees to access help. These include traditional routes such as via a line manager or HR team member. In addition, we have a network of 19 mental health first aiders who are trained to give initial support and to signpost employees to further support and/or professional advice.

All employees also have free access to our confidential employee assistance programme (EAP), delivered by an independent third-party provider. Our employee hardship policy provides for grants or loans to be made to employees who are experiencing significant financial hardship.

During the year, we created a dedicated Health and Wellbeing Steering Committee. This group has representation from many different areas of the business. The committee is responsible for leading a proactive health and wellbeing programme that supports, educates and inspires colleagues to help create a workplace where everyone advocates for health and wellbeing. Activity delivered during the year raised awareness around several topics including mental, financial and physical wellbeing.

Via our EAP, employees can select various discounts, basic financial advice (e.g. budgeting and retirement planning) and some free legal consultation. We also have enhanced paternity and maternity leave, childcare support for lower earners and access to 'Be money well' tools via our pensions provider. We are exploring other options to complement existing benefits.

DIVERSITY AND INCLUSION

We are committed to upholding a respect-based culture. This builds on our Integrity value that supports our aim to treat people fairly and equitably and to enable all people at Frontier to be themselves in the workplace. Alongside our strong culture, having the systems and processes in place to attract and retain a diverse workforce is key to our long-term business success. Our respect, diversity and equality policy was updated in August 2023 and is readily available to all employees, with our directors and managers responsible for sharing and implementing practices that promote diversity, respect and equality within each department.

We are committed to creating a fully inclusive business and providing leadership to our industry on diversity. Initial areas of focus have included the promotion of gender equality; for example, we are investing in a women's network and are partnering with third-party experts to develop and support career and leadership development for women in our business (see Learning and Development below). We also have a formal menopause policy and support group. We pay equally for equal roles and publish our Gender Pay Gap Statement each April on our corporate website. In our latest statement, which reports on figures as at April 2023, our mean gender pay gap was 29.2% and our median gap was 25.9%.

In June 2023, we launched our LGBTQ+ and allies confidential support network to help raise awareness of issues facing the LGBTQ+ community. This live launch event, which coincided with Pride Month, was hosted and recorded on Microsoft Teams and included a motivational talk on joining this network either as a community member or as an ally. The network has continued to deliver monthly LGBTQ+ events for allies and members.

Raising mental health awareness

Every year we promote Mental Health Awareness Week (MHAW) in May, with our mental health working group organising events and guest speakers. This is part of our wider work to promote and encourage good mental health awareness and practices, such as encouraging teams across the business to take a break and make time to socialise in person.

Anglia Grain Services team, Lutton, Northamptonshire.

FOCUS ON PEOPLE continued

LEARNING AND DEVELOPMENT (L&D)

We continue to invest significantly in continuous employee development to create opportunities for our people and to bolster our in-house skills. Our focus in this area supports our vision to be the first-choice employer in UK agriculture. In 2023, we worked with third-party training providers to upgrade some of our key L&D programmes across the business and we are proud of the many options we provide for our employees to learn, wherever they work.

To support our commitment to L&D, we are also collating a library of learning topics/modules in different formats for all employees, including e-learning, online classrooms and interactive programmes. Through these we look to offer a mix of self-learning opportunities (such as quick refresher courses) and more strategic modules recommended, for example, during line manager review conversations. The aim is to create a wider range and greater variety of accessible and engaging options that benefit personal employee development as well as our business. Our new approach will allow us to better monitor attendees and the number of training hours so we can gauge course popularity and effectiveness.

EMPLOYEE ENGAGEMENT

We undertook our latest 'Great Place to Work' employee engagement survey in early 2024. Since our first survey in 2012 we have been consistently ranked in the UK's top 30 best large workplaces. This is at least in part because we act upon the information that we find. For example, from our 2022 survey results we identified three areas where we could improve: wellbeing, recognition and line manager engagement. These findings have helped to steer the direction of our people development and investment.

FOCUS IN 2024

We aim to enhance our wellbeing support by ongoing initiatives such as physical health checks, mental health training and webinars on pensions and financial planning. As part our of our overall people strategy development we will consider further opportunities to make our business more inclusive.

Aligned with our overall focus on digital infrastructure improvement, we continue to invest in our payroll and HR system 'the Hub' to further streamline our HR processes and technical support. This includes improving the user experience of our in-house portal where we hold information on pay and benefits. We also plan to review our benefits package in 2024.

Respect, diversity and equality

The principles of respect, diversity and equality are important elements of Frontier's working culture. It is the policy of Frontier to value differences, treat people with respect and conduct all activities in a non-discriminatory manner.

As part of our commitment to being the first-choice employer in UK agriculture, it is Frontier's policy that employees create and maintain a working environment that encourages mutual respect and congenial relationships.

Source: Respect, diversity and equality policy statement

SUPPORTING OUR LOCAL COMMUNITIES

We are committed to community involvement and charitable giving within the People pillar of The Responsible Choice.

We support a wide variety of charities and, in 2023, our donations amounted to £40,000. We run an employee matching scheme, encouraging employees to let us know of causes that are meaningful to them so we can acknowledge these and help out. Throughout the year, we also sponsored local events such as farming shows, ploughing competitions, Young Farmers' Clubs' activities and agricultural conferences, alongside youth football and other teams.

Frontier is also a principal sponsor of Open Farm Sunday, a nationwide industry event hosted by LEAF (Linking Environment and Farming). Additionally, our Group Finance Director is a Trustee of RABI - an agricultural charity we have supported for many years. Our chosen charities help people with mental challenges in our agricultural communities and more widely.

RABI®

Open Farm Sunday

KEY LEARNING AND DEVELOPMENT PROGRAMMES

Programme	Enrolment to date[1]	
Leadership Development Programme (LDP)	130 employees	Aimed at future leaders, our flagship nine-month LDP covers: understanding growth mindsets and leadership styles; igniting team performance; supporting growth and development; and communicating effectively, among others.
Team Leader Development Programme (TLDP)	137 employees	Targeted at team leaders, the TLDP focuses on improving knowledge of relevant HR processes and policies. We are currently evolving the TLDP content to focus on empowerment, authenticity and leadership.
Women's Development Programme (WDP)	34 employees	Launched in 2021, the WDP aims to equip and enable women working at Frontier to become more self-aware and self-confident, and addresses some of the barriers women may encounter in their careers, using proven methodologies, models and tools.
Bootcamps	250 employees	Interactive internal training designed to build mental, interpersonal and team efficiencies, enabling our teams to perform to high standards that positively impact the whole business and our customer experience.
Apprenticeships	30 employees have completed apprenticeships with a further 29 underway/ enrolled	An important learning pathway that mutually benefits personal career development and our business. Apprenticeships undertaken include: agriculture/ horticulture adviser, business administration, engineering, cyber security, accounting and credit controller and team leadership roles.


WDP close-out session, December 2023.

1 Number of employees, as at end December 2023, who have completed or enrolled on our key L&D programmes since their inception.

S172 STATEMENT

The Company and the Group depend on the trust and confidence of stakeholders to operate sustainably in the long term.

STAKEHOLDER ENGAGEMENT

We seek to: put our customers' best interests first; invest in our people; support the communities in which we operate; work responsibly with our suppliers, financial partners, regulator and shareholders; and respect the planet - while striving to generate sustainable profits. In the table on pages 29 and 30, we share how we engage with our key stakeholders and what they expect of us.

BUSINESS CONDUCT

Our directors and senior leadership team (SLT) operate responsibly with the aim of ensuring that Frontier maintains its reputation for high standards of business conduct and good governance. Our values define the Group's culture and underpin our expectations for all employees and contractors around the high standards of professional and ethical conduct expected of them.

Our sustainability approach, The Responsible Choice, is a natural extension of our values and provides focus on action in five key pillars - planet, people, production, partnership and prosperity - to ensure long-term, responsible business growth (see page 18).

The Board promotes accountability and transparency with all external stakeholders and is committed to promoting and influencing our industry positively. The Group publishes a Gender Pay Gap Statement, Supplier Payment Performance Report and a Modern Slavery and Human Trafficking Statement, and welcomes the focus these reports provide as it looks to improve engagement with all stakeholders. A list of other key policies can be found on page 34.

SECTION 172 STATEMENT

Section 172 of the UK Companies Act 2006 is aimed at helping shareholders better understand how directors have discharged their duty to promote the success of companies, while having regard to the matters set out in Section 172(1) (a) to (f) ('s172 matters').

For the year ended 26 June 2023, the directors of Frontier Agriculture Limited confirm that they continued to exercise these duties while having regard to s172 matters, and to other relevant factors, as they governed the Company through the Board and its sub-committees.

Signed for and on behalf of the Board

Mark Aitchison
Director
22 March 2024

OUR STAKEHOLDERS

KEY STAKEHOLDERS

Our key stakeholders are those who are more directly affected by the actions and decisions we take, and vice versa. We interact frequently with these stakeholders in the course of business. Key insights from our engagement with our stakeholders are reported regularly to our Board and SLT.

Customers, people, shareholders, communities, suppliers, professional partners (e.g. legal and financial advisers and auditors) and our key regulator, the Department for Environment, Food and Rural Affairs (Defra).

OTHER STAKEHOLDERS

There are a number of other stakeholders who are important to us and can influence our decisions. However, we engage with these stakeholders less frequently in the day-to-day running of our business.

National and local UK Government bodies; regulatory bodies (including the Health and Safety Executive, and Food Standards Agency); industry bodies; national, local and industry media representatives; and other professional advisers.

Key stakeholders	Overview	Why they are important to us	How we engage with them	What they expect of us
Customers	We have two key customer groups: **farmer customers** (UK-based arable farmers) and **grain consumers** (typically, large national and global manufacturers of food and drink for human consumption and feed for pets and other animals, and bio fuels).	Having customers at both ends of the supply chain supports our balanced inputs/outputs business model and value creation. By improving crop yields and quality at the farming level we are able to better manage and finance the onward trading, risk management, storing, processing and distribution of bulk and added-value grain products to our grain consumers.	High-intensity contact with our farmer customers – for example, we regularly visit individual farms throughout the year to build personal relationships, knowledge and understanding, as well as supporting our farmer customers with decision-making as their crops develop. Our key relationship with grain consumers is led by our trading team, supported by our sustainability team; the wider Frontier team links grain consumers with farmer suppliers.	**Farmer customers:** > Good agronomic and farm business advice. > Most appropriate input products to improve long-term crop yields and quality. > Long-term trusting and personal relationships. > Data and insight; particularly in supporting regenerative agriculture. **Grain consumers:** > High-quality output products at right specification, price and volumes delivered at the right time. > Sound risk management advice and execution. > Data and insight, increasingly including in ESG areas.
People	Over 1,100 employees, based across 46 sites in the UK.	We place considerable value on the engagement, involvement and development of our people, recognising that the long-term success of our values-led business depends on their skills and commitment.	We keep employees informed on matters affecting them and on the various factors affecting the performance of the Group, using a variety of communication tools (see also pages 24 to 27).	> Safe (both physical and mental wellbeing), ethical and inclusive working environment. > Fair reward and recognition and financial wellbeing support. > A business that lives up to its values and culture. > Opportunity to learn and progress careers. > A socially responsible business committed to reducing its environmental impact.

THE THREE PEAKS CHALLENGE

Over several months, we supported an employee initiative to take part in the 'Three Peaks Challenge' to raise awareness of the benefits to mental health of walking, talking and spending time with other people. Members of our credit control team organised all three walks and Frontier contributed towards expenses. Around 20 employees and family members took part, with six employees completing the full Challenge.

Employees, families and friends taking part in the 'Three Peaks Challenge'.

S172 STATEMENT continued

Key stakeholders	Overview	Why they are important to us	How we engage with them	What they expect of us
Shareholders	Two joint venture (JV) partners who jointly own Frontier Agriculture Limited. See page 44.	Our shareholders are well-known global companies with expertise in food commodity and arable markets. They provide stability, advice, guidance and equity.	Two of Frontier's senior leadership team (SLT) are executive directors of Frontier Agriculture Limited and the Board meets every quarter.	> Transparent, accurate information to aid decision-making. > Strategy development. > Regular and fair dividend payments. > Focus on long-term returns.
Communities	Local communities in and around our 46 sites, and farming communities near our farmer customers. Agriculture-related charities (e.g. RABI).	By being 'good neighbours' we can build our reputation as a business that our communities value having in their neighbourhood, supporting our social licence to operate. We also recognise our responsibility to the wider agricultural community.	Engagement at business planning stages and ongoing engagement through employee-led initiatives.	> Respectful business behaviour (e.g. low air/light pollution, minimising traffic noise). > Financial and in-kind support for community projects and initiatives. > Local investment and employment opportunities. > Charitable donations and fundraising activities.
Suppliers	Our suppliers are a diverse group.	Our product and service suppliers are important to us, particularly as we expand our customer service offer.	All our non-commercial teams, including operations, transport, IT, finance, marketing and HR.	> Fair and timely payments. > Clear terms and conditions. > Ability to develop long-standing relationships/ partnerships. > Improved understanding of the agricultural supply chain.
Professional partners	Banking partners, financial intermediaries and professional advisers.	We rely on good relationships with our financial and legal partners to support funding, liquidity and credit lines and to help ensure that our business meets its fiduciary and reporting requirements.	Group Managing Director, Group Finance Director, finance team, treasury team and HR team. Specific project teams (e.g. for acquisitions and disposals).	> Transparent, accurate information to aid decision-making. > Consistent returns. > Regulatory compliance and integrity.
Regulator	Department for Environment, Food and Rural Affairs (Defra).	Our activities and those of our farmers and grain consumers are governed by Defra in the UK, supported by 34 agencies and public bodies.	Ongoing liaison regarding policy development and implementation. We coordinate feedback on behalf of our farmer customers regarding the practical impact of agri-environmental policy.	> Transparent, accurate information to aid policy development. > Ability to develop long-standing relationships. > Improved understanding of the agricultural supply chain.

ENGAGING WITH LOCAL FARMERS AND LINKING THEM TO MAJOR FOOD PRODUCERS THROUGH NAVARA

ANTICIPATED PROCESSING CAPACITY 2024

>100K TONNES

JOB CREATION

c.120 NEW JOBS

(60 created during construction and 60 in operations)

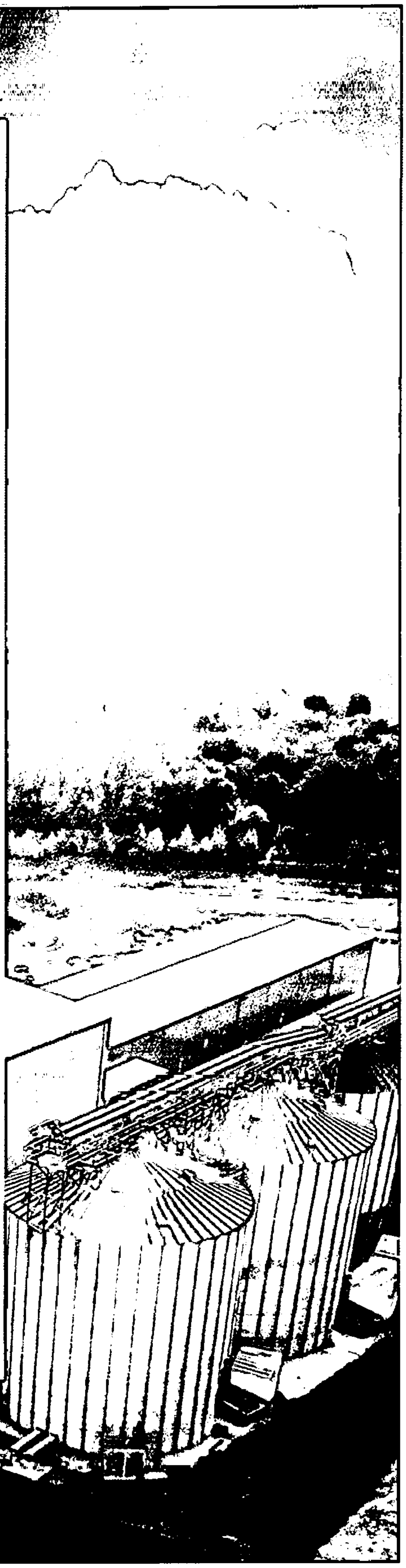
DISCOVER NAVARA — EUROPE'S LARGEST OAT MILL

On the Navara website, you can watch a video to learn more about our investment in Navara, including what the oat supply chain journey looks like and a tour of the plant.

Now jointly owned by Frontier and Camgrain (a farmer-owned cooperative), Navara Oat Mill in Northamptonshire is Europe's largest oat mill and has been purpose-built to meet the growing demand for oat ingredients in the food and drink industry. In January 2024, the mill commenced production.

Frontier is working with farmers within a radius of around 75 miles to advise on the selection of oat varieties to meet the quality premium required by food producers and to deliver oats to the mill. Since oats are regarded as a good break crop, local farmers perceive the opportunity to supply Navara as having both agronomic and commercial advantages.

The mill has been built to a high specification with sustainability taken into consideration from the outset. The site is near major trunk roads, key arable growing areas and several major food and drink manufacturing plants, facilitating both efficient inbound and outbound logistics. The mill investment includes roof-mounted solar panels, and husks removed during the cleaning process are sent for use in bio-energy production. Investment in technology allows groats to be sorted and graded efficiently by colour and rolled, cut or milled to meet agreed quality specifications, adding further value to a supply chain that continues to benefit from dynamic end-consumer demand.



Navara Oat Mill, Kettering, Northamptonshire.

www.navaraoatmilling.co.uk

RISKS AND RISK MANAGEMENT

Frontier's senior leadership team (SLT) recognises that managing risk is essential in driving forward any successful business strategy.

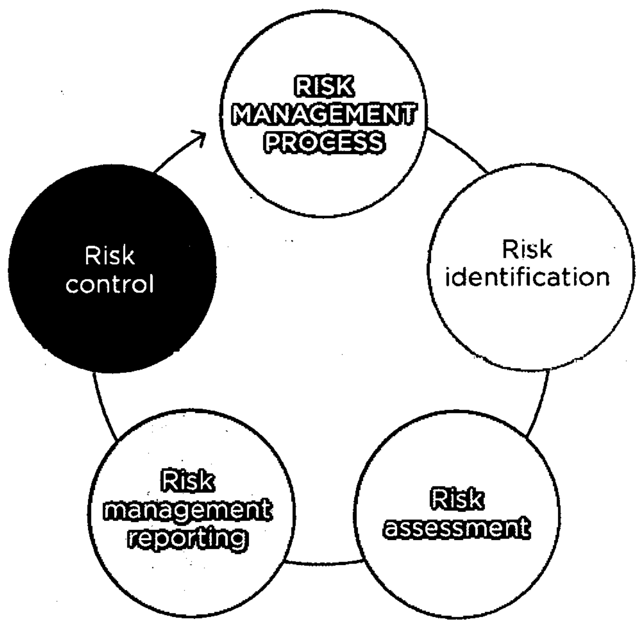
APPROACH TO RISK

Our risk management processes, which form part of both our day-to-day activities and strategic planning, are designed to help us achieve our stated objectives without detriment to the health and safety of our employees, or our financial performance or reputation.

Our risk management approach and responsibilities are clearly documented within the business and summarised below. These are underpinned by our values of Integrity, Customer first and Expertise (ICE). The SLT sets an appropriate tone and shows leadership in relation to the authenticity of our operations and expected behaviours. To support our employees and protect our business further, we have developed policies, procedures and training protocols (see panel on page 34).

RISK MANAGEMENT PROCESS

Our systematic process helps our employees (including those in all divisions and subsidiaries) to identify, assess, manage and control risks to give us the very best chance of achieving our commercial aims, whilst meeting our legal, ethical and health and safety responsibilities and maintaining our reputation.



Risk identification

Each of Frontier's functions is responsible for identifying risks and opportunities for the organisation to manage where appropriate and to control. Where possible, we apply a common approach to risk identification. This considers risks posed to legal status, budget and the future strategy by: our assets; people (employees and visitors); customers and suppliers; and data (the accuracy, availability and security of information upon which critical business decisions are based). Sources used to identify risks may include (but are not limited to): regular control reviews, horizon scanning activities, project management, internal and external audit recommendations, incidents and whistleblowing.

New and emerging risks are discussed in group compliance meetings and are identified in one or more of the following ways: monitoring markets and market trends, competitor activity in our sector (or similar industry sectors), trade association information, current affairs and parent company monitoring.

Risk assessment

Our group compliance function assesses risks using our standardised approach that ranks risks within individual businesses and across Frontier as a whole. Identified risks are linked to existing mitigations and controls and the effectiveness of these are considered. We evaluate risks by likelihood and impact both with existing controls applied and after the application of additional mitigation/control measures.

Risk impacts are ranked from small to severe, based on their impact on specific stakeholders (e.g. customers, employees, regulators, shareholders etc.) or the business (reputation, financial, brand, opportunity). Risk likelihood defines the likelihood and is ranked from unlikely to inevitable.

Risk management reporting
Our Group Finance Director, supported by our group compliance function, is responsible for the upkeep of the risk register and ensuring that the appropriate SLT member or department is aware of any significant risk issues threatening the business.

Following the initial assessment by the group compliance function, any risks deemed to be principal risks to the overall business (as listed on page 35) are formally reviewed and monitored by the Risk and Resilience Steering Group (RRSG) and reported to our shareholders on an annual basis. Other risks are managed by individual functions and the group compliance function. Both principal and other risks are considered for treatment options. These options range from accepting the risk (do nothing) to various levels of treating the risk (apply remedial controls). If opportunities arising from the risk evaluation are identified, treatments considered may be categorised under 'enhance' (increase the likelihood of the opportunity occurring) or a range of decreasing interventions down to 'ignore'. The review and assessment of risks (and associated opportunities) is a continuous process based on information available from internal and external sources (as listed above).

Risk control
The implementation of risk management controls for principal risks is the responsibility of named owners (typically functional management) as listed on pages 35 to 37. However, we consider risk management to be a Group-wide responsibility and encourage employees to identify risks as early as possible and escalate for action to assess and manage them. All employees are required to adhere to the resultant controls which link, where possible, with existing Company guidelines or policies (see page 34).

EFFECTIVE RISK MANAGEMENT PROCESSES AND INTERNAL CONTROLS

We continuously seek to improve our risk management processes to ensure that the quality and integrity of information supports our ability to respond swiftly to direct risks. The Frontier Agriculture Limited Board is satisfied that the internal controls during the financial period under review were properly maintained, and that principal and emerging risks are being appropriately identified and managed.

ENVIRONMENT

Our sense of social purpose and responsibility is directed and brought together by Frontier's Company-wide approach to ESG, 'The Responsible Choice'. Frontier's steering group for The Responsible Choice comprises three SLT members and our Sustainability Manager. During the year TRC was refreshed and relaunched internally. TRC has five pillars - planet, people, production, partnership and prosperity - and more information can be found on page 18.

RAISING AWARENESS OF PROJECT ZERO INITIATIVES

Run by our business development department, our Project Zero team works with colleagues across Frontier to investigate and deliver projects to reduce our environmental impact.

The team's work brings greater visibility to our net zero initiatives through updates, ongoing engagement and by being a point of contact for employee ideas - such as planting wildflowers (with the seed mix donated by Kings).

Another project led to the introduction of low-impact electric utility bikes that increase our efficiency in taking spring samples of standing crops, while reducing fuel, noise pollution and our carbon footprint.

Wild flower planting.

RISKS AND RISK MANAGEMENT continued

KEY POLICIES AND PROCEDURES

We have a range of policies that help inform and guide our employees. Some of the key ones are summarised below.

KEY DOCUMENTS	OWNER
Anti-bribery policy	Finance
Anti-fraud policy	Finance
Data protection policy	Technology
Environmental policy	Operations
Grain trading policy	Commercial
Health and safety policy	Operations
IT acceptable use policy	Technology
Modern day slavery and human trafficking policy	HR
Privacy policy	Marketing
Quality policy	Operations
Respect, diversity and equality policy	HR
Risk management policy	Finance
Whistleblowing policy	HR

Awareness and training

All staff are requested to review policies on induction and at the time of release of any new policy. All policies are available to all staff on our intranet (or via line managers for those who have limited system access).

> Mandatory anti-bribery and corruption training takes place every two years for personnel in relevant roles.

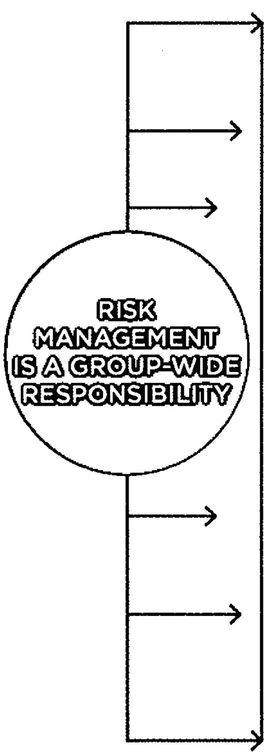
> Competition training takes place every two years for relevant roles.

> Annual cyber awareness training and regular internal phishing campaigns are mandatory for all staff.

> Trader training and corporate criminal offence (CCO) training are being planned for 2024.

> We are aiming to publish a tax evasion policy later in 2024.

RISK MANAGEMENT FRAMEWORK AND RESPONSIBILITIES



Frontier Agriculture Limited Board	Ultimate accountability for our risk management programme sits at Board level with our Group Managing Director and Group Finance Director who are members of the Board.
Group Finance Director	Our Group Finance Director ensures that risk is discussed at senior leadership team meetings and attends the Risk and Resilience Steering Group.
Risk and Resilience Steering Group	The Risk and Resilience Steering Group comprises our Group Finance Director, Group Operations and Supply Chain Director, Deputy Finance Director and two members of our group compliance function and includes individuals with wide-ranging knowledge, skills and perspectives. It meets twice a year to review and prioritise risk register items, including risks identified as new and emerging, and agrees which of the risks identified within the business are principal risks.
Group compliance function	Our group compliance function ensures that all risks of sufficient scale in terms of likelihood and/or impact are included and updated on the risk register for the Frontier Group and/or divisions. It also interfaces with auditors to ensure that risk controls are appropriate and operational.
Functional management	Functional management is responsible for: ensuring that risk identification and management is discussed; advising the group compliance function of new or modified risks; and agreeing suitable controls. All central function managers are responsible for identifying key risks pertaining to their area.
All staff	Employees are expected to notify management of any new or potential risks to the business as they arise.

PRINCIPAL RISKS AND UNCERTAINTIES

We report below our nine principal risks which we believe are likely to have the greatest current or near-term impact on our strategic and operational plans and reputation.

They are grouped into either **external risks,** which may occur in markets or the environment in which we operate, or **operational risks,** which we encounter in our own operations and internal activities.

Our principal risks are plotted by impact and likelihood in the risk heat map below, after the application of existing controls.

EXTERNAL RISKS

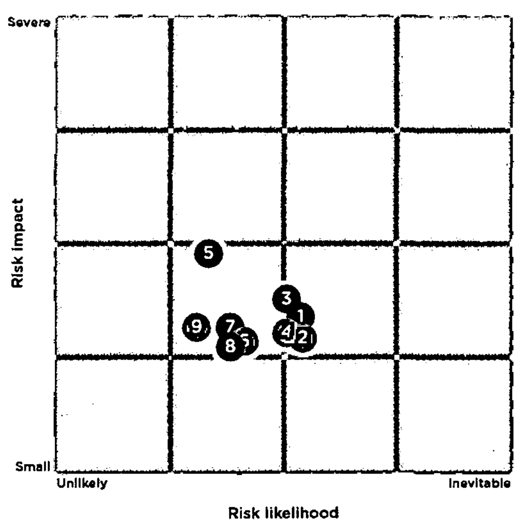
② GEOPOLITICAL UNCERTAINTY

Risk description
Geopolitical threats, such as the inflationary impact of pandemics and war, result in economic uncertainty in the markets in which we operate. The risk of rising costs of commodities, inputs, finance, energy and salaries could each erode overall profitability.

Key mitigation approach
Frontier purchases a range of commodities in the ordinary course of business. We constantly monitor the markets in which we operate, and manage certain of these exposures with exchange-traded contracts and hedging instruments. Board-approved policies require the business to hedge all transactional currency exposures and committed long-term supply or purchase contracts (which are denominated in a foreign currency), using foreign exchange forward contracts. The commercial implications of commodity price movements are continually assessed and, where appropriate, reflected in the pricing of our products. We monitor situations closely and are agile in our ability to take appropriate mitigation measures as challenges arise. We manage this risk through our focus on balance sheet strength and ongoing cost-efficiency initiatives such as solar and energy projects and our digital transformation programme.

Risk owner
Senior leadership team

RISK HEAT MAP (AFTER APPLICATION OF EXISTING CONTROLS)



External risks
- ② Geopolitical uncertainty
- ④ Third-party liquidity
- ⑥ Climate change
- ⑨ Regulatory change

Operational risks
- ① Human resources - attraction, development and retention
- ③ Product safety and quality
- ⑤ Workplace health and safety
- ⑦ IT failure
- ⑧ Breach of cyber security

Market trends page 12

PRINCIPAL RISKS AND UNCERTAINTIES continued

4 THIRD-PARTY LIQUIDITY

Risk description
Challenges for our customers and consumers with supply chains, payment delays and obtaining credit could lead to the risk of direct loss in our earnings from non-payment exposure.

Key mitigation approach
We have insurance provisions in place to mitigate this risk and the current high interest rate environment encourages payment to terms. We actively monitor sector trends, and members of our senior leadership team establish and maintain strong working relationships with our consumers.

Risk owner
Group Finance Director

6 CLIMATE CHANGE

Risk description
Our business and supply chains rely on a secure supply of finite natural resources, some of which are vulnerable to external factors such as natural disasters and climate change. We recognise that climate change represents a material risk throughout our supply chain and can cause disruption to our operations. For example, UK weather is generally temperate in our experience. However, extreme weather events (for example, low or high temperatures and/or rainfall) can happen at critical points in the crop cycle, and these can and do adversely affect arable farming. Long-term climate change may also impact agricultural crops and the availability of workers.

Key mitigation approach
We operate a balanced business model and work with farmer customers across the UK, which helps to reduce potential over-exposure to regional climatic impacts. We continually seek ways to improve the efficiency of our operations, using technologies and techniques to reduce our use of natural resources, to minimise waste and the subsequent impact on the environment. The Board has received specific briefings on climate change matters and on our approach to achieving Climate-related Financial Disclosures (CFD) compliance. We have engaged external experts to support our CFD implementation and established a TRC (The Responsible Choice) Steering Committee sponsored by the Group Finance Director, to oversee its governance. Through this approach and our CFD work we identify climate-change risks and opportunities.

Risk owner
Senior leadership team

9 REGULATORY CHANGE

Risk description
Frontier faces many regulatory changes, with new requirements already in force or in consultation. These include: Climate-related Financial Disclosures (CFD); developing environmental, social and governance (ESG) reporting requirements; and extended producer responsibility regarding packaging and plastics. This is in addition to industry-specific changes affecting the UK (such as assurance bodies being accepted for the EU Renewable Energy Directive (RED), which impacts our ability to merchant commodities as RED-compliant in the UK). The extent of these changes impacts the capacity of our staff, who are managing these additional requirements.

Key mitigation approach
Our group compliance function regularly scans the horizon to ensure compliance with any regulatory change that could impact our operations. During the year under review, we also used external consultants to support business initiatives that are underway, to meet specific regulatory requirements.

Risk owner
Group Finance Director

OPERATIONAL RISKS

1 HUMAN RESOURCES – ATTRACTION, DEVELOPMENT AND RETENTION

Risk description
At date of publication, we employ around 1,100 people, who are central to our success. Workforce engagement is at the heart of our activities and our culture supports open dialogues across the business.

Key mitigation approach
To ensure our employees are listened to, and feedback is acted upon, all staff regularly complete the 'Great Place to Work' survey and leadership teams implement initiatives around resulting prevalent themes (e.g. diversity and inclusion, learning and development, and health and wellbeing). We run annual performance development reviews and all staff are eligible to receive our Company bonus payment, dependent on the financial performance of the business. We have development programmes in place supporting our commercial employees, team leaders, leaders, and women in the business, in addition to student placements, function-specific apprenticeships, professional qualifications and accreditation schemes. Our employee-facing systems are constantly evolving to deliver a better employee experience and provide information and guidance to employees during their career with Frontier.

Risk owner
Head of Human Resources, Group Finance Director

3 PRODUCT SAFETY AND QUALITY

Risk description
As a key supplier to the food chain, it is vital that we manage the safety and quality of the commodities that we source and handle throughout our activities. Product safety is always placed ahead of economic

considerations, minimising the risk of contaminants entering the food chain.

Key mitigation approach
We operate strict food safety and traceability policies within an organisational culture that places high importance on hygiene and product safety. These ensure that we set consistently high standards in our operations and in the sourcing and handling of raw materials. Food quality and safety audits are conducted across all operational sites by independent third parties and our customers. Our sites comply with international food safety and quality management standards, and our businesses conduct regular mock product incident exercises. We set clear expectations of our suppliers, making relevant third-party certification and other assessments a condition of doing business. Product testing and trials are undertaken as required and, where bespoke raw materials are purchased, the businesses will work closely with the supplier to ensure quality parameters are suitably specified and understood.

Risk owner
Group Finance Director, Group Operations and Supply Chain Director

5 WORKPLACE HEALTH AND SAFETY

Risk description
Many of our operations, by their nature, have the potential for loss of life or workplace injuries to employees, contractors and visitors.

Key mitigation approach
Health and safety (HAS) is our number one priority at Frontier. We have been running an internal HAS communications campaign for over ten years and this is well embedded across the business with high visibility, see also page 24.
Members of our senior leadership team, who lead by example, are accountable for the safety performance of the business.
We also have a continuous HAS audit programme to verify implementation of safety management and support a culture of continuous improvement. Best practice safety and occupational health guidance is shared across the Group, coordinated from the corporate centre.

We monitor and analyse accidents through our HAS audit process and monitor compliance with Control of Major Accident Hazards (COMAH) regulations issued by the UK's Health and Safety Executive, and our own HAS and operations policies. We train staff in crisis management, fire and rescue procedures, safe driving practices and farm safety, and ensure that we have adequate insurance provision.

Risk owner
Senior leadership team

7 IT FAILURE

Risk description
A major failure in IT systems could lead to an interruption of trading activities - a risk that is exacerbated in volatile markets - and operational activities, impacting our ability to execute our contracts to agreed terms.

Key mitigation approach
We have an in-house Technology function, with regularly updated policies, technologies and processes, all of which are subject to regular audit. Robust disaster recovery plans are in place for business-critical applications and are adequately tested. We continue to invest in our infrastructure and digital transformation programme. We have established crisis management and business continuity plans to support the business should such an incident (including IT failure) occur.

Risk owner
Group Managing Director, Group Finance Director

8 BREACH OF CYBER SECURITY

Risk description
Our IT infrastructure needs to be flexible, reliable and secure in order to allow us to interact through technology. Our delivery of efficient and effective operations is enhanced by using relevant technologies and the sharing of information. We are therefore subject to cyber threats such as social engineering attacks, computer viruses, and the loss or theft of data. This could lead to significant loss to some or all of our systems.

Key mitigation approach
We actively mitigate this risk by developing our technology systems and investing in the IT skills and capabilities of our people across our businesses. We monitor and mitigate any cyber threats and suspicious IT activity, and have increased internal awareness of this risk though cyber security awareness training. We have established a technology security team who develop and monitor policies, technologies and processes, all of which are subject to regular audit.

Access to sensitive data is restricted and closely monitored. Robust disaster recovery plans are in place for business-critical applications and are tested. Technical security controls are in place for key IT platforms, and the Head of IT Operations and Security is tasked with identifying and responding to potential security risks.

Risk owner
Group Managing Director, Group Finance Director

Commentary on financial instruments
Further information on financial risks, as required by the Companies Act 2006 Sch 7.6(1) (a)/(b), can be found in the Group Finance Director's report on page 15.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (CLIMATE-RELATED FINANCIAL DISCLOSURES)

In the following pages, we present our first climate-related financial disclosures report, fulfilling our corporate reporting requirements as a large private company operating in the UK.

OUR APPROACH

Our business and supply chains rely on a secure supply of finite natural resources, some of which are vulnerable to external factors, including climate change. 'Climate change' is recorded in our risk register as a principal risk to our business and is one of our top three external risks, see page 35.

Through our extensive work in UK arable farming and engagement with the UK farming community, we often experience at first hand the challenging physical impacts that our changing climate is having in areas such as crop yield and quality, and the increasing cost of raw materials as we transition away from conventional carbon-intensive processes. As a customer-focused business we seek to reduce risks and pursue opportunities for customers along our supply chain (for example, through our work in sustainable crop production, precision technology and trials of lower-impact fuels) and we have disclosed some initiatives publicly. However, we have not historically reported our approach systematically at Group level.

In preparation for our first climate-related financial disclosures report, we have taken several measures to educate our business further on the impacts of climate change and the actions we need to take to move towards full compliance with the new reporting requirements. These included: working with external experts (Accenture and ClimatePartner UK) to identify material climate-change-related risks and opportunities; running workshops with senior managers; and engaging ClimatePartner UK to help us with climate scenario modelling, material risk mitigation strategies and future recommendations.

We report below on climate-related financial disclosures consistent with the climate-related financial disclosure requirements (a) to (h) under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2021.

These mandatory disclosures closely follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have mapped our disclosures against the four TCFD pillars to help chart our progress against this recognised framework that is adopted by many of our key stakeholders. For each disclosure, we share our response, next steps and a statement of compliance.

FRONTIER'S RESPONSE AND NEXT STEPS

Governance

(a) a description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities;

During the year under review, the Frontier Agriculture Limited (FAL) Board reviewed climate-related risks and opportunities pertinent to its business strategy on an ad-hoc basis. The Group Finance Director (an FAL Board member) and Group Operations and Supply Chain Director sit on the Risk and Resilience Steering Group (RRSG), which met twice in the year to review and prioritise risk register items (including risks relating to 'climate change'), and Frontier management routinely fed back new and modified risks to the group compliance function.

Since year end 2023, we have formalised a standing agenda point for the FAL Board to discuss climate-related risks and opportunities twice a year. At each December meeting (effective from 2023), the FAL Board is scheduled to review Frontier's risk matrix (including climate-related risks and opportunities). The FAL signs off the climate-related financial disclosures for the annual report. At each June meeting (effective from 2024), the FAL Board will receive a reporting update, including new climate-related disclosures, and consider climate-related risks and opportunities relating to new projects.

In Q1 2024, Frontier launched a new risk management programme with training planned for appropriate teams. The new programme outlines management processes and the responsibilities of the people involved, including how risks are formally assessed by the group compliance team and then reviewed by the RRSG to deem whether they qualify as strategic risks and to decide treatment options. More information can be found in the 'Principal risks' section on pages 35 to 37.

✔ Taking into consideration our latest actions, we consider that we comply with requirement (a).

Risk management
b) a description of how the company or LLP identifies, assesses, and manages climate-related risks and opportunities;

As described on pages 32 to 34, during the year under review, we identified, assessed and managed risks facing the business (including climate-related risks) as part of our risk management programme. This process includes capturing relevant risks in our risk register and assessing each risk, using our risk matrix, against financial impact and likelihood criteria. One of our principal risks was identified as 'climate change' (see page 36) and was discussed, along with other principal risks, by the RRSG. Risk identification is an ongoing process as part of our risk management programme and 'climate risk' is discussed regularly given its importance to our business and sector. From December 2023 onwards, risks will be considered formally at least once a year by the FAL Board in preparation for public disclosure.

✔ We consider that we comply with requirement (b).

(c) a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company or LLP;

Risk identification is an integral component of our risk management programme as described on page 32 and above in disclosure (b). To ensure that climate-related risks and opportunities are actively identified and reviewed, our Group Compliance Manager attends 'The Responsible Choice' (TRC) strategy group meetings and is involved in key TRC workstreams. She is responsible for reporting identified climate-related risks to the risk team for further consideration and evaluation as part of the main risk management process.

✔ We consider that we comply with requirement (c).

Strategy
(d) a description of (i) the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP, and (ii) the time periods by reference to which those risks and opportunities are assessed;

We describe and disclose our principal climate-related risks and opportunities in Table 1 (on pages 40 to 42) against our selected time periods. A description of these time periods and rationale for choosing these can be found in the accompanying notes on page 43.

✔ We consider that we comply with requirement (d) (i) and (ii).

(e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP;

As part of our risk management programme described on page 32, we capture all relevant risks in our risk register and assess each risk, using our risk matrix, against financial impact and likelihood criteria. In Table 1 on pages 40 to 42, we describe the actual and potential business impact for each climate-related risk and opportunity and outline our ongoing mitigation or development strategy for each. We indicate each risk impact post mitigation as high, medium and low and our risk scoring methodology follows the same likelihood and impact analysis that we use for all business and principal risk evaluation (see the risk heat map on page 35), with impact assessed from small to severe. Further details can be found in our methodology information on page 43.

✔ We consider that we comply with requirement (e).

(f) an analysis of the resilience of the business model and strategy of the company or LLP, taking into consideration different climate-related scenarios;

We have also assessed the effectiveness of current mitigation strategies against climate model scenarios as set out in Table 1 on pages 40 to 42, and these are included in our risk register. On page 43 we explain the climate scenarios that we have used and the rationale for choosing them.

✔ We consider that we comply with requirement (f).

Metrics and targets
(g) a description of the targets used by the company or LLPs to manage climate-related risks and to realise climate-related opportunities, and of performance against those targets; and

h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities, and a description of the calculations on which those key performance indicators are based.

We are committed to our journey towards net zero carbon emissions by 2030 within our own direct operations (Scopes 1 and 2) and we track our progress against a 2015 baseline (see page 17). We also disclose relevant metrics related to our Streamlined Energy and Carbon Reporting (SECR) disclosure (see page 23). A statement of Scope 1 and 2 definitions and the methodology used for our SECR calculation can be found on page 22. We are currently reviewing other potential key performance indicators and targets that may be relevant to our ongoing strategy work, and other current and potential climate-related disclosures required by our stakeholders (for example, our shareholders, customers and financial partners). We are committed to disclosing any updated key performance indicators, scopes and targets in our next annual report and accounts.

✔ We consider that we comply with requirements (g) and (h).

TABLE 1: FRONTIER'S PRINCIPAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

Having evaluated the physical and transition risks and opportunities against climate scenarios, we have disclosed below those that we believe to be most material to our business and of most interest to our stakeholders.

RISKS AND OPPORTUNITIES	TYPE	DESCRIPTION	BUSINESS IMPACT	MITIGATION/ DEVELOPMENT	TIME-FRAME	CLIMATE SCENARIO
Increased cost of raw materials	Transition risk	Energy costs (especially gas) are projected to increase in the short term, with uncertainty in the long term.	Increased energy costs and associated impact on crop input and fertiliser costs.	> Strategic engagement with energy providers. > Strategic engagement with fertiliser suppliers. > Exploration of raw material alternatives. > Exploration of low-carbon alternatives. **Post mitigation we consider the risk impact as MEDIUM.**	Short to long	Delayed transition (1.6°C)
Access to working capital	Transition risk	Financial markets are increasingly rewarding companies which demonstrate good ESG performance (including climate-related factors).	Frontier's cost of capital may increase and the Company's ability to access funding may decrease if ESG performance expectations are not met. Short-term investment is being made to develop internal ESG resources and to investigate new technology.	> Strategic engagement with funders to develop a strong, diverse funding base. > Increased focus on developing and communicating 'The Responsible Choice' (see page 18) and related targets, both internally and externally. **Post mitigation we consider the risk impact as MEDIUM in the short term and LOW in the long term.**	Short to long	Delayed transition (1.6°C) and Current policies (3°C+)
Long-term weather patterns	Physical risk	Intensity of weather patterns such as excess rainfall and drought is likely to increase, affecting the timing of UK cropping patterns and the availability of crop commodities.	The projected increase in intensity of weather patterns is likely to make planting and harvesting more difficult, impacting crop yields, supply and price. It could also lead to an increased use of fossil fuels to dry crops. As a business we need to respond to the changes in UK cropping patterns.	> Geographical spread of sourcing locations across UK. > Ongoing development of sustainable crop production expertise. > Crop harvests fall typically within our financial year. > Investment in supply chain relationships to develop and trial new crop varieties and production techniques to better withstand the impact of changing weather patterns. **Post mitigation we consider the risk impact as MEDIUM.**	Short to long	Current policies (3°C+)

RISKS AND OPPORTUNITIES	TYPE	DESCRIPTION	BUSINESS IMPACT	MITIGATION/ DEVELOPMENT	TIME-FRAME	CLIMATE SCENARIO
Severe weather events (crop, logistics and operational damage)	Physical risk	River flooding is expected to increase modestly, with surface runoffs affecting croplands more significantly. Coastal flooding is likely to increase, particularly in southern and eastern England. Storms may increase, but only with a medium confidence within modelling. Heatwaves are projected to increase, with a high confidence.	Extreme weather events and worsening flood risks could lead to crop damage and reduced viability of growing regions that are already under pressure from reduced chemistry to control weeds and pests in specific crops.	> Geographical spread of operational sites and sourcing locations across UK. > Strong relationships with multiple suppliers and haulier companies. > Robust insurance programme in place for physical damage to property. > Support for farmers adopting regenerative agriculture practices that will result in flood mitigation activities. **Post mitigation we consider the risk impact as MEDIUM**	Short to long	Current policies (3°C+)
Shift in consumer preferences	Opportunity	Increasing demand for products with low emissions/ high sustainability credentials in the short to long term.	Positive financial impacts expected from Frontier's development of low-carbon emission products, including those that support growth of emerging food markets.	> Development of lower-impact crops in food supply chains, including those produced under a regenerative agriculture regime. > Ongoing investment in Frontiers' oat mill plant.	Short to long	Delayed transition (1.6°C)
Development and/or expansion of low-emission goods and services	Opportunity	The biological crop protection market is projected to grow, alongside a long-term decrease in conventional fertiliser use. Market growth is also expected in the areas of: renewable fuel, soil precision technology, voluntary carbon (insetting) markets and carbon sequestration.	Frontier is well positioned to benefit financially from these trends, given its foothold in these developing markets.	> Ongoing development of on-farm biostimulant and nutrition strategies, and soil precision technology (SOYL). > Development of lower-impact crops, including those produced under a regenerative agriculture regime.	Short to long	Delayed transition (1.6°C)

TABLE 1: FRONTIER'S PRINCIPAL CLIMATE-RELATED RISKS AND OPPORTUNITIES continued

RISKS AND OPPORTUNITIES	TYPE	DESCRIPTION	BUSINESS IMPACT	MITIGATION/ DEVELOPMENT	TIME-FRAME	CLIMATE SCENARIO
Use of new technologies	Opportunity	Significant increase in use of smart technology in the agriculture sector. This is projected to grow further, with increasing connectivity.	Frontier is well positioned to benefit financially from these trends, given its developing 'agritech' services. Technological and operational advances are also expected to bring efficiency gains.	> Ongoing development of 'agritech' services, such as soil precision technology (SOYL) and nutrition services. > Ongoing investment in in-house data analytics portal (e.g. through our MyFarm software).	Short to long	Delayed transition (1.6°C)
Use of lower-emission sources of energy	Opportunity	Fossil fuel energy prices are projected to increase. There is uncertainty as to how electricity prices will evolve.	Frontier has the opportunity to move towards self-sufficiency using alternative fuels. This will reduce carbon emissions, lower energy costs (in the longer term) and improve business resilience.	> Expansion of on-site solar photo-voltaic panels to reduce reliance on the National Grid. > Development of renewable energy to support fuel self-sufficiency (e.g. hydro-treated vegetable oil (HVO) and biomass).	Short to long	Delayed transition (1.6°C)

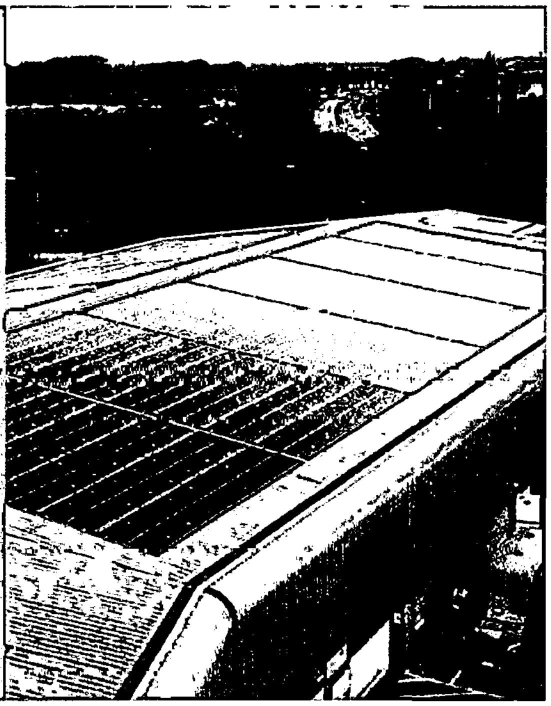
EXPANDING SOLAR-POWERED ENERGY PRODUCTION

For several years we have recognised the environmental and commercial benefits of moving towards energy self-sufficiency using alternative fuels.

We installed our first solar panels in 2015 at our site in Holme-on-Spalding-Moor and have since been expanding our renewable energy production. In 2022/23, we generated 3,014,945 kWh of renewable power – around a 50% uplift in two years – from 11 sites and exported around 1,525,674 KwH to the National Grid, making a corporate saving equating to 308 tCO2e.

We continue to review the feasibility of installing solar panels across the business as part of our commitment to lowering our carbon footprint and electricity costs, maintaining good environmental practices, reducing our reliance on the National Grid and building business resilience.

Since year end, we have installed solar panels at another two sites, bringing the total number of sites with access to solar power to 13. Information on other carbon-saving initiatives can be found on pages 20 to 23.



Roof-mounted solar panels, Sandy, Bedfordshire.

METHODOLOGY

1 Climate-related scenario planning

The development of climate-related risks and opportunities in Table 1 on pages 40 to 42 has been assessed against two climate scenarios: Delayed transition (1.6°C); and Current policies (3°C+).

We have chosen these two widely-used climate scenarios (taken from the Network for Greening Financial Systems scenario list) as they allow for the greatest 'stress-testing' of Frontier's resilience against two opposing climate scenarios.

DESCRIPTION OF FRONTIER'S SELECTED CLIMATE SCENARIOS

Delayed transition (1.6°C)
This climate scenario models a world where global temperature rise is kept to 1.6°C, but global policies are delayed and diverse. This model allows Frontier to test its climate-related risks and opportunities against the most stressful transition scenario.

Current policies (3°C+)
This climate scenario models a hothouse world, which assumes only current global policies will be implemented, and consequently predicts a 3°C+ rise in global temperatures. This model enables Frontier to evaluate its climate related risks and opportunities against the most extreme physical changes to global climate.

2 Risk impact assessment

In Table 1 we have assessed our post-mitigated risk impacts as high, medium and low.

Our risk scoring methodology follows the same likelihood and impact analysis that we use for all business and principal risk evaluation (see pages 32 to 34), with impact assessed from small to severe and translated as below.

RISK IMPACT ASSESSMENT

Low (small)
Projected impacts from scenario analysis are judged to be positive or not significant.

Medium (moderate)
Projected impacts from scenario analysis are judged not to be significant once mitigating actions are considered.

High (large to severe)
Projected impacts from scenario analysis are still judged to be significant once mitigating actions have been considered.

3 Time periods

We have selected the following time periods as we consider these to be relevant to the way we run our business; for example, our short-term time period aligns with our strategic planning cycle.

When setting our long-term time period, we agreed that this should not be extended beyond 2040 as we wanted to give a clear signal to all key stakeholders of the urgency for action to mitigate climate-related risks and to develop climate-related opportunities.

SHORT-TERM/LONG-TERM

Short-term - Up to 2030

Long-term - From 2030 to 2040

Strategic report

The strategic report, from pages 1 to 43, was reviewed and signed by order of the Board.

Mark Aitchison

Mark Aitchison
Director
22 March 2024

GOVERNANCE

Strong governance and effective communication are essential to deliver our strategy and to protect our brand, reputation and stakeholder relationships.

We are a large private company, committed to running our purpose-led business with integrity and transparency.

OUR SHAREHOLDERS

Frontier Agriculture Limited ('Frontier') was formed in 2005 as a joint venture, with 50% owned by Cargill PLC and 50% owned by A.B.F.Holdings Limited.

FRONTIER AGRICULTURE LIMITED BOARD

Frontier Agriculture Limited's Board of directors currently comprises seven directors and one Company Secretary. Mark Aitchison (Frontier's Group Managing Director) and Diana Overton (Frontier's Group Financial Director) represent Frontier.

5 NATIONALITIES

(American, British, Dutch, French, Spanish) on the Frontier Agriculture Limited Board

The Board can appoint up to six non-executive directors, with three representatives from each of our two shareholders, and this composition ensures the Board remains balanced. Currently, two non-executive directors represent A.B.F.Holdings Limited and three represent Cargill. The Chair of the Board, José Nobre, is a non-executive director representing A.B.F.Holdings Limited.

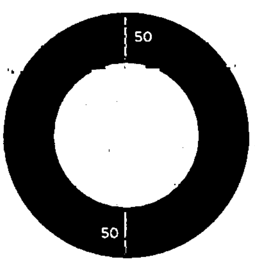
The Frontier Board meets every quarter and typical agenda items include: health and safety performance; governance; strategy; financial; risk; commercial; HR; and internal and external audits (if applicable). Other regular attendees include Frontier internal representatives and industry and legal experts, who are invited to Board meetings to provide specific updates.

FRONTIER' SENIOR LEADERSHIP TEAM

Frontier's day-to-day operations are led by eight senior leadership team members, including two members who sit on Frontier Agriculture Limited's Board, as described above. Biographies of Frontier's current senior leadership team can be found on pages 46 to 47. The senior leadership team meets monthly.

ABOUT OUR SHAREHOLDERS

FRONTIER'S SHAREHOLDERS, %



● Cargill PLC
● A.B.F.Holdings Limited

CARGILL PLC

Our shareholder, Cargill PLC, is part of Cargill Incorporated – a global business with over 160,000 employees serving customers and communities in 70 countries/regions with an annual revenue of over US$177 billion. Cargill connects farmers with markets, customers with ingredients and animals with the food they need to thrive.[1]

A.B.F.HOLDINGS LIMITED

Our shareholder, A.B.F.Holdings Limited, is part of Associated British Foods plc – a highly diversified group, with a range of food and ingredients businesses as well as its retail brand, Primark. It is listed on the London Stock Exchange and is a FTSE100 constituent.[2]

Associated British Foods plc

1 www.cargill.com/about/cargill-at-a-glance

2 www.abf.com

ALIGNING STRATEGIC DIRECTION

Our vision is to be the first-choice partner for crop production and grain marketing for UK farmers, and the first-choice employer in UK agriculture. Our directors seek to align the Group's strategic direction with its vision and to our shareholders' long-term aspirations for sustainable growth.

CULTURE OF INTEGRITY

Our values of Integrity, Customer first and Expertise define the Group's culture and underpin our expectations of high standards of professional and ethical conduct. Directors and senior leadership team members lead by example to promote our culture and values.

RELATED TRANSACTIONS

Transactions with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A.B.F.Holdings Limited), participating interests and companies controlled by company directors are set out in more detail in note 24 to the consolidated financial statements.

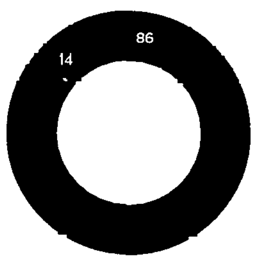
REMUNERATION

Details of directors' remuneration can be found in note 6 to the consolidated financial statements, including the aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest-paid director.

BOARD AND SENIOR LEADERSHIP TEAM AT A GLANCE

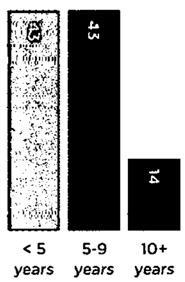
FRONTIER AGRICULTURE LIMITED BOARD

BREAKDOWN BY GENDER, %



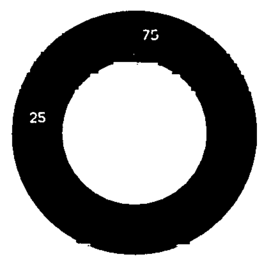
- Male
- Female

BREAKDOWN BY LENGTH OF SERVICE, %



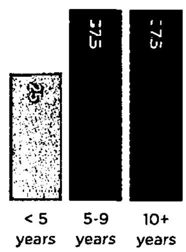
SENIOR LEADERSHIP TEAM[3]

BREAKDOWN BY GENDER, %



- Male
- Female

BREAKDOWN BY LENGTH OF SERVICE, %



FRONTIER AGRICULTURE LIMITED OFFICERS OF THE COMPANY

The directors of Frontier Agriculture Limited who held office at the date of approval of this annual report and accounts were as follows:

NAME	APPOINTED	NATIONALITY	GENDER	ROLE
Mark Aitchison	23 March 2005	British	Male	Group Managing Director, Frontier Agriculture Limited
Alexis Cazin	13 March 2023	French	Male	Group Leader EMEA, Cargill
Scott Gurvis	1 April 2019	American	Male	Chief Financial Officer, AB Agri
José Nobre	8 February 2018	French	Male	Chief Executive Officer at AB Agri and Chair
Diana Overton	14 September 2017	British	Female	Group Finance Director, Frontier Agriculture Limited
Adrianus Schieveen	9 November 2022	Dutch	Male	Finance Director EMEA, Cargill
Oriol Serrahima	1 May 2021	Spanish	Male	Managing Director for Grains EMEA, Cargill
Ray Cahill	4 March 2021	British	Male	Company Secretary, Frontier Agriculture Limited

For dates of resignations and appointments during the financial period under review, see page 48.

3 As at publication of this annual report and accounts. See pages 46 to 47 for more information.

SENIOR LEADERSHIP TEAM (SLT)

Our senior leadership team has the experience, expertise and energy to meet our growth aspirations.

MARK AITCHISON
Group Managing Director

Joined Frontier: 2005

Career and qualifications
Mark has been the Managing Director and the architect of the merger that formed Frontier in 2005, having joined Cargill's agricultural division in 1992. Mark has a BSc in Applied Biology from Liverpool University and a postgraduate degree in Agronomy and Crop Husbandry. In 2014, Mark was awarded an honorary doctorate from Harper Adams University in recognition of his outstanding contribution to UK agriculture.

Other appointments
Director of the Rutland Agricultural Society since 2015. Director of Frontier Agriculture Limited. Chairman of Navara Oat Milling Limited and Investor Director of the Main Board of Oxbury Bank.

DIANA OVERTON
Group Finance Director

Joined Frontier: 2012

Career and qualifications
A chartered accountant with experience in strategic business development, corporate finance, and finance management, including in several roles within the Associated British Foods family. Diana is responsible for Frontier's finance, HR, IT and business development and graduated from Bristol University with a mathematics degree.

Other appointments
Trustee of the Royal Agriculture Benevolent Institution (RABI) and in the role of Honorary Treasurer since May 2023. Member of the Institute of Chartered Accountants. Director of Frontier Agriculture Limited.

DAVID ALLISTON
Group Operations and Supply Chain Director

Joined Frontier: 2019

Career and qualifications
David joined Frontier and the SLT in 2019, bringing with him a wealth of experience of working as a senior leader across sectors including agriculture, retail, food and manufacturing. His proven expertise in operations, logistics, e-commerce and complex supply chains is underpinned by a keen commercial mind. At Frontier, David is responsible for health and safety, site networks, logistics and service delivery levels.

SAMANTHA BROOKE
Seed Director

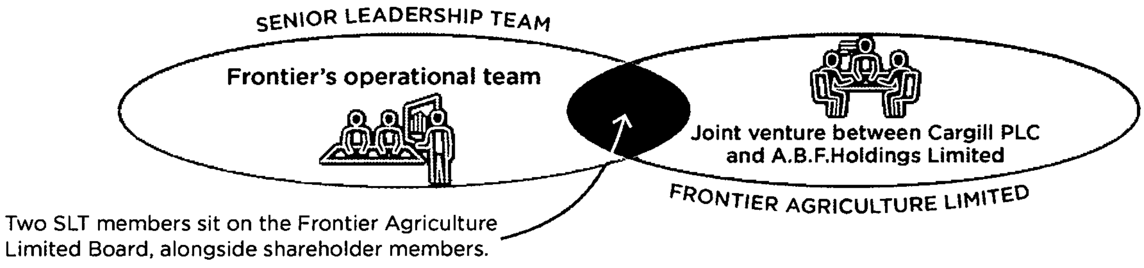
Joined Frontier: 2023[1]

Career and qualifications
Sam brings 22 years' experience in the seed industry, having held various roles in production, sales and marketing, product management and strategy development.

Sam is responsible for developing Frontier's exciting and diverse seed portfolio, and is set on bringing her passion for seed innovation to our customers.

1 As at the year end 26 June 2023, Frontier had seven senior leadership team members. Samantha Brooke joined in September 2023.

HOW WE ENGAGE WITH OUR SHAREHOLDERS



SIMON CHRISTENSEN
Grain Director

Joined Frontier: 2005

Career and qualifications
Having studied Agricultural and Food Marketing at Newcastle University, Simon joined Cargill in 1993 as a graduate. He has since built his career, working in various merchant and trading roles with Cargill and, from 2005, with Frontier.

Other appointments
Board director of Fengrain, the Agricultural Industry Confederation and Worldgrain.

ANDREW FLUX
Group Commercial Strategy Director

Joined Frontier: 2007

Career and qualifications
Since joining Frontier in 2007, Andrew has held leadership roles in grain trading, commercial sales, crop protection, corporate sustainability, marketing and IT, making him well placed for his latest role where he is responsible for Frontier's strategic commercial direction.

Andrew has a background in arable farming and went to agricultural college.

Other appointments
Non-executive director at Camgrain Stores Ltd; partner in family farming business.

NICK HEALD
Group Commercial Director

Joined Frontier: 2005

Career and qualifications
Nick joined Cargill in 1997 following a degree in Agricultural Economics and Food Marketing at Newcastle University. Having worked in various sales and commercial roles, Nick took on the General Manager role at Wells Agriculture, a division of Frontier, in 2005. In 2018, he became Frontier's Commercial Director South before becoming Frontier's Group Commercial Director in 2022 where he is responsible for all of Frontier's farm-gate activity across the UK.

CHARLIE WHITMARSH
Crop Production Director

Joined Frontier: 2005

Career and qualifications
Charlie has worked in food and agriculture for around 40 years, starting his career in 1984 at United Agriculture Merchanting (part of Unilever) which was acquired by Cargill in 1990. This led to the formation of Frontier and Charlie has remained throughout.

A qualified agronomist, Charlie is responsible for Frontier's crop production strategy and spearheads Frontier's growing expertise in sustainable crop production and regenerative farming practices across the UK's arable supply chain. Charlie was a founder and board member for six years of Crop Health and Protection (CHAP), one of four UK agritech centres funded by Innovate UK.

Governance page 44

DIRECTORS' REPORT

The directors present their directors' report and consolidated financial statements for the year ended 26 June 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the sale and merchanting of agricultural crops, seed (including processing), fertiliser and chemicals.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year and to the date of approval of these financial statements were as follows:

K M Aitchison	
O Casanova Ruiz	(resigned 13 October 2022)
A Cazin	(appointed 13 March 2023)
S Gurvis	
J Nobre	
D Overton	
A H Schieveen	(appointed 9 November 2022)
O Serrahima Arbestain	
P R Tun Tun	(resigned 13 March 2023)

No director had a beneficial interest in the shares of the Company during the year.

K M Aitchison and D Overton benefited from qualifying third-party indemnity provisions in place during the financial period.

Further information about Board members can be found on pages 44 to 45.

PROPOSED DIVIDEND

The directors propose a dividend of £25,946,000 (2022: £24,949,000) to be paid following the reporting period. This has not been included within creditors as it was not approved before the year end.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political contributions during the year (2022: £nil). Donations to UK charities amounted to £40,000 (2022: £62,000).

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

EMPLOYEE INFORMATION

The Company does all that it is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative. Further information about how the Company engages with employees and keeps them informed can be found on pages 24 to 27 and page 29.

STAKEHOLDER ENGAGEMENT

A summary of how the directors had regard to the need to foster the Company's business relationship with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, can be found in the 'S172 statement' section of the strategic report on pages 28 to 31.

POST BALANCE SHEET EVENTS

The Company confirms that since the year end the Company increased its ownership in Navara Oat Milling Limited to 75%.

STRATEGIC REPORT AND FUTURE DEVELOPMENTS

The directors present the strategic report for Frontier Agriculture Limited for the year ended 26 June 2023 on pages 1 to 43.

Key reporting areas are summarised below:

By order of the board

K M Aitchison
Director

22 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the strategic report, the 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. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Group and parent company and of their profit or loss for that period.

In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRONTIER AGRICULTURE LIMITED

We have audited the financial statements of Frontier Agriculture Limited ("the Company") for the period ended 26 June 2023 which comprise the Consolidated profit and loss account and other comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 1.

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 26 June 2023 and of the Group's profit for the period then ended;

> have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

> we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

> we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS - ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

> Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

> Reading Board minutes.

> Considering remuneration incentive schemes and performance targets for management and directors.

> Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk relating to revenue recognition because of the limited opportunities and rationalisations to fraudulently recognise revenue.

We also identified a fraud risk related to manipulation of commodity stock and commodity open contract pricing in response to possible pressures to meet profit targets.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

> Identifying journal entries and other adjustments to test for all group entities based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected journals posted to cash or loan accounts, unexpected journals impacting the valuation of open contracts, and all material post-closing entries.
> Vouching year end contract valuations to third party and other evidence to corroborate the contract valuation assumptions.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery laws, and employment laws, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

STRATEGIC REPORT AND DIRECTORS' REPORT

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

> we have not identified material misstatements in the strategic report and the directors' report;
> in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
> in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRONTIER AGRICULTURE LIMITED continued

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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 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.

We have nothing to report in these respects.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 49, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

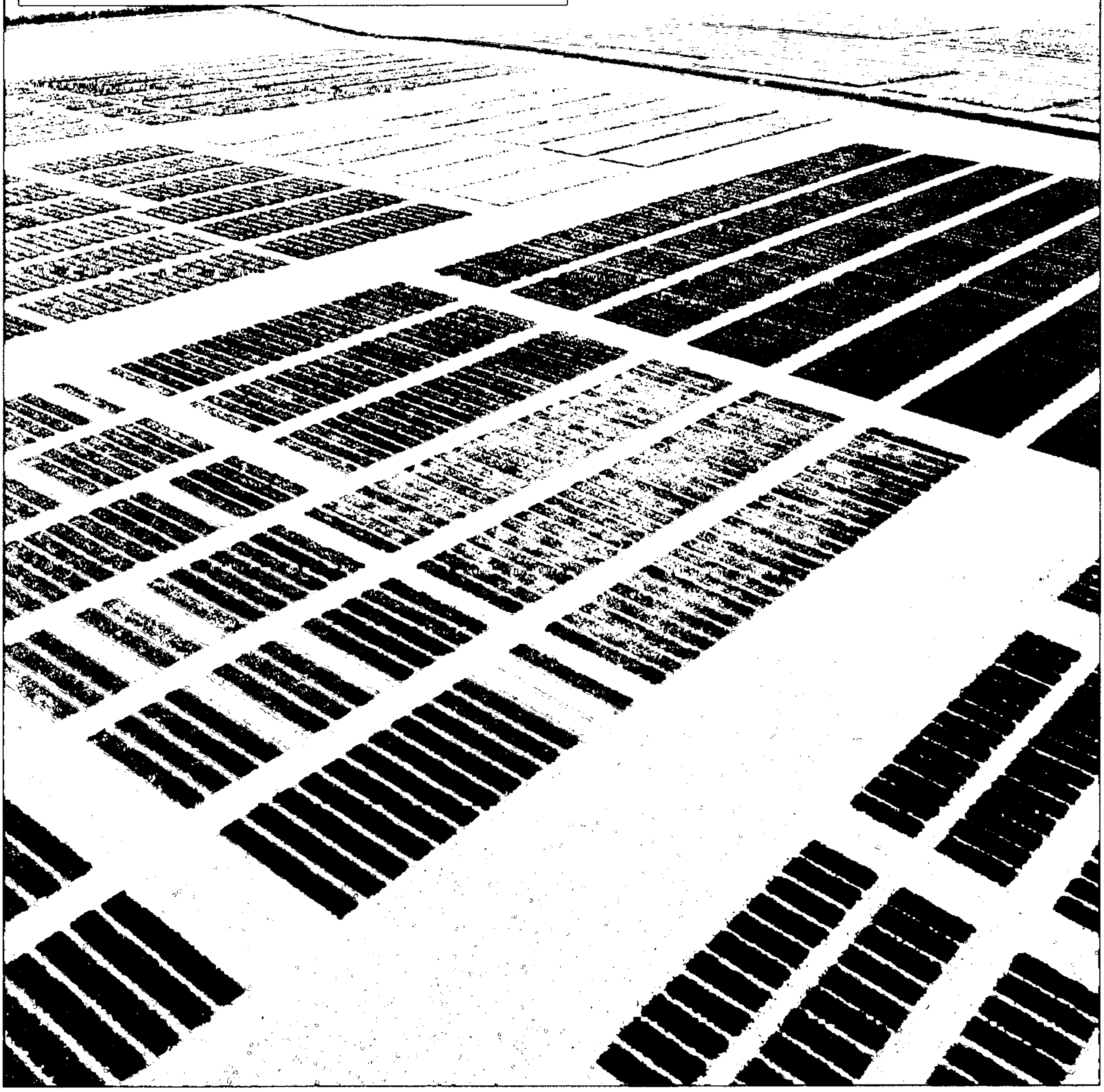
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

Adam Craig (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
EastWest
Tollhouse Hill
Nottingham
NG1 5FS
Dated: 22 March 2024

FINANCIAL STATEMENTS



Trial and demonstration site, Haywold, Yorkshire.

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

for the period ended 26 June 2023

	Notes	2023 £000	2022 £000
Turnover	3	**2,362,743**	1,842,540
Cost of sales		**(2,231,006)**	(1,728,726)
Gross profit		**131,737**	113,814
Distribution costs		**(27,141)**	(25,249)
Administrative expenses		**(54,666)**	(47,937)
Other operating income		**2,158**	2,239
Group operating profit		**52,088**	42,867
Group's share of profit/(loss) in joint ventures	12	**(496)**	-
Interest receivable and similar income	7	**2,031**	401
Interest payable and similar expenses	8	**(13,358)**	(4,238)
Profit before taxation		**40,265**	39,030
Tax on profit	9	**(8,342)**	(8,905)
Profit for the financial year		**31,923**	30,125
Other comprehensive income			
Remeasurement of the net defined benefit liability	19	**(2,121)**	7,822
Income tax on other comprehensive income	9	**747**	(2,476)
Other comprehensive income for the year, net of income tax		**(1,374)**	5,346
Total comprehensive income for the year		**30,549**	35,471

In both the current and preceding year, the Group had no discontinued operations.

CONSOLIDATED BALANCE SHEET

at 26 June 2023

	Notes	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Goodwill	10	**13,858**		15,916	
Intangible assets	10	**19,159**		15,935	
			33,017		31,851
Tangible assets	11		**46,651**		45,631
Investments	12		**24,968**		18,486
Pension surplus	19		**2,468**		4,622
			107,104		100,590
Current assets					
Stocks	13	**190,673**		210,614	
Debtors (including £11,520,000 (2022: £11,520,000) due after more than one year)	14	**487,206**		606,190	
Cash at bank and in hand	15	**2,460**		859	
		680,339		817,663	
Creditors: amounts falling due within one year	16	**(497,334)**		(634,209)	
Net current assets			**183,005**		183,454
Total assets less current liabilities			**290,109**		284,044
Provisions for liabilities					
Deferred tax	18	**(7,418)**		(6,953)	
			(7,418)		(6,953)
Net assets			**282,691**		277,091
Capital and reserves					
Called-up share capital	20		**36,000**		36,000
Profit and loss account			**246,691**		241,091
Shareholders' funds			**282,691**		277,091

These financial statements were approved by the Board of directors on 22 March 2024 and were signed on its behalf by:

D Overton
Director

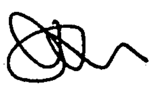
Company registered number: 05288567

COMPANY BALANCE SHEET

at 26 June 2023

		2023		2022	
	Notes	£000	£000	£000	£000
Fixed assets					
Goodwill	10	**4,923**		5,811	
Intangible assets	10	**16,247**		13,215	
			21,170		19,026
Tangible assets	11		**42,235**		41,635
Investments	12		**79,472**		72,494
Pension surplus	19		**2,468**		4,622
			145,345		137,777
Current assets					
Stocks	13	**187,272**		206,791	
Debtors (including £11,520,000 (2022: £11,520,000) due after more than one year)	14	**481,976**		600,864	
Cash at bank and in hand		**4**		5	
		669,252		807,660	
Creditors: amounts falling due within one year	16	**(532,131)**		(670,984)	
Net current assets			**137,121**		136,676
Total assets less current liabilities			**282,466**		274,453
Provisions for liabilities					
Deferred tax	18	**(6,452)**		(6,000)	
			(6,452)		(6,000)
Net assets			**276,014**		268,453
Capital and reserves					
Called-up share capital	20		**36,000**		36,000
Profit and loss account			**240,014**		232,453
Shareholders' funds			**276,014**		268,453

These financial statements were approved by the Board of directors on 22 March 2024 and were signed on its behalf by:



D Overton
Director

Company registered number: 05288567

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance at 24 June 2021	36,000	226,835	262,835
Total comprehensive income for the year			
Profit for the year	-	30,125	30,125
Other comprehensive income			
Remeasurement of the net defined benefit liability	-	7,822	7,822
Income tax on other comprehensive income	-	(2,476)	(2,476)
Total comprehensive income for the year	**-**	**35,471**	**35,471**
Transactions with owners recorded directly in equity			
Dividends paid	-	(21,215)	(21,215)
Total contributions by and distributed to owners	**-**	**(21,215)**	**(21,215)**
Balance at 23 June 2022	**36,000**	**241,091**	**277,091**
Dividends proposed post year end	-	(24,949)	(24,949)
Total	**36,000**	**216,142**	**252,142**

	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance at 24 June 2022	36,000	241,091	277,091
Total comprehensive income for the year			
Profit for the year	-	31,923	31,923
Other comprehensive income			
Remeasurement of the net defined benefit liability	-	(2,121)	(2,121)
Income tax on other comprehensive income	-	747	747
Total comprehensive income for the year	**-**	**30,549**	**30,549**
Transactions with owners recorded directly in equity			
Dividends paid	-	(24,949)	(24,949)
Total contributions by and distributed to owners	**-**	**(24,949)**	**(24,949)**
Balance at 26 June 2023	**36,000**	**246,691**	**282,691**
Dividends proposed post year end	-	(25,946)	(25,946)
Total	**36,000**	**220,745**	**256,745**

COMPANY STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance at 24 June 2021	36,000	217,958	253,958
Total comprehensive income for the year			
Profit for the year	-	30,364	30,364
Other comprehensive income			
Remeasurement of the net defined benefit liability	-	7,822	7,822
Income tax on other comprehensive income	-	(2,476)	(2,476)
Total comprehensive income for the year	**-**	**35,710**	**35,710**
Transactions with owners recorded directly in equity			
Dividends paid	-	(21,215)	(21,215)
Total contributions by and distributed to owners	**-**	**(21,215)**	**(21,215)**
Balance at 23 June 2022	**36,000**	**232,453**	**268,453**
Dividends proposed post year end	-	(24,949)	(24,949)
Total	**36,000**	**207,504**	**243,504**

	Called-up share capital £000	Profit and loss account £000	Total equity £000
Balance at 24 June 2022	36,000	232,453	268,453
Total comprehensive income for the year			
Profit for the year	-	33,884	33,884
Other comprehensive income			
Remeasurement of the net defined benefit liability	-	(2,121)	(2,121)
Income tax on other comprehensive income	-	747	747
Total comprehensive income for the year	**-**	**32,510**	**32,510**
Transactions with owners recorded directly in equity			
Dividends paid	-	(24,949)	(24,949)
Total contributions by and distributed to owners	**-**	**(24,949)**	**(24,949)**
Balance at 26 June 2023	**36,000**	**240,014**	**276,014**
Dividends proposed post year end	-	(25,946)	(25,946)
Total	**36,000**	**214,068**	**250,068**

CONSOLIDATED CASH FLOW STATEMENT

for the period ended 26 June 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year		**31,923**	30,125
Adjustments for:			
Depreciation, amortisation and impairment		**12,394**	11,316
Interest receivable and similar income		**(2,031)**	(401)
Interest payable and similar charges		**13,358**	4,238
Gain on sale of tangible fixed assets		**(182)**	24
Share on losses in joint ventures		**496**	-
Taxation	9	**8,342**	8,905
		64,300	54,207
(Increase)/decrease in trade and other debtors	14	**119,397**	(227,216)
(Increase)/decrease in stocks	13	**19,941**	(57,794)
(Decrease)/increase in trade and other creditors	16	**(57,414)**	126,644
(Decrease)/increase in provisions and employee benefits	19	**213**	(1,298)
		146,437	(105,457)
Tax paid		**(7,542)**	(8,070)
Net cash from operating activities		**138,895**	(113,527)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**268**	252
Interest received		**1,851**	401
Acquisition of a business net of cash/(loans) acquired	2	**-**	(11,170)
Acquisition of other investments	12	**(6,978)**	(11,649)
Acquisition of tangible fixed assets	11	**(7,476)**	(7,646)
Acquisition of intangible fixed assets	10	**(7,528)**	(3,579)
Net cash from investing activities		**(19,863)**	(33,391)
Cash flows from financing activities			
Interest paid		**(12,281)**	(3,423)
Dividends paid		**(24,949)**	(21,215)
Cash received/paid from other financing facilities	17	**(95,713)**	95,713
Net cash from financing activities		**(132,943)**	71,075
Net (decrease)/increase in cash and cash equivalents		**(13,911)**	(75,843)
Cash and cash equivalents at beginning of year	15	**(240,645)**	(164,802)
Cash and cash equivalents at end of year	15	**(254,556)**	(240,645)

NOTES (forming part of the financial statements)

1 ACCOUNTING POLICIES

Frontier Agriculture Limited (the 'Company') is a company limited by shares and incorporated and domiciled in the UK. The registered number is 05288567 and the registered address is Weston Centre, 10 Grosvenor Street, London, W1K 4QY.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') applied in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000, unless otherwise stated.

The Group's accounting reference date is 30 June 2023. These financial statements are for the period 24 June 2022 to 26 June 2023. The comparative figures are for the period 24 June 2021 to 23 June 2022. All references to year within these financial statements should be taken to refer to the period from 24 June 2022 to 26 June 2023 or the period from 24 June 2021 to 23 June 2022.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- the reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- no separate parent company cash flow statement with related notes is included;
- key management personnel compensation has not been included a second time; and
- the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1. Measurement convention
The financial statements are prepared on the historical cost basis, except that derivative financial instruments are stated at their fair value.

1.2. Going concern
The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate on the following basis.

During the year ended 26 June 2023, the Group generated a profit before tax of £40.3 million and recorded a net cash inflow from operating activities of £138.9 million. The Group also had net current assets of £183.0 million.

At the year end, the Group had total committed facilities of £430 million, comprising bank loan and overdraft facilities of £290 million, a £110 trade receivables facility and a £30 million grain stocking facility. The bank loan and overdraft facilities are revolving credit facilities, which can be drawn down as necessary throughout the term of the facility and are fully secured by limited guarantees from both Cargill Incorporated and A.B.F.Holdings Limited.

At the year end, the Group had utilised £257 million of the available £430 million facilities. Subsequent to the year end, there was a reduction in total revolving credit facility limits to £260 million, as a result of a lower working capital requirement within the Group following a stabilisation in the grain prices as global markets have become accustomed to changes in the supply of grain, which was impacted in 2022 by the Russian invasion of Ukraine. At the date of signing these financial statements, the Group was using £274 million of the available £400 million facilities. All these facilities are available on a 12-month rolling basis, and the Group's strategy is to renew banking facilities each year.

The Group has a long-term relationship with each of the lenders and meets with each lender on a periodic basis to evaluate whether the facilities in place are adequate and appropriate. The Group has historically refinanced all available existing borrowings at each 12-month renewal period and anticipates that a consistent level of facilities will continue to be made available for at least 12 months following the signing of these financial statements. As with any company placing reliance on the renewal of existing facilities, the directors acknowledge that there can be no certainty that ongoing facilities will be arranged although, at the date of approval of these financial statements, they have no reason to believe that this will not be the case.

Based on the latest financial position of the Group, the directors have prepared forecasts for at least 12 months. This represents the directors' best estimate of the forecasted financial performance and cash flow of the Group for the forecast period, and anticipates the continuing availability of the banking facilities in place at the date of approval of these financial statements.

Based on these forecasts, the directors are satisfied that the Group will have sufficient funds to meet its liabilities as they fall due. The directors have also considered the effect of potential severe but plausible downside scenarios on future cash flows and have modelled such an impact on the forecasts for at least the next 12 months. In performing this sensitivity, the directors have modelled changes in the timing and value of cash receipts and cash payments, giving regard to the fluctuations in market prices seen in the last 2 years. In modelling this scenario, the directors remain satisfied that the Group will continue to have sufficient funds to ensure that all liabilities are met as they fall due, namely as a result of the undrawn facilities that are available to the Group under their current agreements.

Consequently, the directors have a reasonable expectation that the Group and Company will have adequate facilities to continue in operational existence for a period of at least 12 months following the date of these financial statements. Given this, the financial statements of the Group have been prepared on a going concern basis.

1.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 26 June 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account, and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company recorded a profit of £33,884,000 for the year (2022: £30,364,000).

In the parent company financial statements, investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

1.4. Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5. Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group 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; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity 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 entity'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.

1.6. Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise

NOTES continued

cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.7. Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	20 to 50 years
Leasehold land and buildings	life of lease
Plant and machinery	6 to 10 years
Fixtures, fittings, tools and equipment	2 to 10 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.8. Business combinations
Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- > the fair value of the consideration (excluding contingent consideration) transferred; plus
- > the estimated amount of contingent consideration (see below); plus
- > the fair value of the equity instruments issued; plus
- > directly attributable transaction costs; less
- > the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company and Group elected not to restate business combinations that took place prior to 1 July 2014. In respect of acquisitions prior to 1 July 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill are not recognised separately.

1.9. Intangible assets and goodwill
Goodwill
Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination from which the goodwill arose.

Other intangible assets
Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The costs of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation
Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents and trademarks	10 years
Customer lists and brands	10 years
Trade secrets	10 years
Capitalised development costs	2 to 10 years

The basis for choosing these useful lives is the period for which the Group expects to gain economic benefit from each intangible asset.

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 to 20 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.10. Government grants

Government grants are included within accruals and deferred income in the balance sheet, and credited to the profit and loss account over the expected useful lives of the assets to which they relate, or in periods in which the related costs are incurred.

1.11. Stocks

Except as described below, stocks and work in progress are valued at the lower of cost and net realisable value.

Commodity stocks where the value of the underlying commodity is determined by a quoted terminal market are measured at fair value net of distribution costs where fair value is the market price ruling at the balance sheet date. This is on the basis that the directors consider that the measurement of these stocks at fair value is a more relevant measure of the Group's performance because of the nature of the market in which the Group operates, namely the fact that it is an active market where the sale can be achieved at published prices and stock is in a state of readily realisable value.

1.12. Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Commodity purchase/sale open contracts (excluding futures contracts), where the value of the underlying commodity is determined by a quoted terminal market, are classified as other financial assets/liabilities and measured at fair value net of distribution costs where fair value is the market price ruling at the balance sheet date.

Commodity futures and option contracts, and foreign exchange futures and option contracts associated with open commodity contracts, are classified as other financial assets/liabilities and measured at fair value where the fair value is the market price ruling at the balance sheet date.

Non-financial assets
The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro-rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13. Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for

NOTES continued

contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit-rated bonds denominated in the currency of, and having maturity dates approximating to the terms of, the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.14. Turnover
Turnover is derived from, and recognised on, the delivery of goods or the performance of services concerned. Turnover is shown net of value-added tax, returns, rebates and discounts, and after eliminating turnover within the Group.

1.15. Expenses

Operating lease
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable
Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.16. Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax, or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 ACQUISITIONS AND DISPOSALS OF BUSINESSES

Group

During the prior period the Group acquired 100% of the share capital of Yagro Ltd.

Effective acquisition:

The acquisition had the following effect on the Company's assets and liabilities:

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Tangible fixed assets	4	-	4
Intangible fixed assets	592	1,750	2,342
Bank loan	(47)	-	(47)
Trade and other debtors	230	-	230
Cash	5	-	5
Trade and other creditors	(480)	-	(480)
Deferred tax	-	(332)	(332)
Net assets acquired	304	1,418	1,722

Total cost of business combination	£000
Consideration paid:	
Initial cash price paid	10,901
Deferred consideration at fair value	2
Costs directly attributable to the business combination	227
Total consideration	**11,130**
Goodwill on acquisition	**9,408**

Fair value adjustments were made to recognise customer lists, brand name and deferred tax.
The expected useful life of goodwill stemming from this acquisition is ten years.

3 TURNOVER

	2023 £000	2022 £000
Analysis of turnover by geographical destination		
United Kingdom	**2,111,693**	1,723,064
Rest of the world	**251,050**	119,476
	2,362,743	1,842,540

The directors consider that there is only one class of business. Turnover is generated by operations based solely in the United Kingdom.

NOTES continued

4 EXPENSES AND AUDITOR'S REMUNERATION

Included in profit/loss are the following:

	2023 £000	2022 £000
Research and development expensed as incurred	**868**	1,078
Auditor's remuneration:		
Audit of these financial statements	**159**	139
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**4**	3
Other tax advisory services	**-**	-

Amounts receivable by the Company's auditor and its associates in respect of the audit of financial statements of associated pension schemes is £15,000 (2022: £14,000).

5 STAFF NUMBERS AND COSTS

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

	Number of employees 2023	Number of employees 2022
Administrative	**410**	405
Processing and distribution	**751**	697
	1,161	1,102

The aggregate payroll costs of these persons were as follows:	2023 £000	2022 £000
Wages and salaries	**58,949**	52,594
Social security costs	**6,453**	5,435
Pension costs	**3,284**	2,959
	68,686	60,988

6 DIRECTORS' REMUNERATION

	2023 £000	2022 £000
Directors' remuneration	**1,482**	1,256
Company contributions to defined benefit pension schemes	**-**	-
Company contributions to defined contribution pension schemes	**20**	18

	Number of directors	
Retirement benefits are accruing to the following number of directors under:	**2023**	*2022*
Defined contribution schemes	**1**	1
Defined benefit schemes	**-**	-

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was £992,000 for the year (2022: £862,000). The following directors benefited from qualifying third-party indemnity provisions:

> K M Aitchison
> D Overton.

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £000	2022 £000
Interest receivable on financial assets at amortised cost	**1,851**	401
Net interest income on net defined benefit pension plan (note 19)	**180**	-
Total interest receivable and similar income	**2,031**	401

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £000	2022 £000
Interest payable on financial liabilities at amortised cost	**13,358**	4,170
Net interest expense on net defined benefit pension plan (note 19)	**-**	68
Total interest payable and similar charges	**13,358**	4,238

9 TAX ON PROFIT

Total tax expense recognised in the profit and loss account and other comprehensive income.

	2023		2022	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period	**7,151**		6,442	
Adjustments in respect of prior periods	**(21)**		364	
		7,130		6,806
Total current tax				
Deferred tax (note 18)				
Origination and reversal of timing differences	**1,591**		1,446	
Change in tax rate	**-**		999	
On intangibles from business acquisitions	**(55)**		(47)	
Adjustments in respect of prior periods	**(324)**		(299)	
Total deferred tax		**1,212**		2,099
Total tax		**8,342**		8,905

	2023			2022		
	£000 Current tax	**£000 Deferred tax**	**£000 Total tax**	£000 Current tax	£000 Deferred tax	£000 Total tax
Recognised in profit and loss account	**7,130**	**1,212**	**8,342**	6,806	2,099	8,905
Recognised in other comprehensive income	**-**	**(747)**	**(747)**	-	2,476	2,476
Total tax	**7,130**	**465**	**7,595**	6,806	4,575	11,381

NOTES continued

9 TAX ON PROFIT *continued*

Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	**31,923**	30,125
Total tax expense	**8,342**	8,905
Profit excluding taxation	**40,265**	39,030
Tax using the UK corporation tax rate of 20.5% (2022: 19%)	**8,254**	7,416
Change in tax rate on deferred tax balances	**-**	528
Non-deductible expenses	**561**	898
Tax-exempt revenues	**-**	(2)
Prior period adjustment	**(345)**	65
Super deduction	**(554)**	-
Unutilised losses	**426**	-
Total tax expense included in profit or loss	**8,342**	8,905

The main UK corporation tax rate increased from 19% to 25% with effect from 1 April 2023. This was announced in the UK Budget on 3 March 2021, and substantively enacted on 24 May 2021. The tax rate applicable in the year ended 26 June 2023 is a blended rate of 20.5%. Deferred tax balances are held at the future tax rate of 25% (2022: 25%) with the exception of the approved pension deferred tax liability which is held at 35%.

10 INTANGIBLE ASSETS AND GOODWILL

Group

	Goodwill £000	Customer lists and brand names £000	Patents and trademarks £000	Trade secrets £000	Software £000	Total £000
Cost						
Balance at beginning of year	27,251	17,992	1,891	667	13,386	61,187
Additions	-	-	-	-	7,528	7,528
Balance at end of year	**27,251**	**17,992**	**1,891**	**667**	**20,914**	**68,715**
Amortisation and impairment						
Balance at beginning of year	11,335	10,306	784	423	6,488	29,336
Amortisation for the year	2,058	1,799	187	66	2,252	6,362
Balance at end of year	**13,393**	**12,105**	**971**	**489**	**8,740**	**35,698**
Net book value						
At end of year	**13,858**	**5,887**	**920**	**178**	**12,174**	**33,017**
At beginning of year	15,916	7,686	1,107	244	6,898	31,851

Amortisation charge
The amortisation charge is recognised in administrative expenses in the profit and loss account.

10 INTANGIBLE ASSETS AND GOODWILL *continued*

Company

	Goodwill £000	Customer lists and brand names £000	Software £000	Total £000
Cost				
Balance at beginning of year	12,325	13,497	12,007	37,829
Additions	-	-	6,574	6,574
Balance at end of year	**12,325**	**13,497**	**18,581**	**44,403**
Amortisation and impairment				
Balance at beginning of year	6,514	6,330	5,959	18,803
Amortisation for the year	888	1,624	1,918	4,430
Balance at end of year	7,402	7,954	7,877	23,233
Net book value				
At end of year	**4,923**	**5,543**	**10,704**	**21,170**
At beginning of year	5,811	7,167	6,048	19,026

11 TANGIBLE FIXED ASSETS

Group

	Land and buildings £000	Assets under construction £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
Cost						
Balance at beginning of year	31,083	2,143	68,973	12,865	409	115,473
Additions	1,034	987	3,885	1,233	-	7,139
Transfers	-	(2,143)	2,143	-	-	-
Disposals	-	-	(1,154)	(273)	(18)	(1,445)
Balance at end of year	**32,117**	**987**	**73,847**	**13,825**	**391**	**121,167**
Depreciation and impairment						
Balance at beginning of year	13,980	-	45,019	10,438	405	69,842
Depreciation charge for the year	929	-	4,430	672	1	6,032
Disposals	-	-	(1,127)	(213)	(18)	(1,358)
Balance at end of year	**14,909**	**-**	**48,322**	**10,897**	**388**	**74,516**
Net book value						
At end of year	**17,208**	**987**	**25,525**	**2,928**	**3**	**46,651**
At beginning of year	17,103	2,143	23,954	2,427	4	45,631

NOTES continued

11 TANGIBLE FIXED ASSETS *continued*

Land and buildings

The net book value of land and buildings comprises:

	2023 £000	2022 £000
Freehold	**14,728**	15,283
Short leasehold	**2,480**	1,820
	17,208	17,103

Company

	Land and buildings £000	Assets under construction £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
Cost						
Balance at beginning of year	31,083	2,092	61,991	12,693	251	108,110
Additions	1,034	664	3,179	1,172	-	6,049
Transfers	-	(2,092)	2,092	-	-	-
Disposals	-	-	(1,148)	(273)	(18)	(1,439)
Balance at end of year	**32,117**	**664**	**66,114**	**13,592**	**233**	**112,720**
Depreciation and impairment						
Balance at beginning of year	13,980	-	41,881	10,367	247	66,475
Depreciation charge for the year	929	-	3,792	634	1	5,356
Disposals	-	-	(1,115)	(213)	(18)	(1,346)
Balance at end of year	**14,909**	-	**44,558**	**10,788**	**230**	**70,485**
Net book value						
At end of year	**17,208**	**664**	**21,556**	**2,804**	**3**	**42,235**
At beginning of year	17,103	2,092	20,110	2,326	4	41,635

Land and buildings

The net book value of land and buildings comprises:

	2023 £000	2022 £000
Freehold	**14,728**	15,283
Short leasehold	**2,480**	1,820
	17,208	17,103

12 FIXED ASSET INVESTMENTS

Group

	Interests in joint ventures £000	Other investments and loans £000	Total £000
Cost			
At beginning of year	5,995	13,002	18,997
Additions	4,950	2,028	6,978
At end of year	**10,945**	**15,030**	**25,975**
Share of post-acquisition reserves			
At beginning of year	(370)	(141)	(511)
Share of profit/(loss)	(496)	-	(496)
Provision for impairment	-	-	-
At end of year	(866)	(141)	(1,007)
Net book value			
At end of year	**10,079**	**14,889**	**24,968**
At beginning of year	5,625	12,861	18,486

Company

	Shares in Group undertakings £000	Interests in joint ventures £000	Other investments and loans £000	Total £000
Cost				
At beginning of year	68,087	7,821	12,902	88,810
Additions	-	4,950	2,028	6,978
At end of year	**68,087**	**12,771**	**14,930**	**95,788**
Provisions				
At beginning of year	(14,079)	(2,196)	(41)	(16,316)
Provision for impairment	-	-	-	-
At end of year	**(14,079)**	**(2,196)**	**(41)**	**(16,316)**
Net book value				
At end of year	**54,008**	**10,575**	**14,889**	**79,472**
At beginning of year	54,008	5,625	12,861	72,494

NOTES continued

12 FIXED ASSET INVESTMENTS *continued*

The undertakings in which the Group's and Company's interest at the year end is more than 20% are as follows.

	Registered office	Country of incorporation	Principal activity	Class and percentage of shares held: Group	Company
Subsidiary undertakings					
Anglia Grain Holdings Limited	D	UK	Non-trading	100%	100%
Anglia Grain Services Limited	C	UK	Non-trading	100%	100%
B.C.W. (Agriculture) Limited	E	UK	Non-trading	100%	100%
Boothmans (Agriculture) Limited	A	UK	Non-trading	100%	100%
Euroagkem Limited	B	UK	Non-trading	100%	100%
Forward Agronomy Limited	A	UK	Non-trading	100%	100%
Frontier Agriculture (Europe) B.V.	J	NL	Holding company	100%	100%
GFP (Agriculture) Limited	A	UK	Supply of seed and seed processing services	100%	100%
GH Grain Limited	A	UK	Non-trading	100%	100%
GH Grain (No.2) Limited	A	UK	Non-trading	100%	100%
Grain Harvesters Limited	A	UK	Non-trading	100%	100%
IntraCrop Limited	A	UK	Manufacture of agricultural chemicals	100%	100%
Lothian Crop Specialists Limited	B	UK	Non-trading	100%	100%
Navara Oat Milling Limited	I	UK	Post-harvest crop activities	37.5%	37.5%
Nomix Enviro Limited	F	UK	Sale of herbicides and production and sale of related spraying equipment	100%	100%
Nomix Limited	A	UK	Non-trading	100%	100%
North Wold Agronomy Limited	A	UK	Non-trading	100%	100%
Phoenix Agronomy Limited	A	UK	Non-trading	100%	100%
Southampton Grain Terminal Limited	G	UK	Non-trading	100%	100%
SOYL Limited	A	UK	Non-trading	100%	100%
The Agronomy Partnership Limited	A	UK	Non-trading	100%	100%
Yagro Limited	H	UK	Software development	100%	100%

Registered offices:

A Weston Centre, 10 Grosvenor Street, London, W1K 4QY
B Kingseat, Newmacher, Aberdeenshire, AB21 0UE
C Riverside, Wissington Road, Nayland, Colchester, Essex, CO6 4LT
D 47 Butt Road, Colchester, Essex, CO3 3BZ
E Unit 8, Burnside Business Park, Burnside Road, Market Drayton, TF9 3UX
F Witham St Hughs, Lincoln, LN6 9TN
G Berth 36, Test Road, Eastern Docks, Southampton, SO14 3GG.
H Eagle Labs Incubator, 28 Chesterton Road, Cambridge, CB5 3AZ
I Northants APC, Rushton Road, Kettering, NN14 1FL
J Kabelweg 57, 1014 BA, Amsterdam

Country of incorporation:

UK United Kingdom
NL Netherlands

13 STOCKS

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Raw materials and consumables	**3,604**	2,632	**2,487**	2,632
Finished goods	**187,069**	207,982	**184,785**	204,159
	190,673	210,614	**187,272**	206,791

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £2,070 million (2022: £1,697 million) (Company: £2,055 million (2022: £1,681 million)). The net write-down of stocks to net realisable value amounted to £155,000 (2022: £300,000 write-down) (Company: £155,000 write-down (2022: £300,000 write-down)). The net write-downs/write-backs are included in cost of sales.

14 DEBTORS

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Trade debtors	**346,651**	362,987	**342,536**	358,732
Other debtors	**20,916**	21,596	**20,612**	21,571
Other financial assets (note 21)	**61,330**	148,094	**61,330**	148,094
Prepayments	**28,139**	43,306	**27,832**	42,906
Accrued income	**28,233**	28,680	**27,848**	28,048
Corporation tax	**1,937**	1,527	**1,818**	1,513
	487,206	606,190	**481,976**	600,864
Due within one year	**475,686**	594,670	**470,456**	589,344
Due after more than one year	**11,520**	11,520	**11,520**	11,520
	487,206	606,190	**481,976**	600,864

15 CASH AND CASH EQUIVALENTS/BANK OVERDRAFTS

Group

	2023 £000	2022 £000
Cash at bank and in hand	**2,460**	859
Bank overdrafts	**(257,016)**	(241,504)
Cash and cash equivalents per cash flow statements	**(254,556)**	(240,645)

There were no significant non-cash transactions during the year, nor any restrictions on cash and cash equivalents held.

NOTES continued

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Bank loans and overdrafts (note 17)	**257,016**	241,504	**257,016**	241,504
Other financing facilities (note 17)	**-**	95,713	**-**	95,713
Trade creditors	**109,221**	108,553	**106,585**	105,945
Amounts owed to Group undertakings	**-**	-	**38,470**	40,211
Taxation and social security	**1,861**	1,773	**1,771**	1,729
Other financial liabilities (note 21)	**48,626**	104,272	**48,626**	104,272
Accruals and deferred income	**77,493**	77,759	**76,727**	76,990
Other creditors	**3,117**	4,635	**2,936**	4,620
	497,334	634,209	**532,131**	670,984

17 INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and parent company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Creditors: falling due within less than one year				
Secured bank loans	**160,000**	100,000	**160,000**	100,000
Bank overdraft	**97,016**	141,504	**97,016**	141,504
Other financing facilities	**-**	95,713	**-**	95,713
	257,016	337,217	**257,016**	337,217

Terms and debt repayment schedule

Group and Company	Currency	Year of maturity	Repayment schedule	**2023 £000**	2022 £000
Bank loans					
Secured bank loan	GBP	2023	18 Sep	**60,000**	-
Secured bank loan	GBP	2023	18 Sep	**40,000**	-
Secured bank loan	GBP	2023	17 July	**60,000**	-
Secured bank loan	GBP	2022	20 Sep	**-**	40,000
Secured bank loan	GBP	2022	20 July	**-**	60,000

17 INTEREST-BEARING LOANS AND BORROWINGS *continued*

Group and Company	Currency	Year of maturity	Repayment schedule	2023 £000	2022 £000
Bank deposits and overdrafts					
Bank overdraft	GBP	-	On demand	**103,230**	128,871
Bank overdraft	USD	-	On demand	**2,646**	6,479
Bank (deposit)/overdraft	EUR	-	On demand	**(8,860)**	6,161
Bank (deposit)/overdraft	NZD	-	On demand	**-**	(7)
Other financing facilities					
Sales financing	GBP	-	-	**-**	93,213
Stock financing	GBP	-	-	**-**	2,500
				257,016	337,217

Nominal interest rates vary between 4.25% and 6.25% (2022: 1.00% and 1.89%).

The Group has bank loan and overdraft facilities of £290 million (2022: £370 million), of which £33 million (2022: £33 million) was undrawn at 26 June 2023.

The Group's bank loans and overdrafts are secured by limited guarantees from both Cargill Incorporated and A.B.F.Holdings Limited. The bank loans are repayable on demand and each drawdown is charged with interest at a rate subject to negotiation with the bank.

The Group also has access to sales financing and stock financing facilities.

18 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Accelerated capital allowances	-	-	(4,835)	(3,155)	(4,835)	(3,155)
Arising on business combinations	-	-	(1,719)	(2,180)	(1,719)	(2,180)
Employee benefits	-	-	(864)	(1,618)	(864)	(1,618)
Net tax assets/(liabilities)	-	**-**	**(7,418)**	**(6,953)**	**(7,418)**	**(6,953)**

Company

Accelerated capital allowances	-	-	(4,202)	(2,591)	(4,202)	(2,591)
Arising on business combinations	-	-	(1,386)	(1,791)	(1,386)	(1,791)
Employee benefits	-	-	(864)	(1,618)	(864)	(1,618)
Net tax assets/(liabilities)	-	**-**	**(6,452)**	**(6,000)**	**(6,452)**	**(6,000)**

NOTES continued

19 EMPLOYEE BENEFITS

The Group operates a defined benefit pension plan. The plan closed to future accrual of benefits effective from 31 December 2017 and the defined benefit scheme members joined the Company defined contribution plans. The duration of the scheme is 17 years. The pension cost charged to the profit and loss account for the year represents current service cost, other finance costs and administrative expenses amounting to £333,000 (2022: £570,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

From April 2011 the Group began operating a salary sacrifice scheme. This increases the employer contributions made during the reporting periods but reduces the wages and salaries and national insurance expense incurred by the Group.

The plan was established from 2 April 2005 to provide continuation of benefits for employees previously participating in the defined benefit arrangements of the shareholders. The plan is effectively closed to new entrants and there is no liability for benefits prior to 2 April 2005. An actuarial valuation of the plan was carried out on 5 April 2020 and signed on 11 January 2021 and updated for FRS 102 purposes to 30 June 2023 by a qualified independent actuary.

The defined benefit pension plan has assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The Group has agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the trustee to reduce the funding deficit where necessary.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high-quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The cost of the defined benefit plan, recognised in the profit and loss as employee costs, except where included in the cost of an asset, comprises:

a. The increase in pension liability arising from employee service during the period; and

b. The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, both determined at the beginning of the year. This cost is recognised in profit or loss as 'Finance expense'.

Net pension surplus/(liability)

	2023 £000	2022 £000
Defined benefit obligation	**(32,906)**	(41,345)
Plan assets	**35,374**	45,967
Net pension surplus/(liability)	**2,468**	4,622
Movements in present value of defined benefit obligation		
At beginning of year	**41,345**	60,966
Interest expense	**1,572**	1,136
Remeasurement: actuarial (gain)/losses	**(7,879)**	(18,742)
Benefits paid	**(2,132)**	(2,015)
At end of year	**32,906**	41,345

19 EMPLOYEE BENEFITS *continued*

	2023 £000	2022 £000
Movements in fair value of plan assets		
At beginning of year	**45,967**	56,536
Interest income	**1,752**	1,068
Remeasurement: return on plan assets	**(10,000)**	(10,920)
Contributions by employer	**300**	1,800
Benefits paid	**(2,132)**	(2,015)
Administrative expenses	**(513)**	(502)
At end of year	**35,374**	45,967
Expense recognised in the profit and loss account		
Net interest on net defined benefit asset/liability	**(180)**	68
Administrative expenses and/or taxes	**513**	502
Total net expense recognised in profit or loss	**333**	570

The fair value of the plan assets and the return on those assets were as follows:	2023 Fair value £000	2022 Fair value £000
Equities	**7,159**	16,902
Government debt	**22,581**	22,900
Multi-asset fund	**616**	950
Insurance policies	**1,872**	2,249
Cash	**3,146**	2,966
	35,374	45,967
Actual return on plan assets	**(8,248)**	(9,852)

The significant actuarial assumptions are shown below:	2023	2022
Discount rate	**5.3%**	3.9%
Future salary increases	**-**	-
Rate of increase in pensions in payment	**1.95%**	2.05%
Rate of increase in pensions in deferment	**2.7%**	2.6%
Inflation assumption	**3.1%**	3.1%
Assumed Life Expectancy:		
Male retiring today aged 65	**22.1**	22.3
Male retiring in 20 years aged 65	**23.8**	24.1
Female retiring today aged 65	**24.4**	24.6
Female retiring in 20 years aged 65	**26.1**	26.3

NOTES continued

19 EMPLOYEE BENEFITS *continued*

In valuing the liabilities of the pension fund at 5 April 2023, mortality assumptions have been made as indicated above.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years.

With effect from 1 May 2006 member contributions were increased between 1% and 3% of pensionable salary depending on the category of members. In 2023 the Company paid a lump sum contribution of £300,000 into the pension plan.

Contributions of £300,000 (2022: £nil) are expected to be paid into the plan during the annual period beginning after the reporting period.

Defined contribution plans

Group

The Group operates eight defined contribution pension plans.

The total expense relating to these plans in the current year was £3,284,000 (2022: £2,959,000).

20 CAPITAL AND RESERVES

Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
3,600,000,104 ordinary shares of £0.01 each	**36,000**	36,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

After the balance sheet date total dividends of £25,946,000 equivalent to 72p per qualifying ordinary share (2022: £24,949,000) were proposed by the directors. The dividends have not been provided for, but are presented as a segregated component of retained earnings at the end of the year.

21 FINANCIAL INSTRUMENTS

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2023 £000	2022 £000
Group		
Assets measured at fair value through profit or loss	**180,778**	301,725
Assets measured at amortised cost	**277,978**	272,680
Liabilities measured at fair value through profit or loss	**(48,626)**	(104,272)
Liabilities measured at amortised cost	**(448,708)**	(529,937)

(b) Financial instruments measured at fair value

Commodity financial instruments

The fair value of commodity financial instruments, where the value of the underlying commodity is determined by a quoted terminal market, is based on the market price ruling at the balance sheet date net of distribution costs.

Derivative financial instruments

The fair value of commodity futures and option contracts, and foreign exchange futures and option contracts associated with commodity financial instruments, is based on the market price ruling at the balance sheet date.

21 FINANCIAL INSTRUMENTS *continued*

(c) Financial risk management

The Group has exposure to the following risks arising from financial instruments: credit risk, liquidity risk and market risk.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk
Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group uses derivatives to manage market risks.

22 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Less than one year	**8,273**	6,808	**7,676**	6,219
Between one and five years	**16,036**	13,497	**13,650**	11,143
More than five years	**26,102**	14,636	**17,153**	10,087
	50,411	34,941	**38,479**	27,449

During the year £8,457,000 was recognised as an expense in the profit and loss account in respect of operating leases (2022: £8,050,000).

23 COMMITMENTS

Capital commitments

Contractual commitments to purchase tangible and intangible fixed assets at the year end were £2,313,000 (2022: £1,881,000) Company £2,313,000 (2022: £1,831,000).

24 RELATED PARTIES

Group

During the year the Group had the following related party transactions.

Group related parties
The Company is the ultimate parent undertaking of the Group headed Frontier Agriculture Limited. Consequently, the Company is exempt under Section 33.1A of FRS 102 Related Party Disclosures from disclosing related party transactions with wholly owned subsidiaries of Frontier Agriculture Limited.

Other related party transactions
The Company has no controlling party since it is owned in equal proportions by Cargill PLC and A.B.F.Holdings Limited.

NOTES continued

24 RELATED PARTIES *continued*

Transactions with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A.B.F.Holdings Limited), participating interests and companies controlled by Company directors are set out below:

		2023		2022	
	Key	**£000**	**£000**	£000	£000
Trade sales					
Cargill PLC	b	**248,363**		172,127	
AB Agri Limited	a	**299,072**		262,545	
Cargill Holdings BV	b	-		-	
Freemans of Newent Ltd	c	**6,505**		11,299	
Cargill Spain	b	**37,217**		5,214	
ABF Grain Products Ltd	a	**59,254**		55,136	
Cargill SA	b	**9,950**		1,951	
The Silver Spoon Company Limited	a	-		267	
Cargill Animal Nutrition	b	**11,119**		8,378	
Cargill France	b	-		69	
British Sugar PLC	a	**481**		437	
Vivergo Fuels Ltd	a	**29,983**		12,856	
			701,944		530,279
Trade purchases					
Cargill PLC	b	**(5,381)**		(6,669)	
Cargill France	b	-		(1,907)	
AB Agri Limited	a	-		(113)	
Cargill Germany	a	-		-	
Provimi Ltd	b	**(21)**		(16)	
Cargill Holdings BV	b	-		(4)	
Cargill SA	b	**(11)**		(63)	
British Sugar PLC	a	**(37)**		(39)	
Cargill Ltd	b	**(40,535)**		(47,169)	
ABF Grain Products Limited	a	**(471)**		(86)	
Cargill Poland	b	-		-	
Cargill Australia	b	-		(383)	
Freemans of Newent Ltd	c	-		(9)	
			(46,456)		(56,458)

24 RELATED PARTIES *continued*

		2023		2022	
	Key	**£000**	**£000**	£000	£000
Service income					
AB Agri Limited	a		**1**		10
Service expense					
Cargill PLC	b	**(16)**		(17)	
AB Agri Limited	a	**(30)**		(73)	
Cargill Incorporated	b	**-**		(1)	
			(46)		(91)
Leasing income					
AB Agri Limited	a		**1**		6
Leasing expense					
Cargill PLC			**(672)**		(763)
Management charges					
Cargill PLC	b		**(20)**		(20)

Trading balances as at 26 June 2023 with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A.B.F.Holdings Limited), participating interests and companies controlled by Company directors are set out below and are included within trade debtors and trade creditors.

		2023		2022	
	Key	**£000**	**£000**	£000	£000
Debtors due within one year:					
Cargill PLC	b	**23,559**		7,260	
ABF Grain Products Ltd	a	**6,868**		2,514	
Freemans of Newent Limited	c	**170**		810	
AB Agri Limited	a	**36,813**		13,670	
British Sugar PLC	a	**311**		425	
Vivergo Fuels Ltd	a	**3,749**		46	
Cargill Animal Nutrition	b	**1,896**		1,844	
			73,366		26,569
Creditors due within one year:					
Cargill PLC	b	**(358)**		(549)	
Freemans of Newent Ltd	c	**-**		-	
British Sugar PLC	a	**-**		-	
AB Agri Limited	a	**-**		-	
Cargill International SA	b	**-**		-	
ABF Grain Products Ltd	a	**-**		-	
Provimi Ltd	b	**(6)**		-	
			(364)		(549)

Key
a - subsidiary of Associated British Foods PLC
b - subsidiary of Cargill Incorporated
c - joint venture of Cargill Incorporated

NOTES continued

24 RELATED PARTIES *continued*

	2023 £000	2022 £000
Transactions involving joint ventures		
Service charges	**11**	-

Transactions with key management personnel
The key management personnel are considered to be the statutory directors only. Directors' emoluments are disclosed in note 6.

Director's loan
During 2021 a loan of £150,000 was made, with an interest rate of 1.5% over Bank of England base rate, repayable over three years. The balance outstanding at 26 June 2023 is £130,000. This is presented within other debtors.

25 ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

Pension assumptions
The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations, and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligations in the balance sheet. The assumptions reflect historical experience and current trends.

Key accounting judgements

Stock and open market contract valuation
At year end, the Group performs a mark-to-market adjustment, revaluing all contracts (note 21) and physical stock holdings (note 13) to the market price at that date, in line with fair value accounting. Judgements are taken on what the appropriate market price is, based on quality and regional variations.

Fair value on acquisitions
The fair values attributable to intangibles recognised in business combinations involve a degree of accounting judgement, due to the inherent subjectivity of the balances. Refer to note 2 to the financial statements. Management assess each acquisition on a case-by-case basis taking into account historic experience and expected future economic inflows to attach fair values to the intangible assets required.

Defined benefit pension scheme
The Company's defined pension benefit scheme is assessed annually in line with Section 28 of FRS 102. The accounting valuations are assessed using the independent advice of a qualified actuary, and resulted in a pension surplus being recognised at the end of the year, as separately disclosed above. The net surplus is highly sensitive to various actuarial assumptions, including but not limited to performance of scheme assets, discount rates and inflation.

26 POST-BALANCE-SHEET EVENTS

Since the year end, and prior to signing this report, the Company invested an additional £13.5 million in Navara Oat Milling Limited, resulting in a change in ownership from 37.5% to 75%.

GLOSSARY

FARMING TERMINOLOGY

Bio-energy
The generation of energy from organic materials such as plants, crops, organic waste and animal residues; considered to be a renewable energy source.

Biological crop protection
The use of living organisms or naturally occurring substances to manage pests, diseases and weeds.

Biostimulants
Substances or microorganisms that are applied to plants, seeds or soil to stimulate natural processes that can enhance nutrient uptake, disease resistance and stress tolerance.

Break crops
Crops grown between successive main crop plantings, used to improve soil health, manage pests and diseases and enhance overall crop productivity.

Carbon insetting
Reducing emissions within a company's own value chain or operations, rather than compensating for carbon emissions by investing in carbon offsetting projects that reduce emissions elsewhere.

Carbon sequestration
Process that removes carbon dioxide (CO_2) from the atmosphere and stores it in sinks such as soils, forests, oceans and geological formations.

Farm-saved seed
Seed that farmers save from their own harvests for planting in subsequent growing seasons, rather than purchasing new seed.

Groats
Whole, unprocessed oats whose outer husk (hull) has been removed from the oat kernel, leaving behind the inner grain.

Husbandry solutions
Practices used in the care, breeding and management of domestic animals that aim to optimise animal health, welfare and productivity while promoting sustainable and efficient farming practices such as nutrition management.

Hydrotreated vegetable oil (HVO)
Renewable replacement for diesel fuel derived from feedstocks such as vegetable oils, animal fats and waste oils through a hydrotreating process.

Precision farming
An approach that uses technologies such as GPS, sensors, drones, robotics, data analytics and machine learning to monitor and control farm operations with a high level of accuracy.

Regenerative agriculture
An approach to farming and land management aiming to create or restore resilient farming systems for the future economic and environmental viability. Key practices include minimising soil disturbance, maintain living roots, increasing biodiversity and keeping soil covered.

Soil management
The development of strategies to understand and improve soil quality (such as fertility, structure and health) through crop rotation, cover cropping, conservation tillage and the application of organic inputs, among others.

Sustainable crop production
A holistic approach to cultivating crops that adopts practices and techniques to enhance agricultural productivity, reduce negative environmental impacts, and promote social and economic equity, see also page 9.

Sustainable Farming Incentive (SFI)
A voluntary initiative introduced by the UK Government to support the UK's transition to more sustainable and environmentally friendly farming practices. The SFI focuses specifically on rewarding farmers for implementing sustainable land management practices while maintaining productivity.

TRADE BODIES, CHARITIES AND OTHER ORGANISATIONS

Agricultural Industries Confederation (AIC)
Trade association representing UK companies involved in the production, distribution and marketing of agricultural inputs.
www.agindustries.org.uk

British Society of Plant Breeders (BSPB)
Trade association that represents plant breeding companies in the UK.
www.bspb.co.uk

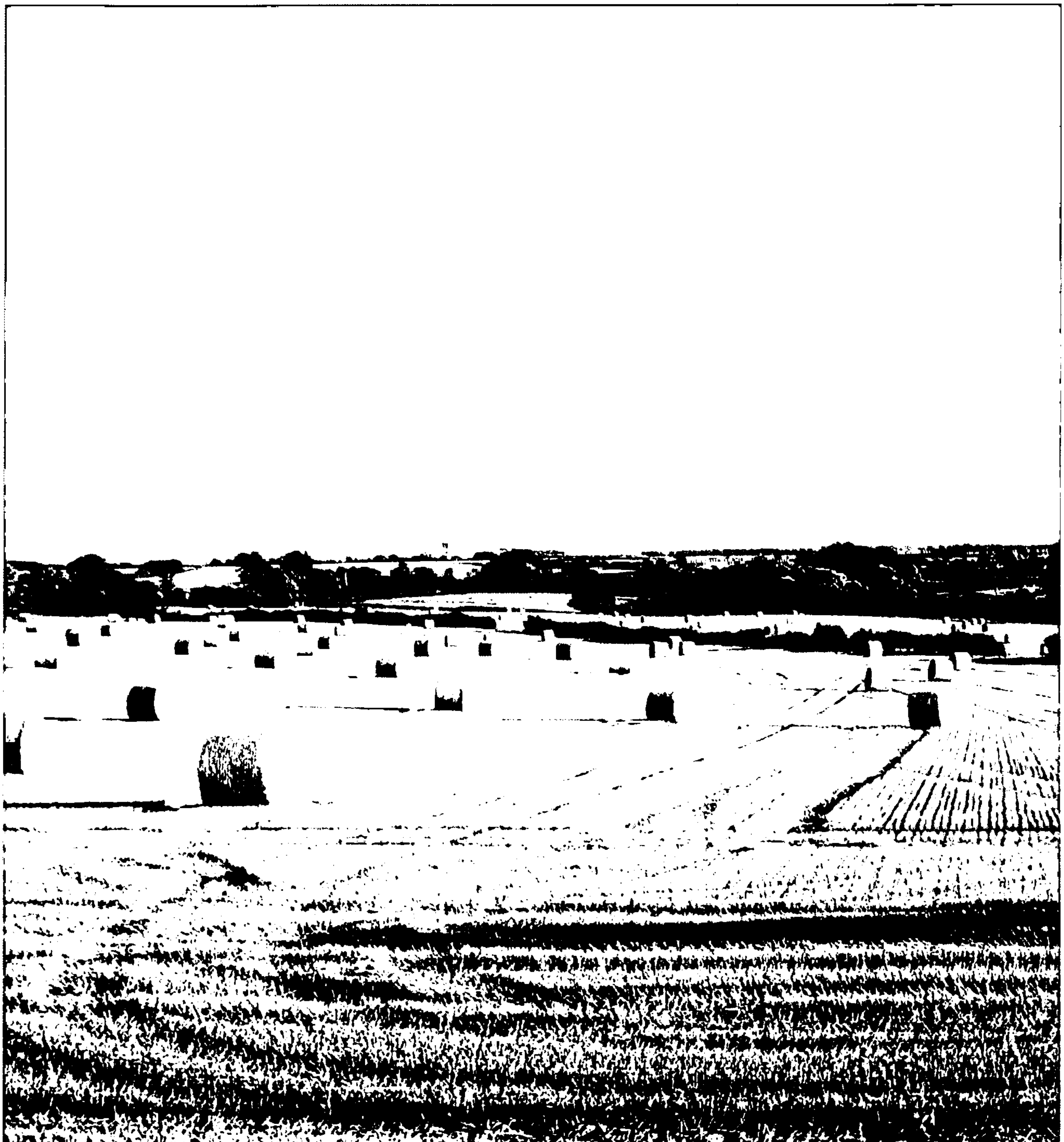
Linking Environment And Farming (LEAF)
UK-based organisation working with farmers, the wider food industry and consumers to promote and encourage more sustainable food and farming systems.
www.leaf.eco

Network for Greening the Financial System (NGFS)
A global coalition of central banks and financial supervisors committed to advancing the role of the financial sector in addressing climate change and promoting sustainable development.
www.ngfs.net

Open Farm Sunday
Annual event organised by LEAF that encourages farmers to host open days for the general public, promoting British food, farming and the countryside.
www.farmsunday.org

Royal Agricultural Benevolent Institution (RABI)
UK charity dedicated to supporting farming families during times of financial hardship, crisis or emotional distress by providing financial assistance, practical support and wellbeing services.
www.rabi.org.uk

For more information about farming practices and how Frontier is involved please see www.frontierag.co.uk/crop-production



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Front and back cover photo credit: Richard Barnes, Commercial Lead, Sustainable Crop Production. Fields looking south over Folkingham village, Lincolnshire.