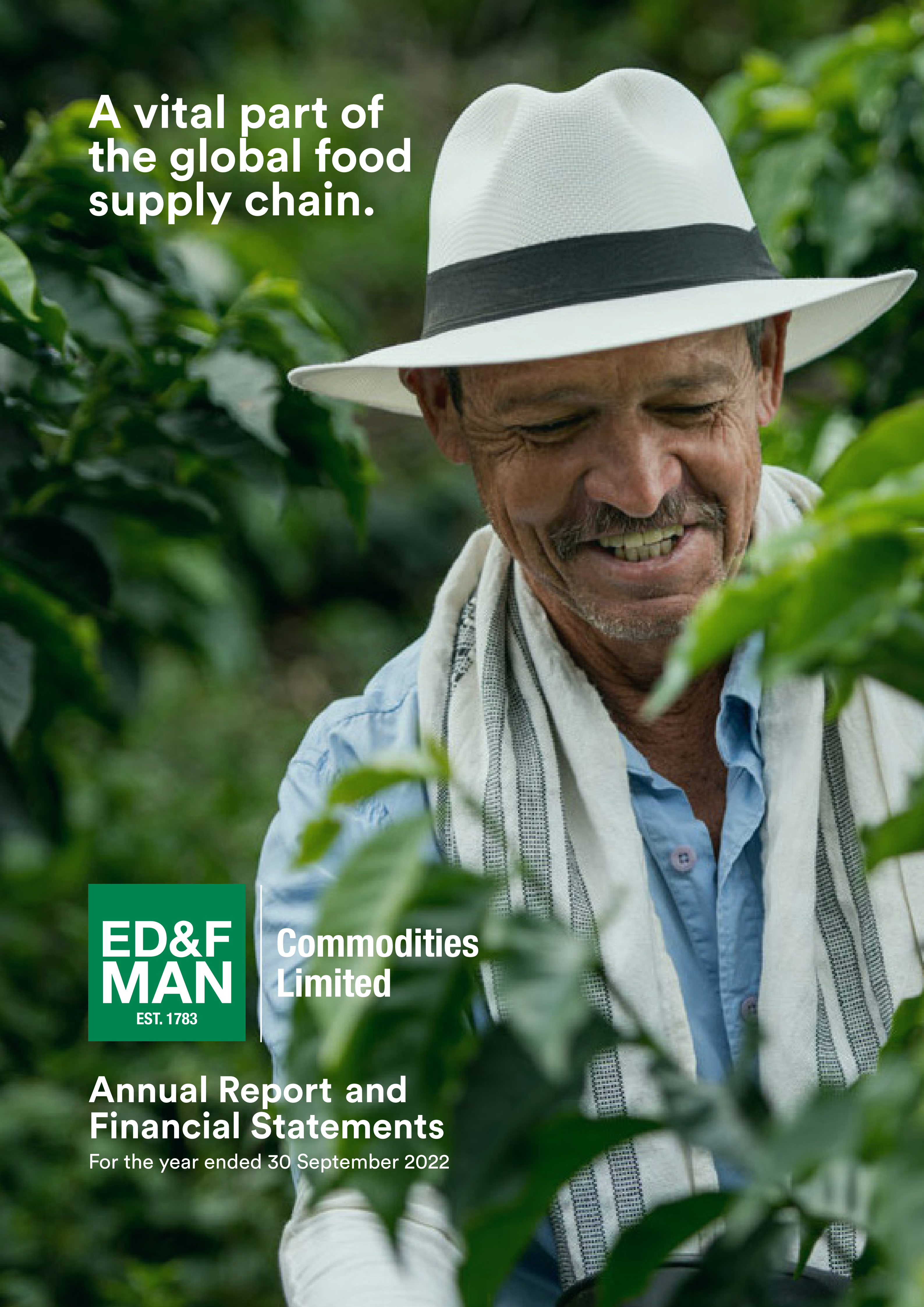


A vital part of the global food supply chain.

ED&F MAN
EST. 1783

Commodities Limited

Annual Report and Financial Statements

For the year ended 30 September 2022

Contents

Business Overview

A best-in-class soft commodities trading group.

Business Overview

ED&F Man Commodities is one of the world's leading providers of soft commodities, and logistics.

We source, store, process, ship and distribute a range of products including sugar, coffee, molasses, animal feed, and fish oils.

We benefit from 239 years' experience of world trade. Our global infrastructure, operational expertise and execution capability ensures timely delivery of products that meet the stringent safety and quality standards of our customers all over the world.

We market commodities to clients such as coffee roasters, food processors, drinks distillers and cattle farmers, supplying household names and best-loved brands.

Our strategy is to nurture long-standing relationships and through supply management expertise add value at every link in the chain. Through this we have established a long and successful presence in our markets and a strong loyal customer base that includes some of the world's biggest food and drink suppliers.

In March 2022, ED&F Man Holdings Limited ("Holdings") completed a restructuring. As part of this process, ED&F Man Commodities Limited and its subsidiaries (the "Commodities Group") - the profitable core commodities trading business of Holdings - was successfully ring-fenced from Holdings' legacy businesses. The legacy debt was restructured by extending its tenure up to 2028, separating it from the Commodities Group.

During the year ended 30 September 2022, the businesses of the Commodities Group delivered strong performance – their best-ever – despite the liquidity constraints in the first six months before the restructuring. Broader global market uncertainty, including the tragic war in Ukraine, has had substantial and unprecedented impacts on global supply chains, creating significant market volatility but the Commodities Group has been well positioned to adapt to these headwinds over the course of the year.

Unless otherwise stated, all information presented in this report relates to the Commodities Group businesses which are consolidated under ED&F Man Commodities Limited, a subsidiary of ED&F Man Holdings Limited. The Commodities Group's key stakeholders are its employees, customers, suppliers, broader lender group, and the communities in which the Group operates.

Corporate social responsibility is at the heart of everything we do across our business. We invest in delivering responsibly sourced products, take care to limit the environmental impact of our operations and actively support the communities in which we work. In this way, we play our part in creating sustainable supply chains that provide an essential role in modern life.

The global experts in coffee, molasses, and sugar.

Our Role in the Value Chain

We provide services and generate margins along the entire value chain.

Sourcing
- Long-term relationships
- Securing supplies from origin

Activities at origin
- Sustainable sourcing
- Agriculture development
- Pre-finance
- Pricing (futures and swaps)

Off-take
- Research
- Coffee milling and packaging

Value added
- Sorting, blending and cleaning
- Certification traceability
- Quality control and testing

Production
- Extensive network of owned and third-party facilities add value to our products
- Warehouse and logistics

Logistics
- Off-take
- Trucking
- Warehousing
- Elevation

Logistics assets
- Railcars
- Warehouses
- Terminals
- Liquid storage

Distribution
- Expert and innovative freight capability

Shipping
- Freight
- Pricing/trading
- Tendering

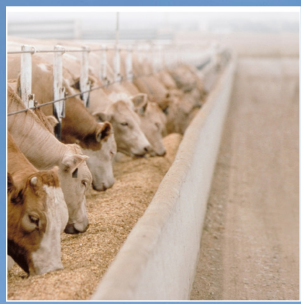
Assets
- Terminals
- Charter vessels

A new platform for growth that provides a stable structure for our customers and suppliers.

ED&F Man Commodities in Numbers

239
years in business

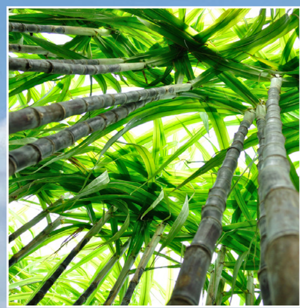
$6.9
billion annual revenue in 2022



2,885
people worldwide

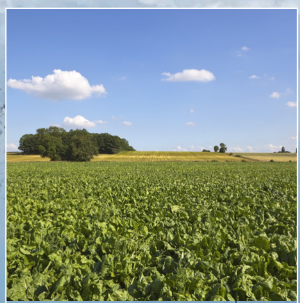
70
nationalities

41
countries



110
locations globally

5,000
customers



3,000
suppliers

14%
reduction
in carbon emissions from across the Commodities Group in the year ended 30 September 2022

Energy & carbon
reporting aligned with the GHG protocol from FY23

2022 Operational Highlights

- ED&F Man's global restructuring created a market leading, cohesive, focused soft commodities group;
- Despite the extraordinary challenges in the global supply chain, we continued to deliver for our clients and create value for our investors and the business into the long term;
- Our Coffee division traded over 478,000 tonnes of coffee serving a high-quality global client base;
- Our Molasses and Liquid Products (MLP) division maintained its market leading position, trading 6.1 million tonnes of molasses, molasses blends, liquid feeds, beet pulp pellets and fish oils for global clients;
- Our Sugar division began to rebuild its position, given the constraints on the business during the restructure, trading 5.6 million metric tonnes of sugar and sugar products.

2022 Financial Highlights

- Best-ever financial performance, despite the liquidity constraints in the first half, as the businesses took advantage of unprecedented volatility in commodities markets;
- The ring-fencing of the Commodities Group created the stable base upon which to further increase liquidity beyond the incremental $300 million provided by the existing lenders;
- The Commodities Group is positioned to once again take advantage of the significant opportunities that exist, with the benefit of the new structure that provides certainty for our customers and suppliers.

Performance Measures

All figures in USD millions

Revenue

$6,909.6

+$1,406.5

2022	$6,909.6
2021	$5,503.1

Gross Profit

$407.8

+$81.7

2022	$407.8
2021	$326.1

Gross Profit (Trading) Margin

5.9%

0%

2022	5.9%
2021	5.9%

Operating Profit

$180.2

+$33.9

2022	$180.2
2021	$146.3

Profit Before Tax

$115.6

+$20.8

2022	$115.6
2021	$94.8

EBITDA[1]

$231.4

+$53.6

2022	$231.4
2021	$177.8

Profit after tax

$89.7

+$54.3

2022	$89.7
2021	$35.4

Headcount (number)

2,885

-356

2022	2,885
2021	3,241

Net assets

$446.0

+$16.5

2022	$446.0
2021	$429.5

[1] Refer to page 27 for definition of EBITDA and reconciliation to the closest equivalent IFRS measure which is profit before tax.

Chairman's Statement

I am pleased to report that the Commodities Group delivered its best-ever performance in the year ended 30 September 2022. Higher volatility in commodity markets and continuing supply chain dislocations affecting commodity prices resulted in unprecedented market conditions which we were well positioned to adapt to and address.

Christopher Mahoney
Chairman

People

I want to start by thanking all our employees around the globe for the resilience, hard work, adaptability, and skill they have demonstrated. Our team has ensured that trade continued seamlessly, even in particularly challenging circumstances in some regions, delivering for the customers who rely on us as a vital part of the global food supply chain.

Financial Performance

The results for the first six months to 31 March 2022 were impacted by liquidity constraints imposed during the restructuring and by the high price environment. However, I am pleased to report that, despite these constraints and the ongoing challenges of COVID-19, the Commodities Group reported a profit before tax of $115.6 million for the year ended 30 September 2022 (2021: $94.8 million).

The strongest performance was delivered by Sugar Trading with an Operating Profit of $84.2 million, followed by Molasses and Liquid Products ("MLP") with an Operating Profit of $59.4 million and Coffee which, despite a difficult and challenging market, still delivered an Operating Profit of $39.1 million.

Refinancing

The restructuring and then refinancing of the Holdings debt was achieved through an internal reorganisation and the release of all guarantees and securities which previously supported the legacy debt. With effect from 31 March 2022, the Commodities Group was separated from all other operations within Holdings. While the Commodities Group still has a requirement to meet the minimum cost coverage for Holdings, it now has no direct obligation towards Holdings' $1,333 million legacy debt, which has been structurally and legally ring-fenced.

As part of the restructuring process, $300 million of additional liquidity was raised from lenders in the form of a three-year committed trade finance facility and the maturity of the Commodities Group's existing borrowing base and revolving credit facility was also extended by up to three years.

A dynamic group, focused on soft commodities with a clear, united vision and strong market profile.

Sustainability and Corporate Social Responsibility ("CSR")

In the past fiscal year, ED&F Man Commodities has continued to build on our CSR performance which is based on four pillars: The Environment; Our Market Place; Our Workplace and Society. The achievements are detailed in the Corporate Social Responsibility ("CSR") section of this report and include a 15% reduction in fossil fuel use and continues our trend of decreased carbon emissions over the past four years.

Building a sustainable, responsible business that delivers positive impact for our people, our communities and the planet has been an important part of our long history and proud heritage and continues to underpin the way we do business around the world today. This is a core focus and is at the heart of everything we do.

Outlook

With the support of all our stakeholders, including our lenders who supported us through the restructuring and who provided us an additional $300 million of liquidity, we have created a ring-fenced commodities platform with a stable capital base to support the operations of the Commodities Group. This group successfully navigated volatile markets in FY22 despite a constrained first half, to deliver record Profit before Tax of $115.6 million.

We are confident that the Commodities Group can leverage this platform to deliver continued success, taking advantage of ongoing market opportunities to successfully trade, leveraging the stable capital base to further increase liquidity to support growth, and continuing to deliver for our customers and suppliers.

Going forward, sustainability will remain a top priority for the group. We are developing a new global sustainability strategy, which we expect to launch in FY23. Focusing on three key areas: environmental stewardship, improving lives and responsible sourcing; the global sustainability strategy will help us to deliver a greater positive social and environmental impact in our vital role as part of the global food supply chain.

Christopher Mahoney
Chairman

20 December 2022

Operational Highlights

Coffee Division Report

Trishul Mandana
Managing Director, Volcafe

Performance Measures

FY22
Arabica prices (US Cents/lb)

Low **199.80**

High **251.65**

	2022 $m	2021 $m
Tonnages (metric tonnes)	**478,829**	582,696
Revenue	**2,119.8**	1,691.9
Trading Margin	**5.3%**	8.5%
EBITDA[2]	**52.5**	81.1
Profit before Tax	**9.3**	51.2
Headcount (number)	**2,065**	2,377
Net assets	**197.8**	199.8

Overview

Our Coffee business, Volcafe, is one of the world's largest coffee merchants, trading since 1851 and specialising in worldwide green coffee procurement.

Volcafe supplies ecologically sourced and sustainably grown coffee to global roasters including Nespresso, Starbucks, Nestle, JDE and Costa, traceable from bush to cup, as well as to the high-street coffee shops and online.

As a global coffee merchant, Volcafe works across the entire green-coffee supply chain from farmer to roaster. We work closely with producers paying them fair prices and training them on economically sustainable practices using our large team of local agronomists. We process coffee at our milling plants observing strict HSEQ standards. We use our inhouse research and expertise to support our clients as they manage risk in their business. We deliver coffee to our roaster clients in line with their stringent requirements on delivery times, cup quality, traceability and sustainability.

Performance Overview

Our strategic focus on sustainability and premiumisation enables us to extract good per unit margins across the various geographies in which we operate. Our margins were impacted by the challenges of the significant liquidity constraints experienced in the first half of the 2021/22 financial year as well as increased uncertainty around roaster and consumer demand driven by the fear of a recessionary environment. A significant improvement in stock management allowed Volcafe to improve working capital levels. Despite the challenging macro environment in the second half of the financial year, the Coffee division still delivered EBITDA[2] of $52.5 million and Profit before Tax of $9.3 million. Tonnages were down on last year at 478,829 metric tonnes.

Following a drought and two frosts in Brazil that created a strong rally in the markets, we faced challenges with farmer performance but on a significantly smaller scale compared to our peer group given our smaller contracted volumes. Performance in East Africa turned around, the new team successfully stabilised the Uganda business resulting in a better than expected performance under very challenging circumstances.

[2] Refer to page 27 for definition of EBITDA and reconciliation to the closest equivalent IFRS measure which is profit before tax.

As a global coffee merchant, Volcafe works across the entire green-coffee supply chain from farmer to roaster.

Sustainability

Volcafe launched its global sustainability strategy in October 2021. It builds on our vision for a thriving, sustainable coffee business for all, focusing on three areas where we can make the most impact: sustainable profitability to secure a living income for farmers; regenerative practices that address the impact of climate change on coffee cultivation; and responsible citizenship to support producers to build thriving coffee communities.

To support its work, Volcafe established strategic partnerships. We selected the sustainability advisor, dss+/Sofies, to help guide our climate journey; the first step – assessing our baseline emissions – was completed in summer 2022. To help assess and reduce the environmental footprint at farm level, we joined the Cool Farm Alliance. To improve agroforestry in coffee areas, we extended our partnership with CATIE to Brazil, Colombia, Costa Rica, Guatemala, Honduras and Peru.

Local projects further our sustainability efforts: In Costa Rica, we started a drive to convert coffee pulp into organic compost. In Vietnam, we launched a project to address concerns around deforestation, mono-crop agriculture, and the impact of agrochemicals on farming communities. In Tanzania, we are running a program to change the dynamics around gender equity and help coffee farmers fulfil their personal visions for change.

Volcafe's work has been recognised in the form of a Gold rating for sustainability from EcoVadis, placing Volcafe in the top 5% for its industry. Volcafe's Honduran entity was a finalist for the Business Transformation Award in the 2022 Reuters Responsible Business Awards.

Outlook

The outlook for FY23 remains challenging due to an inverted and volatile coffee market as well as a continuing recessionary environment. However, we see several trading possibilities in such a volatile environment and are optimistic of capturing some good opportunities during the year. With new sources of financing available, we are projecting a return to historical volumes while maintaining our strong per unit margin strategy. Brazil and Vietnam are the focus of this growth, together with the trading desk in Switzerland.

A strong culture of cost and expense control within Volcafe has enabled us to mitigate strong inflationary pressures in most of our operations.

The Coffee trading business will continue to maintain a strong focus and discipline on working capital optimisation which is fundamental to achieve committed targets for FY23.

Our Coffee business, Volcafe, is one of the world's largest coffee merchants, trading since 1851 and specialising in worldwide green coffee procurement.

Molasses & Liquid Products Division Report

Arie Van Der Spek
Managing Director, Molasses & Liquid Products

Performance Measures

	2022 $m	2021 $m
Tonnages (million metric tonnes)	**6.1**	6.4
Revenue	**1,708.7**	1,538.8
Trading Margin	**8.9%**	8.2%
EBITDA[3]	**99.1**	80.5
Profit before Tax	**45.4**	35.2
Headcount (number)	**541**	556
Net assets	**126.5**	139.9

Overview

Our Molasses and Liquid Products ("MLP") division trades a diverse range of products: sourcing, shipping, storing and distributing molasses, molasses blends, liquid feeds, beet pulp pellets and fish oils. It is a pioneer in sustainable and nutritional feeds from natural by-products. MLP also undertakes blending and processing to manufacture liquid feeds and has a large logistics network and large storage capabilities allowing effective and efficient delivery of products to global clients. We also operate our FeedImpex Beet Pulp Pellet business and our Maviga pulses business in the US.

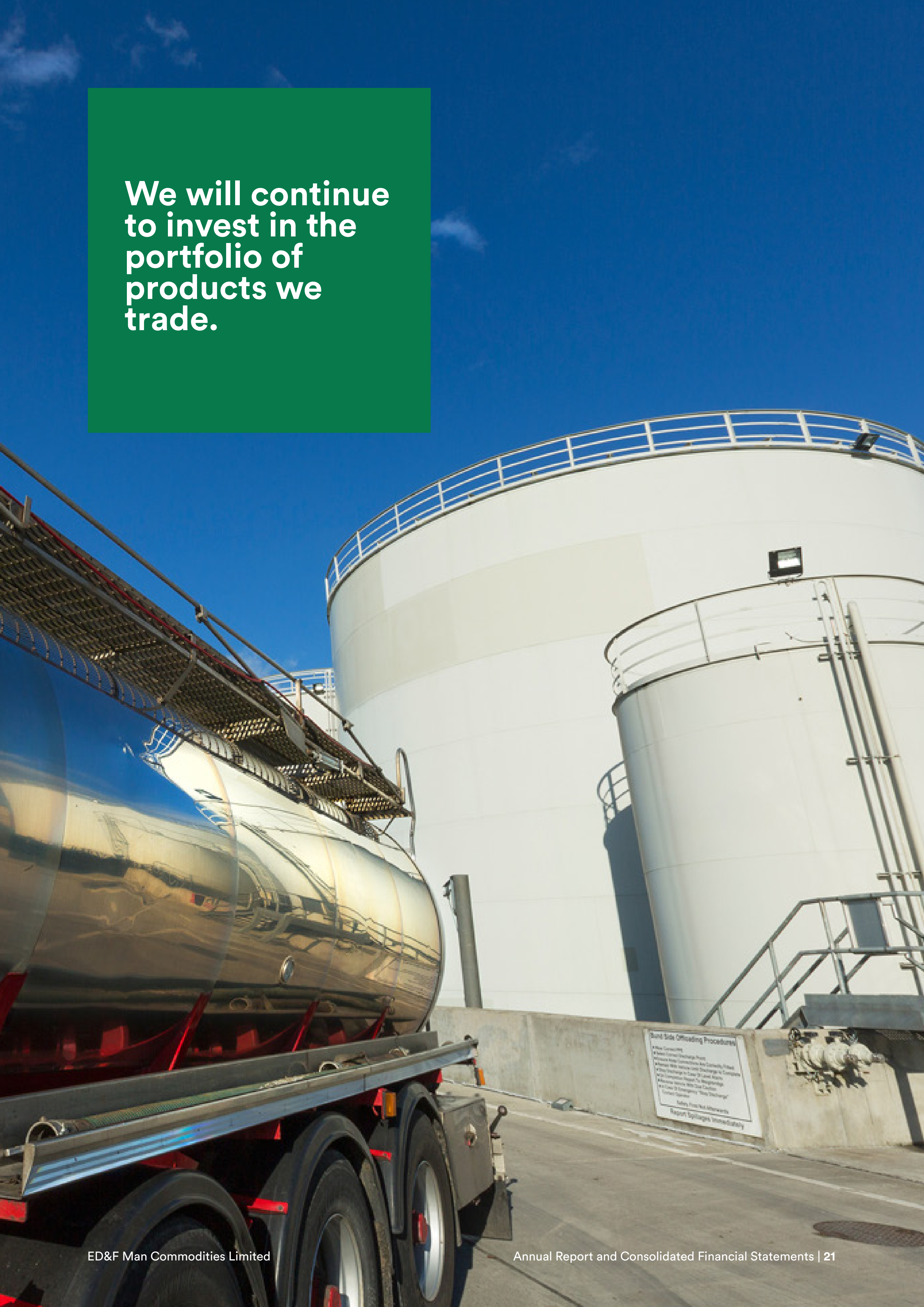
Our global operating platform was critical in creating solutions for external customers who found themselves without physical product cover due to supply chain challenges associated with the COVID-19 pandemic and the war in Ukraine.

Performance Overview

The FY22 market environment was beneficial to MLP's overall business. Rising prices of (competing) products including grain and oilseeds, in combination with effective strategic positioning, were instrumental in achieving this year's exceptional results.

MLP had a successful year with all areas of its business portfolio. For the year ended 30 September 2022, it delivered EBITDA[3] of $99.1 million and Profit before Tax of $45.4 million, up on FY21 despite a slight drop in overall volumes for the business to 6.1 million metric tonnes, driven by challenging market conditions.

[3] Refer to page 27 for definition of EBITDA and reconciliation to the closest equivalent IFRS measure which is profit before tax.



We will continue to invest in the portfolio of products we trade.

Sustainability

During FY22, MLP expanded its sustainability activities with the appointment of a global sustainability director and creation of several sustainability ambassador teams within the different MLP regional divisions. MLP further developed its sustainability strategy originally launched in FY21 that focuses on four pillars: Responsible Sourcing, Environmental Stewardship, Improving Livelihoods, and Governance.

MLP achieved a 19% reduction in the use of fossil energy compared to the year ending 30 September 2021. This was achieved by a switch from grey to green renewable electricity at the terminals in Liverpool, Grangemouth, Hull, Dublin and Esbjerg. In addition, various tank insulation and boiler / heating systems efficiency activities resulted in a 7% reduction in fuel oil use. On the back of this MLP's total carbon emissions per tonne reduced by 16% in the same period.

Additionally, MLP increased its involvement in Bonsucro, the leading multi-stakeholder initiative for sugarcane. In FY22, ED&F Man was re-elected to the Bonsucro Members Council and MLP's Director of Sustainability and Quality served as the Chair of the Bonsucro Members Council and as a Director of the Bonsucro Board from April 2019 to March 2022. On the Board, she also served on the Finance and Risk Committee, HR and Remuneration Committee, and the Strategy Steering Committee that developed and launched Bonsucro's new five-year strategy.

MLP's MAS Program (meaning 'more' in Spanish) supports community needs in the origins where MLP sources molasses with MLP working with suppliers to identify 'impact projects' to help those communities. MLP has selected three impact projects to support in FY22 which provided education to improve literacy and reduce domestic violence in the Dominican Republic, created biodiversity and climate change adaptation plans in El Salvador, and provided clean water directly to community members' homes in Nicaragua. The MAS Program was shortlisted for the 2022 World Sustainability Award in the Sustainable Supply Chain category.

Outlook

We will continue to invest in the portfolio of products we trade and, where possible and cohesive, add new product lines that leverage our existing business network and infrastructure. In addition, MLP will continue to execute and deliver on our sustainability strategy to meet the goals and objectives set out in our four sustainability pillars.

MLP will continue to focus on improving and refining its portfolio of products, leveraging its existing network and infrastructure to deliver to customers around the world.

Sugar Division Report

Alexandre Bauche
Managing Director, Sugar

Performance Measures

FY22

NY11 raw sugar (US Cents/lb)

Low **17.54**

High **20.41**

	2022 $m	2021 $m
Tonnages (million metric tonnes)	**5.6**	4.8
Revenue	**3,061.8**	2,256.2
Trading Margin	**4.4%**	2.4%
EBITDA[4]	**76.6**	24.6
Profit before Tax	**74.5**	3.3
Headcount (number)	**276**	308
Net assets	**119.1**	70.2

Overview

ED&F Man Sugar Trading is a world-class international merchant of sugar and value-add sugar products including organic sugars, sweeteners and blends, liquified sugar and alcohol products. With a long history of trading sugar and operating across the food supply chain, the business also utilises its in-house research and risk management expertise to manage global market volatility and economic cycles to the benefit of its customers and the sugar business.

Performance Overview

ED&F Man Sugar Trading delivered an exceptional performance given the higher volatility in commodity markets and continuing supply chain dislocations which impacted pricing, and despite the restricted capital allocation available to the business prior to the restructuring.

Against this backdrop, in the year to 30 September 2022, the Sugar Trading business generated profit before tax of $74.5 million, with EBITDA[4] of $76.6 million, a strong improvement on the previous year. We also saw a rise in overall volumes with 5.6 million metric tonnes of sugar traded, up from 4.8 million metric tonnes in FY21.

In recent years, Sugar has had a disciplined focus on its global trading strategy in order to retain a core world market footprint in raw and white sugar, concentrating on margin growth and maintaining and developing long-lasting client relationships. As a consequence, Sugar Trading has been able to successfully capture market opportunities from increased market volatility and the significant increase in the White Premium Spread in the second half of the year. Strong results in domestic trading from the EU and India also underpinned Sugar Trading's positive return, although results were impacted by headwinds in Eurasia, and by the rising price of energy.

[4] Refer to page 27 for definition of EBITDA and reconciliation to the closest equivalent IFRS measure which is Profit before Tax.

Sustainability

During the year, Sugar Trading refreshed its Corporate Social Responsibility ("CSR") Strategy. This included a detailed assessment of the business' role in the supply chain and the development of key performance indicators to optimise sustainable operations.

The CSR strategy is focused upon four key pillars:

- Responsible sourcing - a commitment to responsible sourcing and working to raise standards with all partners;
- Environmental stewardship - continuously reviewing our business to drive improvement and reduce our environmental impact;
- Community impacts - working with partners to ensure stakeholders are treated fairly and to develop focused projects to support and improve the lives of identified stakeholders;
- Corporate responsibility - to communicate and educate, both internally and externally, to ensure adherence above and beyond the required standards and legal compliance in the supply chain.

Through Sugar Trading's European refinery, the business is one of the leading players within the organic sugar sector sourcing and promoting Bonsucro (www.bonsucro.com), Fairtrade and other certified sugars and sweetener products.

Additionally, during FY22 Sugar Trading engaged with Tree-Nation, an organisation whose aim is to stop deforestation, fight climate change and support local communities by planting trees. Through Tree-Nation, Sugar Trading can support reforestation projects in key regions across the globe. The business has prioritised investment in tree planting in countries where supplier and customer stakeholders are located with 2,006 trees to be planted with the aim of doing more in the coming year.

Outlook

Going forward, with its in-house team of experts, Sugar Trading will continue to focus on positive trade margin execution in a selective and disciplined manner with a view to broadening our client base and adding value to the customers we serve. Such expertise also enables in-house exchange trading positions to be taken further supporting effective gross margin.

The outlook for FY23 will be challenging with a global recession on the horizon, rising interest rates and USD illiquidity being experienced in certain destination markets. This will potentially contribute to increased protectionism, uncertainty around sugar, ethanol and fuel export policies, in particular in Brazil and India, further complicating overall global supply and demand patterns. Sugar Trading expects a more normalised result in the forthcoming year, after the exceptional returns of FY22.

A profitable group delivering to agreed targets.

Group Chief Financial Officer's Report

The Commodities Group delivered strong profitability, despite significant liquidity constraints prior to the restructuring in March 2022. The businesses have taken advantages of market opportunities, particularly significant volatility, to deliver EBITDA (see Alternative Performance Measure paragraph below) of $231.4 million (2021: $177.8 million) and Profit before Tax of $115.6 million (2021: $94.8 million).

Phillip Murnane
Group Chief Financial Officer

The Commodities Group's key performance measures are Revenue, EBITDA and Profit before Tax.

	2022 $m	2021 $m
Performance Measures		
Revenue	6,909.6	5,503.1
EBITDA	231.4	177.8
Profit before Tax	115.6	94.8

Coffee, MLP and Sugar each outperformed expectations for the year. Given the significant liquidity constraints on the whole business pre-restructure, we expected a significant reduction in volumes traded, and overall performance. However, despite this liquidity constraint in the first half, all three businesses performed exceptionally well in the second half taking advantage of what were extraordinary market opportunities, particularly in MLP and Sugar both of which delivered record results; with Coffee EBITDA of $52.5 million (2021: $81.1 million), MLP EBITDA of $99.1 million (2021: $80.5 million) and Sugar EBITDA of $76.6 million (2021: $24.6 million).

Strong trading performance combined with continued control of operating expense delivered Profit before Tax from Coffee of $9.3 million (2021: $51.2 million), MLP of $45.4 million (2021: $35.2 million) and Sugar of $74.5 million (2021: $3.3 million).

Alternative Performance Measure – EBITDA

The Directors of the Commodities Group have presented the performance measure EBITDA as they monitor this performance measure at a consolidated level and believe this measure is relevant to an understanding of the Commodities Group's financial performance. This measure, as defined, is reported on a monthly basis to key stakeholders of the Commodities Group. EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, interest recharges, employee share option expenses, impairment losses/reversals related to goodwill, property, plant and equipment and profit (loss) on the disposal of investments and property, plant and equipment. EBITDA is not a defined performance measure in IFRS. The Commodities Group's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities. Reconciliation of EBITDA to profit from continuing operations is as follows:

	2022 $m	2021 $m
Profit from continuing operations	**89.7**	**35.4**
Income tax expense	**25.9**	59.4
Profit before Tax	**115.6**	94.8
Adjustments for:		
• Net finance costs	**57.9**	**41.9**
• Lease interest	**2.0**	**1.4**
• Depreciation	**37.3**	**39.2**
• Amortisation	**1.1**	**1.0**
• Impairment of fixed assets	**2.3**	**-**
• Impairment of financial assets	**1.0**	**9.6**
• Gain (loss) on disposal of property, plant and equipment	**(1.4)**	**0.7**
• Gain on disposal of investments	**-**	**(1.2)**
• Employee share option expense	**0.5**	**(8.6)**
• Interest recharges	**15.1**	**(1.0)**
EBITDA	**231.4**	**177.8**

Taxes

The Commodities Group has incurred a charge for corporate income taxes of $25.9 million in FY22, compared with $59.4 million in FY21. The reduction in the tax charge is due to the reversal of temporary differences and an increase in tax losses in certain countries which resulted in a corresponding increase in deferred tax assets. The Commodities Group trades in many jurisdictions across the globe and profits made in domestic markets are rightly subject to local tax and cannot be offset against losses booked in other markets. The effective tax rate in countries where we make profits is 22.9%.

Net Profit

Net profits after tax were $89.7 million compared to $35.4 million in the prior year. This increase was largely driven by the exceptional performance in MLP and Sugar but also a lower tax charge compared to prior year, as discussed above.

Debt Restructuring

Holdings completed the restructuring of its legacy debt and associated refinancing of its core commodities business on 31 March 2022. As part of this process, the Commodities Group, the profitable core commodities trading business of Holdings, has been successfully ring-fenced from its legacy businesses. The legacy debt was restructured by extending its tenure up to 2028, separating it from the Commodities Group business and providing Holdings with adequate time for the disposal of non-core businesses.

Additionally, through the restructuring, the Commodities Group raised $300 million of additional liquidity to manage the current high commodity price environment. The new ring-fenced commodities business has a strong balance sheet, supporting its ongoing role in the food and feed global supply chains.

Balance Sheet

Non-current assets were $314.7 million (2021: $322.4 million), $7.7 million lower than last year. This was driven by a decrease in investments in joint ventures and associates of $12.3 million due to the disposal of the Agrovia joint venture in January 2022. Property, plant and equipment decreased by $13.8 million with additions of $13.1 million being offset by depreciation of $16.8 million, disposals of $3.7 million, impairment charges of $2.3 million and foreign exchange movements of $4.1 million. Right-of-use assets increased by $13.2 million with additions of $40.4 million, mainly of new and replacement railcar leases and office lease renewals in MLP. These were offset by depreciation of $20.5 million, lease terminations of $1.1 million and foreign exchange movements of $5.6 million. Deferred tax assets increased by $6.5 million due to higher carried forward tax losses in certain countries and reversal of temporary differences.

Current assets and current liabilities decreased by $443.8 million and $764.1 million respectively, however the majority of this significant decrease was driven by the restructuring. The movements of legal entities as part of the refinancing and ring-fencing of the Commodities Group, including the movement of Man Treasury (see Note 2.2 of the Consolidated Financial Statements), resulted in a $433.9 million decrease in working capital.

Financing and Liquidity

The Commodities Group has carefully managed its liquidity position through the higher price environment, tightly controlling cash, whilst promoting ongoing operations and opportunistic trading with higher margin returns. Note 21 in the Consolidated Financial Statements describes the Group's liquidity position and borrowing facilities in full. The table below sets out a summary:

	2022 $m	2021 $m
Undrawn facilities (including local and bilateral)	664.0	120.0
Cash and cash equivalents (excluding restricted cash)	211.2	76.8
Total undrawn facilities and cash	**875.2**	**196.8**

At 30 September 2022, the Commodities Group has committed secured facilities of $870.4 million (2021: $458.0 million), which include medium-term multicurrency syndicated facilities with maturities in excess of 12 months. The Commodities Group has committed and uncommitted facilities of $620.0 million (2021: $281.7 million). Debt drawn under these secured and unsecured facilities at 30 September 2022 was $826.3 million (2021: $482.0 million), excluding debt transaction costs of $22.0 million (2021: $1.0 million). During the year, the Commodities Group incurred finance expenses of $59.9 million (2021: $43.3 million). Prior year is not comparable given the internal reorganisation undertaken as part of the restructure. (See Note 2.2).

The Commodities Group's profit or loss is influenced by interest rates. Exposure to interest rate risk is monitored through several measures including sensitivity and scenario testing and a cost benefit analysis of entering into interest rate swaps to mitigate this risk. At the year ended 30 September 2022, no interest rate swaps were in place. For the year ended 30 September 2022, the net financing costs of $59.9 million (2021: $43.3 million) include $2.0 million of interest income (2021: $1.9 million) and $2.0 million of lease interest (2021: $1.4 million).

	2022 $m	2021 $m
Interest bearing loans and borrowings (excluding debt transaction costs)	822.6	408.0
Lease liabilities	81.0	67.7
Total interest-bearing debt	**903.6**	**475.7**

Cash flow sensitivity analysis is performed to show the impact of a change of 100 basis points in interest rates at the reporting date on equity and profit or loss. (See Note 21.13).

Cash Flow

Net cash outflow from operating activities increased by $171.0 million due to the high commodity price environment and increased margin requirements due to higher prices. The operating working capital decreased by $43.8 million during the year largely due to higher commodity prices which affected inventories, trade receivables and trade payables. However, the most significant movements in working capital came from the restructuring of legal entities as a part of the refinancing and ring-fencing of the Commodities Group. The transfer to the Commodities Group of Man Treasury (see Note 2.2 of the Consolidated Financial Statements), removal of Legacy Debt and settlement of other intercompany receivable balances to the Commodities Group resulted in $433.9 million net movement in working capital.

Tax paid in the year amounted to $41.0 million (2021: $29.4 million).

This Strategic Report was approved by the Board of Directors and signed on its behalf by:

Phillip Murnane
Group Chief Financial Officer

20 December 2022

Environmental, Social and Governance

A group with sustainability, responsible business and community at its heart.

Corporate Social Responsibility

Corporate Social Responsibility is at the heart of ED&F Man's business and strategy.

Building a sustainable, responsible business that delivers positive impact for our people, our communities and the planet has been an important part of our long history and proud heritage and continues to underpin the way we do business around the world today.

Our CSR program supports responsible growth, it helps us to act decisively to limit the impact of our operations on the environment, to provide customers with safe products and to embed ethical principles within our operations worldwide. These principles are documented in our Standards of Business Conduct and are the foundation of our behaviour and decision making.

Our culture and values are centred on the commitment that everyone at ED&F Man makes to behave ethically and conduct business responsibly. We will not compromise on our obligations to customers, employees, the environment and the communities in which we work.

Our CSR strategy is focused on four priority areas:

1. **Environment:** Prioritising environmental stewardship and driving sustainable practices through all areas of our business to reduce our carbon footprint and preserve the natural world around us.
2. **Our marketplace:** Operating responsibly and ethically, delivering soft commodities products to meet the safety, quality and delivery needs of our clients. Practising responsible sourcing and continuously improving our CSR performance within our business and with our suppliers, customers and across our value chain which stretches across 41 countries.
3. **Our workplace:** Ensuring we have a safe workplace for our people free from discrimination and harassment to maintain our global culture of equality, diversity and inclusion and a shared responsibility to upholding high ethical standards.
4. **Society:** Supporting the communities in which we operate, from where we source, or have an influence on through our commercial activities, philanthropy, employee volunteering activities or our Charico fund.

In these four priority areas, we have a wide range of initiatives and practices that improve our products, differentiate our services and support the development of deep and lasting customer relationships. Working together with our colleagues, industry groups, suppliers and customers, we have made progress over this past year in all four areas.

Among these key achievements are:

Coffee:

- EcoVadis, the sustainability rating specialist, has given Volcafe a Gold rating for sustainability, placing Volcafe in the top 5% for our industry;
- We have expanded our partnership with CATIE, the Tropical Agricultural Research and Higher Education Center, to improve agroforestry in coffee areas across South America (Costa Rica, Colombia, Peru, Guatemala, Honduras, Brazil) and we are looking to expand the partnership further into East Africa;
- Volcafe has launched a mentoring program for female employees, designed to address barriers and support career development.

MLP:

- The MAS Program has delivered positive impact in MLP grower communities including: 4,000 trees planted in El Salvador; a potable water project that has resulted in deep water wells and piped clean water to 550 people in Nicaragua; Education for Safe Communities program which is delivering literacy and anti-domestic violence support in the Dominican Republic;
- MLP has won or been shortlisted for a number of sustainability awards including: 2022 Diageo North America Procurement Supplier Award; 2022 World Sustainability Award, Sustainable Supply Chain category; MAS program nominated for 2022 Bonsucro Inspire Award.

Sugar:

- We have continued to work closely with partner organisations including Bonsucro and Fairtrade to increase the volumes of sustainably certified sugars we trade. In FY22 the Sugar BU has sold over 16,000MT of Bonsucro certified sugar, as well as a first offering of Bonsucro certified organic rum, whilst Fairtrade sugar sales exceeded 6,200MT meaning a premium of over $450,000 was paid back to farmer cooperatives;
- EcoVadis has given ED&F Man Espana a Gold rating for sustainability, putting ED&F Man Espana in the top 5% for our industry.

Building on these foundations, in FY22 the ED&F Man Commodities Group has further integrated sustainability into the overall business strategy by appointing Meredith Smith as Head of Sustainability to develop and implement a sustainability strategy for the Commodities Group which will be launched in FY23.

ED&F Man is launching its new Sustainability Strategy in FY23 which covers three focus areas: Environmental Stewardship, Improving Lives, and Responsible Sourcing. This new strategy will be supported with objectives from each division to deliver greater positive social and environmental impact and will be aligned to the UN Sustainable Development Goals.

Energy Use and Carbon Emissions

For FY23, our energy and carbon reporting system will be aligned with the GHG Protocol, the world's most widely used greenhouse gas accounting standard, and the Commodities Group will expand its measurement for certain scope-3 emissions. Furthermore, in FY23 the Commodities Group will also switch from the reporting in CO_2 to CO_2eq, by including also the other main greenhouse gases nitrous oxide (N_2O) and methane (CH_4) in our carbon accounting.

The energy use and carbon emissions for FY22 are summarised below.

	Unit	Commodities Group	UK Only
Fossil Energy use (includes purchased electricity, gas, fuels, oil, coal, etc.)	kWh	72,902,502	1,648,890
Associated Scope-1 emissions	MT CO_2	10,321	475
Associated Scope-2 emissions	MT CO_2	7,117	0
Intensity ratio 1 - carbon emissions per MT processed	kg CO_2/MT	5.61	1.35

Methodology

All of our locations that process products report on the use of electricity, fuels and water, plus the waste generated on a monthly basis. This is then converted into CO_2 emissions using standard international conversion factors (EU level, International Energy Agency, Defra Voluntary 2017 Reporting Guidelines) delivering the Commodities Group's Scope-1 and Scope-2 emissions for all of the global Coffee mills, MLP terminals and the Sugar refinery in Czech Republic.

Energy Efficiency Action Taken

Fossil energy across the Commodities Group totalled 72,902,502 kilowatt-hours, a reduction of 14% compared to prior year (85,104,187), the result of a 12% reduction in the use of grey electricity and a reduction of 15% in fossil fuel use.

The biggest contributor to this reduction was the Coffee division where less energy was used as a result of the lower volumes processed through the coffee mills. In MLP, the terminal at Esbjerg switched to 100% renewable electricity, following the example of the UK and Irish terminals that all ran on green electricity for the full FY22 year. In addition, MLP halved its use of boiler fuels (natural gas, gasoil and heavy fuel oil) as a result of boiler efficiency projects and tank insulation activities, causing a 22% drop in fossil fuel use. The energy use on the Sugar refinery in Czech Republic remained stable.

The use of renewable energy by the Commodities Group grew by 4%, from 8,449,578 kWh in the year ended 30 September 2021 to 8,796,438 kWh in the year ended 30 September 2022. The use of biomass as a fuel source decreased 23% from 10,124 metric tonnes to 7,833 metric tonnes in same period, the result of less coffee husks available from the lower volumes processed at the mills.

Regardless of the lower volumes processed, the energy intensity ratio - the number of kilowatt-hours used to process 1 metric tonne of product - reduced by 9% to 38 kWh/MT.

Carbon Emissions

On the back of the reduction in fossil fuel use, the total carbon emissions of the Commodities Group (sum of scope-1 and scope-2) reduced by 14%, from 20,367,839 kg CO_2 in the year ended 30 September 2021 to 17,606,439 kg CO_2 in the year ended 30 September 2022, a result to which all three commodity divisions contributed.

The emission intensity ratio - the number of kilogrammes of CO_2 emitted for processing 1 metric tonne of product – also reduced by 10% from 6.20 to 5.61 kg CO_2 and continues the declining trend over the last 4 years.

Water and Waste

Despite various efforts in each division, the total water use for the Commodities Group as a whole increased by 8%, from 516,108 m^3 in the year ended 30 September 2021 to 559,938 m^3 in the year ended 30 September 2022.

The water intensity ratio - total quantity of water used to process 1 metric tonne of product - increased by 13% from 157 to 178 litres.

The total waste generated on the operational sites has reduced by 42% from 2,724 metric tonnes in the year ended 30 September 2021 to 1,574 metric tonnes in the year ended 30 September 2022.

Recording Progress, Measuring Results

At ED&F Man, we take a practical and measurable approach to sustainable practices. We recently published our 2018-2021 CSR and Sustainability report on our website following the GRI standard. Our FY22 sustainability progress will be shared in more detail in our upcoming sustainability report, which will be published on an annual basis henceforth.

Diversity and Inclusion

All of our people need and should feel included and valued for their contribution, regardless of race, gender, age, religion, disability or identity. The Commodities Group actively pursues initiatives to promote diversity and inclusion, understanding that different people bring different perspectives and experiences for the benefit of all stakeholders.

Stakeholder Management

ED&F Man engages regularly with stakeholders at the Commodities Group and/or business level, depending on the issue. Our most significant stakeholder engagement was with our lenders who have worked with us to deliver on a sustainable financing structure for the commodity trading businesses.

The role of the Commodities Group Board is to provide an effective governance framework; including oversight, control and reporting and an effective risk framework including establishing and monitoring risk appetite through trading mandates, delegations of authority, and various limits (position, value at risk, and credit limits), under which the Commodities Group's component businesses have the freedom and decision-making authority to pursue opportunities with entrepreneurial spirit while remaining subject to constructive challenge and review. Authority for the operational management of the Commodities Group's businesses is effectively delegated to the Managing Director of each business for execution or for further delegation to the senior management teams of the businesses. This is to ensure the effective day-to-day running and management of the Commodities Group. The leader of each business within the Commodities Group has authority for that business and reports directly to the Chairman.

This approach necessarily involves a high degree of delegation of stakeholder communication to Management. Senior management is requested, when presenting to the Board on strategy and principal decisions, to ensure that the presentation covers what impact the strategy/principal decision has on the relevant stakeholders and how the views of those stakeholders have been considered. While day-to-day operational decisions are generally made locally, in addition to providing input on the principal decisions and strategy, the Commodities Board supports individual businesses by facilitating the sharing of best practice and know-how between the businesses. The Commodities Board has identified the following stakeholder groups with whom engagement is fundamental to the Commodities Group's ongoing success:

Stakeholder group

Employees

Key issues
- Health and safety
- Diversity and inclusion
- Engagement and development
- Pay and reward
- Sustainability

How the businesses engage
- Email and Intranet
- Quarterly results updates
- Town halls
- Monthly leadership updates
- Training
- Surveys

How the Board engages and/or is kept informed and takes matters into account
- Members of the leadership team provide regular updates;
- The Chairman and Group CFO share annual financial results at a Senior Management Meeting (one of the quarterly meetings) to be disseminated to all employees;
- In addition, other Commodities Group Board members meet with senior employees at conferences, business reviews and visits to overseas offices.

Suppliers and Customers

Key issues
- Business execution capability
- Responsible sourcing, product safety and traceability
- Supply chain sustainability
- Impact on environment

How the businesses engage
- Meetings
- Video, emails, letters or phone calls
- Site visits

How the Board engages and/or is kept informed and takes matters into account
- Senior management of each division (often with the assistance of specialists within that division) regularly report to the Commodities Board on key relationships with customers and suppliers either as part of their business updates or through reports to the Chairman.

Society, Communities and the Environment

Key issues
- Climate change mitigation and adaptation
- Natural resources and circular economy

How the businesses engage
- Coaching and training programmes
- Community programmes and schemes
- Greater detail is contained in the ESG report on pages 31-34

How the Board engages and/or is kept informed and takes matters into account
- The CSR Steering Committee supports the Commodities Group's CSR programme and policy;
- The Committee is chaired by a Division-Executive member and has representatives from across several functions and businesses.

Stakeholder group

Banks and Insurers

Key issues
- Business performance
- Sustainability
- Corporate governance

How the businesses engage
- Meetings
- Monthly performance reports
- Annual Report
- CSR report

How the Board engages and/or is kept informed and takes matters into account
- The Group Executive Director, Group CFO and other Senior Management meet with Lenders through the year;
- Additionally, the Chairman and the two non-executive Directors of Holdings meet with core lenders (both virtually and in-person without management) on a regular basis throughout the year;
- At each Holdings Board meeting, the Directors receive a banking update, including any significant concerns raised. These are then considered at the Board meeting.

Shareholders

Key issues
- Business performance
- Sustainability

How the businesses engage
- Website
- Annual General Meeting
- Quarterly results updates

How the Board engages and/or is kept informed and takes matters into account
- To maintain oversight of the performance of the Commodities Group, its Board has a majority of Directors who are also Directors of the Holdings Board;
- Further, the Holdings Annual General Meeting provides an opportunity for shareholders to submit questions to be addressed by the Holdings Board, including those relating to the Commodities Group;
- The Holdings Board also responds either directly or via its company secretarial team to queries raised throughout the course of the year.

Governments and Authorities

Key issues
- Regulatory changes including COVID-19, Brexit and Tax
- Climate and environmental related matters
- Product safety
- Support of businesses and workers

How the businesses engage
- Meetings
- Correspondence

How the Board engages and/or is kept informed and takes matters into account
- The Commodities Group Board is regularly updated on key issues across the many countries in which it operates relating to material changes in government legislation and regulation.

Principal Decisions

The significant liquidity constraints heavily impacted the strategic decisions made and shaped the engagement with stakeholders both at Holdings Board level, the Commodities Board level, and by the businesses. In particular, there was a need to ensure that the consequences of decisions were appropriate for promoting the success of ED&F Man Commodities in the long term, as well as having regard to maintaining a reputation for high standards of business conduct. While the strong commodity markets delivered a good performance within the Commodities Group, the higher commodity price environment increased the working capital required to run at historic volumes, creating a liquidity constraint.

During the year ended 30 September 2022, our key stakeholders were the lender group who were participating in the debt restructuring at Holdings. We had periodic communication with the lender group along with our external advisors to communicate our need for additional liquidity and the need to restructure the existing debt.

Corporate Governance

The Boards of Directors of Holdings and of the Commodities Group are committed to high standards of corporate governance and are accountable to stakeholders for the Commodities Group's performance in this area. The Commodities Group applies the principles of corporate governance which are driven by its constitution as an employee-owned company. These principles are applied proportionately to the Commodities Group's scale, size and complexity.

One of the main purposes of the Commodities Board is to support the Executive Team and provide them with constructive challenge, advice and the benefit of the experience and specialist knowledge of its members. It is responsible for ensuring that risk management operates effectively and has oversight for this critical process as set out in the section on financial risk management.

Strategic risks, which include risks that could disrupt and materially impact the Commodities Group's strategy, are monitored and overseen both by the Holdings Board and the Commodities Board. All other risks are monitored by a dedicated function and overseen by a specific committee.

The Group Audit and Risk function independently collates enterprise-wide risk inputs quarterly from both the divisions and the relevant control functions for presentation to and discussion by the Board and Audit and Risk Committees. These risk management assessments assist the Board in identifying the key risks, associated control processes and effectiveness of mitigation plans.

The composition and remit of the Commodities Group Board and its Committees are at the end of this section.

Financial Risk Management

The Commodities Group's businesses carry a number of risks and uncertainties including fluctuations in commodity prices, counterparty risks, country risks and operational risks which include freight, insurance and legal risks in different jurisdictions in around 41 countries.

The Commodities Group mitigates these risks through hedging on futures markets where appropriate, by employing dedicated in-house legal compliance and insurance professionals and through the operation of the Group Audit and Risk Committee ("GARC") at Holdings.

The GARC operates under delegated authority to oversee the management of all risks and is responsible for approving risk limits and for overseeing adherence to those limits throughout the Commodities Group. The responsibilities of the GARC include establishing policies and procedures, setting limits, managing risks and reviewing actual and potential exposures arising from the Commodities Group's operations and ensuring compliance with the risk control framework of Holdings. The GARC provides assurance to the Commodities Board that the Commodities Group's credit and market risk exposures are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with Holdings' established policies.

The Group CFO is responsible for the management of liquidity risk, including funding, settlements and related policies and processes. The policies for managing each of these risks are summarised in Note 21 to the Consolidated Financial Statements.

Although no system of risk management and internal control can provide absolute assurance against material misstatement or loss, the Commodities Group risk management framework (derived from the Holdings risk management framework) and associated governance arrangements are designed to ensure that there is a clear organisational structure with well-defined, transparent and consistent lines of responsibility and effective processes to identify, report, monitor and manage risks to which the Commodities Group is, or might become, exposed. A key priority of the risk and control framework is to allow business opportunities to be exploited, while maintaining an appropriate balance of risk and reward.

The risk and control framework is based on the 'three lines of defence' model:

First line of defence: The operational management in the Commodities Group has ownership, responsibility and accountability for assessing, controlling and mitigating risks.

Second line of defence: The Risk function, together with Finance (including Treasury) and Legal, facilitates and monitors the implementation of effective risk management practices by operational management, oversees risk and assists the risk owners in reporting adequate risk related information up and down the organisation.

Third line of defence: The Internal Audit function, reporting through the GARC, provides assurance to the Commodities Board and the Holdings Board on the effectiveness of the minimum control standards for reporting, risk management and control.

Directors' Report

The Directors of the Commodities Group present their report and audited financial statements for the year to 30 September 2022.

Principal Activities, Business Review and Future Developments

Founded in 1783, ED&F Man Commodities is a private agri-business operating in the sugar, coffee, molasses and animal feed markets.

The Commodities Group's business activities, future developments and performance measurements are set out below. The liquidity position of the Commodities Group and borrowing facilities are described in Note 21 and Note 26 to the Consolidated Financial Statements. Note 21 also describes the financial risk management objectives and policies, details financial instruments and hedging activities, as well as exposures to credit risk and liquidity risk. The Board monitors performance of its businesses on an ongoing basis.

Commodities Group

The Commodities Group encompasses three operating segments: our Coffee, MLP and Sugar Trading divisions. This is a portfolio of divisions that have a proven ability to deliver solid returns even during the COVID-19 pandemic and through the current Ukraine war crisis. With the effective restructuring discussed below, this business has its own governance structure and capital allocation.

In our commodity trading businesses, we leverage long-standing relationships and strategically located assets to provide clients with a complete service offer to add increased value across the whole supply chain.

The Commodities Group delivered strong profitability, despite continued challenges of the pandemic and liquidity constraints due to historically high prices prior to the restructure. The businesses have taken advantages of price volatility to deliver $180.2 million of operating profit, compared to $146.3 million in the prior year.

Results

The audited financial statements of the Commodities Group are shown on pages 48-110. The profit after taxation attributable to owners of the Commodities Group for the year to 30 September 2022 amounted to $89.7 million (2021: $35.4 million).

The financial statements are prepared in US Dollars as this is the currency in which most of the Commodities Group's trading transactions are denominated.

Directors

The Board consists of one Non-Executive Director, five Executive Directors and the Chairman.

The directors who held office based on their date of appointment or resignation were as follows:

- Jade Moore (Appointed 17 December 2021)
- Phillip Murnane (Appointed 17 December 2021)
- Alexandre Bauche (Appointed 25 March 2022)
- Christopher Mahoney (Appointed 25 March 2022)
- Trishul Mandana (Appointed 25 March 2022)
- Mark Nelson-Smith (Appointed 25 March 2022)
- Arie van der Spek (Appointed 25 March 2022)
- Paul Parness (Resigned 25 March 2022)

Statement of Directors' Responsibilities

The Directors are responsible for preparing Consolidated Financial Statements for each financial year which give a true and fair view, in accordance with applicable Jersey Law (the Companies (Jersey) Law 1991) and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), of the state of affairs of ED&F Man Commodities Limited ("the Company") and of the profit or loss of the Company for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

Based on the extensive analysis Commodities Group has undertaken as a part of the refinancing which was completed on 31 March 2022 (see Note 26), the Directors have a reasonable expectation that the Commodities Group has sufficient liquidity for the going concern assessment period ending 31 March 2024. Accordingly, the Directors have adopted the going concern basis in preparing the Consolidated Financial Statements. See Note 2.3 of the Consolidated Financial Statements for further information.

Auditor

Ernst & Young LLP were appointed auditors on 21 November 2021 and they have expressed their willingness to continue as auditors of the Company.

By order of the Board.

Phillip Murnane
Group Chief Financial Officer

20 December 2022

The Board and its Committees

Following the restructuring, new Board and Committee structures have been implemented to ensure a governance framework that is appropriate and tailored to the commercial and control requirements of the Commodities Group.

Commodities Group Board

The Commodities Group Board is responsible for the governance and oversight of the Commodities Group. This is the forum for senior management to jointly assess key market opportunities, risks and threats. The Commodities Group Board also monitors financial and commercial performance against the strategic objectives. The Commodities Group Board meets monthly.

Membership

Christopher Mahoney
Chairman

Alexandre Bauche
Managing Director,
Sugar Division

Trishul Mandana
Managing Director,
Coffee Division

Arie van der Spek
Managing Director,
MLP Division

Jade Moore
Group Executive Director

Phillip Murnane
Group Chief
Financial Officer

Mark Nelson-Smith – Non-Executive Director

Observers

Emma Griffin – Holdings Non-Executive Director as an Observer

Remuneration & Nomination Committee

The Remuneration & Nomination Committee of the Holdings Board assists the Commodities Group Board with setting remuneration policy for the Commodities Group, including bonus pool schemes and remuneration for Directors and division leads. It also ensures the Commodities Group has a formal, rigorous and transparent procedure for the appointment of new directors (both executive and non-executive) and the succession planning for senior executives.

The Remuneration & Nomination Committee is chaired by Emma Griffin, a Non-Executive Director and Board member of ED&F Man Holdings Ltd. The Remuneration & Nomination Committee meets quarterly.

Membership

Emma Griffin – Holdings Non-Executive Director (Chair as of 31 March 2022)
Christopher Mahoney – Chairman
Mark Nelson-Smith – Non-Executive Director (As of 31 March 2022)

Group Audit & Risk Committee ("GARC")

The GARC of the Holdings Board assists the Commodities Group Board in its oversight of business risk, with particular focus on the Commodities Group's risk appetite, risk profile and the effectiveness of its risk management and compliance frameworks.

The GARC is also responsible for oversight of the financial reporting process, selection of the independent auditor, monitoring for financial crime, internal and external audit results and all aspects of the Commodities Group's market, credit and liquidity risks. The committee's remit also oversees matters in relation to cyber security and technology. The Group Audit & Risk Committee meets quarterly.

Membership

Mark Nelson-Smith – Non-Executive Director (Chair as of 31 March 2022)
Emma Griffin – Holdings Non-Executive Director (As of 31 March 2022)

Holdings Banking Committee

The Holdings Banking Committee is responsible for the oversight of the banking operations of Holdings and the Commodities Group and approve the granting of corporate guarantees. The Holdings Banking Committee meets on an as-required basis.

Membership

Jade Moore – Group Executive Director (Chair)
Phillip Murnane – Group Chief Financial Officer
Marinus Moolenburgh – Global Head of Treasury

Executive Structures within Commodities Group

Senior Leadership Teams ("SLT")

The individual commodity divisions have their own executive management structures, comprising the Senior Leadership Teams of the business. The MLP, Sugar and Coffee divisions have designated SLT members representing commercial and functional support areas of the business. This senior leadership is typically the most senior commercial or functional lead of their respective area or geographic region, depending on the Commodities Group's Division structure. The Commodities Group's Divisions' SLT meet weekly.

Additionally, each business has their own Leadership Team which meets regularly to discuss strategy, operations and issues within the individual businesses.

Technology & Cyber Committee

The committee is responsible for the oversight of all technology investment decisions and subsequent program deliveries across Commodities Group. This includes the overall strategic technology direction and alignment to that of Holdings. The Committee also ensures the effective and efficient use of technology to enable Commodities Group to achieve its strategy and goals within acceptable levels of risk. The Technology & Cyber Committee meets quarterly.

Membership

Ian Falshaw – Finance Director, MLP Division
Jade Moore – Group Executive Director
Phillip Murnane – Group Chief Financial Officer
Simon Niven – Group Chief Technology Officer
Johanna Sutcliff – Finance Director, Sugar Division
Melvin Wenger Weber – Finance Director, Coffee Division
Division Information Technology Managers

Corporate & Social Responsibility Committee ("CSR")

The CSR Committee supports the Holdings and Commodities Group Boards by determining the CSR policies and overseeing the effective implementation of the CSR Program. The Committee formulates the CSR principles, monitors CSR trends and issues, reviews priorities and ensures goals and commitments are met.

The initial Committee membership has been appointed by the Holdings Board. Each commodity business line is represented. Additional representation is from the functional support units of Research, Human Resources, Compliance, Legal and Risk, Treasury, and Health, Safety, Environment and Quality ("HSEQ"). The CSR Committee meets at least quarterly.

Membership

Trishul Mandana – Managing Director, Coffee Division (Chair)
Kona Haque – Research
Liesbeth Kamphuis – Coffee Division
Rene Kleinjan – HSEQ
Adrian Osbourn – Human Resources
David Parker – Compliance, Legal and Risk
Daniel Polak – Sugar Division
Jeremy Smith – Trade Finance Director
Meredith Smith – MLP, Group Sustainability

Independent Auditor's Report to the Members of ED&F Man Commodities Limited

For the year ended 30 September 2022

Opinion

We have audited the financial statements of ED&F Man Commodities Limited (the "Group") for the year ended 30 September 2022 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows and the related notes 1 to 34, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's affairs as at 30 September 2022 and of its profit for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- Have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for the period up to 31 March 2024.

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

Other information

The other information comprises the information included in the annual report set out on pages 3 to 44, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to Report by Exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- Proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the company’s accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors’ responsibilities statement set out on page 40 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the International Financial Reporting Standards as issued by the International Accounting Standards Board, the Companies (Jersey) Law 1991, Bribery Act 2010, the relevant direct and indirect tax compliance regulations in the jurisdictions in which the group operates, Anti-Money Laundering Regulation and General Data Protection Regulation;
- We understood how ED&F Man Commodities Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to Audit Committee. We noted that there was no contradictory evidence;
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by enquiring with management to understand the policies and procedures in place to detect fraud and action accordingly and by considering the risk of management override. These procedures included performing substantive testing procedures over revenue recognition, testing manual journals and involving our internal specialists as part of our review of key management estimates (such as recoverability of investments and receivables). These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reviewing minutes from the Board of Directors and enquiries with management, internal audit, the Company's legal and compliance department and the Audit Committee.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **frc.org.uk/auditors**. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Ernst & Young LLP

Andrew Smyth (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom

Consolidated Financial Statements

For the year ended 30 September 2022

Consolidated Statement of Profit or Loss

	Note	2022 $m	2021 $m
Revenue	7	6,909.6	5,503.1
Cost of sales		(6,501.8)	(5,177.0)
Gross profit		407.8	326.1
Administrative and selling expenses		(227.6)	(179.8)
Operating profit	8	180.2	146.3
Share of profit or loss of entities accounted for using the equity method		0.6	0.9
Gain on disposal of investments	12	-	1.2
Gain (loss) on disposal of property, plant and equipment	12	1.4	(0.7)
Loss on disposal of joint venture	19	(3.4)	-
Impairment of fixed assets	16	(2.3)	-
Impairment of financial assets		(1.0)	(9.6)
Profit before interest and tax from continuing operations		175.5	138.1
Finance costs, net	13	(57.9)	(41.9)
Lease interest	13	(2.0)	(1.4)
Profit before tax from continuing operations		115.6	94.8
Income tax expense	15	(25.9)	(59.4)
Profit for the year from continuing operations		89.7	35.4
Discontinued operations			
Loss after tax for the year from discontinued operations		-	(2.0)
Profit for the year		89.7	33.4
Profit (loss) for the year from continuing operations attributable to:			
Owners of the Commodities Group		88.7	36.0
Non-controlling interest		1.0	(0.6)

The notes on pages 56 to 110 form an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

	Note	2022 $m	2021 $m
Profit for the year from continuing operations after tax		89.7	35.4
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain recognised on defined benefit schemes	14.3	4.2	1.5
Deferred tax adjustments on defined benefit schemes		(0.6)	-
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on retranslation of net assets of subsidiary undertakings		(10.5)	1.2
Revaluation of fair value reserve through other comprehensive loss		(0.6)	(0.1)
Net income on cash flow hedges – net of deferred tax		0.9	2.9
Total other comprehensive (loss) income for the year		(6.6)	5.5
Total comprehensive income from continuing operations		83.1	40.9
Total comprehensive income (loss) attributable to:			
Owners of the Commodities Group			
Total comprehensive income attributable to the owners of the Commodities Group continuing operations		82.1	41.5
Total comprehensive loss attributable to the owners of the Commodities Group discontinued operations		-	(2.0)
Total comprehensive income for the year attributable to the owners of the Commodities Group		82.1	39.5
Non-controlling interest			
Total comprehensive income (loss) for the year attributable to non-controlling interests		1.0	(0.6)

The notes on pages 56 to 110 form an integral part of these Financial Statements.

Consolidated Statement of Changes in Equity

	Share Capital $m	Capital reserve $m	Retained Earnings $m	Fair Value Reserve $m	Translation Reserve $m	Total $m	Non-controlling Interest $m	Total Equity $m
As at 30 September 2020	376.5	-	11.3	(4.1)	(0.7)	383.0	7.2	390.2
Profit (loss) for the year	-	-	34.0	-	-	34.0	(0.6)	33.4
Other comprehensive income	-	-	1.5	2.8	1.2	5.5	-	5.5
Total comprehensive income (loss)	-	-	35.5	2.8	1.2	39.5	(0.6)	38.9
Share based payments	-	-	2.1	-	-	2.1	-	2.1
Dividends	-	-	(1.7)	-	-	(1.7)	-	(1.7)
As at 30 September 2021	376.5	-	47.2	(1.3)	0.5	422.9	6.6	429.5
Profit for the year	-	-	**88.7**	**-**	**-**	**88.7**	**1.0**	**89.7**
Other comprehensive income (loss)	**-**	**-**	**3.6**	**0.3**	**(10.5)**	**(6.6)**	**-**	**(6.6)**
Total comprehensive income (loss)	-	-	**92.3**	**0.3**	**(10.5)**	**82.1**	**1.0**	**83.1**
Movements relating to restructuring (Note 2.2)	**-**	**213.0**	**(279.9)**	**-**	**-**	**(66.9)**	**-**	**(66.9)**
Share based payments	**-**	**-**	**0.5**	**-**	**-**	**0.5**	**-**	**0.5**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**
As at 30 September 2022	**376.5**	**213.0**	**(139.9)**	**(1.0)**	**(10.0)**	**438.6**	**7.4**	**446.0**

The notes on pages 56 to 110 form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

	Note	2022 $m	2021 $m
Non-current assets			
Property, plant and equipment	16	158.8	172.6
Right-of-use assets	17	80.0	66.8
Intangible assets	18	16.2	16.0
Investments in joint ventures and associates	19	10.5	22.8
Available for sale investments		-	0.1
Trade and other receivables	20	21.5	25.0
Financial assets	21	7.3	5.2
Deferred tax assets	15	20.4	13.9
		314.7	322.4
Current assets			
Inventories	22	814.6	815.5
Trade and other receivables	20	529.8	1,048.8
Financial assets	21	201.2	240.4
Restricted cash	23	23.4	15.1
Cash and cash equivalents	23	211.2	76.8
Assets included in disposal groups, classified as held for sale	10	-	27.4
		1,780.2	2,224.0
Total assets		2,094.9	2,546.4
Current liabilities			
Trade and other payables	24	574.6	1,298.5
Lease liabilities	25	19.2	17.9
Loans and overdrafts	26	405.9	326.9
Financial liabilities	21	115.2	213.5
Liabilities included in disposal groups classified as held for sale	10	-	22.2
		1,114.9	1,879.0
Net current assets		665.3	345.0

Consolidated Statement of Financial Position (continued)

	Note	2022 $m	2021 $m
Non-current liabilities			
Trade and other payables	24	1.0	1.2
Lease liabilities	25	61.8	49.8
Loans and overdrafts	26	394.7	80.1
Financial liabilities	21	4.4	18.9
Provisions	27	31.5	32.1
Employee benefit obligations	14	1.8	6.1
Deferred tax liabilities	15	38.8	49.7
		534.0	237.9
Net assets		446.0	429.5
Equity attributable to owners of the Commodities Group	2.2	438.6	422.9
Non-controlling interest		7.4	6.6
Total equity		446.0	429.5

The notes on pages 56 to 110 form an integral part of these Financial Statements.

Approved by the Board of Directors on 20 December 2022 and signed on its behalf by:

Christopher Mahoney
Chairman

Phillip Murnane
Group Chief Financial Officer

Consolidated Statement of Cash Flows

	Note	2022 $m	2021 $m
Profit before tax		115.6	92.8
Adjustments for:			
Depreciation of property, plant and equipment		16.8	18.3
Amortisation of right-of-use assets		20.5	20.9
Amortisation and impairment of intangible assets		1.1	1.0
Share of profit of an associate and a joint venture		(0.6)	(0.9)
Impairment of investments		1.0	9.6
Impairment of fixed assets		2.3	-
Gain on disposal of investment		-	(1.2)
(Gain) loss on disposal of property, plant and equipment		(1.4)	0.7
Interest expense		59.9	43.3
Expenses arising from share option plans		0.5	2.1
Corporation tax paid		(41.0)	(29.4)
Operating cash flows before movements in working capital		174.7	157.2
Movement in inventories		0.9	(208.4)
Movement in receivables		68.8	(55.4)
Movement in payables		(25.3)	35.0
Movement in provisions		(0.6)	25.7
Movement in restricted cash		(8.3)	(6.8)
Net movement due to internal restructuring	2.2	(433.9)	-
Net cash used for operating activities		(223.7)	(52.7)
Cash flows from investing activities			
Interest received	13	2.0	1.9
Purchase of property, plant and equipment	16	(13.1)	(13.6)
Transfer of cash from restructuring	2.2	65.2	-
Purchase of intangible assets	18	(1.3)	(0.9)
Net cash used in investing activities		52.8	(12.6)

Consolidated Statement of Cash Flows (continued)

	Note	2022 $m	2021 $m
Cash flows from financing activities			
Increase in borrowings	30	398.2	93.2
Debt transaction costs paid	30	(26.6)	-
Payment of interest on leases	25	(2.0)	(1.4)
Principal payments on leases	25	(18.7)	(19.0)
Interest paid	13	(46.3)	(17.8)
Dividends paid		(0.2)	(1.7)
Net cash from financing activities		304.4	53.3
Net increase (decrease) in cash and cash equivalents		133.5	(12.0)
Cash and cash equivalents at the beginning of the year		76.8	88.2
Cash held in discontinued operations	10	-	(1.2)
Effect of exchange rate changes on cash and cash equivalents		0.9	1.8
Cash and cash equivalents at end of year	23	211.2	76.8

The notes on pages 56 to 110 form an integral part of these Financial Statements.

Notes to the Consolidated Financial Statements

1. General Information

ED&F Man Commodities Limited ("MCL") is a private limited company domiciled in Jersey. MCL is a wholly owned subsidiary of ED&F Man Holdings Limited ("Holdings"), a company incorporated in England and Wales.

MCL and its subsidiaries (collectively, the "Commodities Group") are engaged in the business of sourcing, storage, processing, and distribution of a range of products including sugar, coffee, molasses, animal feed and fish oils. The Commodities Group delivers world-class products and services to clients including coffee roasters, food processors, drinks distillers and cattle farmers, supplying household names and brands. It has three main operating segments: Coffee, Molasses and Liquid Products, and the Sugar Trading division.

2. Accounting Policies

2.1 Basis of Preparation

The Consolidated Financial Statements of the Commodities Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Companies (Jersey) Law 1991.

2.2 Common Control

There is no existing guidance in IFRS for business combinations under common control – transactions in which the combining businesses are ultimately controlled by the same party both before and after the combination. The process through which the Commodities Group was established included various common control transactions which have been accounted for as set out below.

2.2.1 Establishment of the Commodities Group

ED&F Man Commodities Limited was incorporated on 15 November 2019. During the year ended 30 September 2021, as part of a capital reorganisation of Holdings, various legal entities constituting the commodity trading business of Holdings were transferred to and became subsidiaries of the Commodities Group. Given the entities within the Commodities Group were under common control both before and after these acquisitions, such acquisitions were treated as business combinations under common control and accounted for using a "pooling of interests" method whereby historic book values have been used and the principles set out in IASB's 2020 Discussion Paper on Business Combinations with Common Control have been applied.

The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Accordingly, the assets and liabilities of MCL and its subsidiaries transferred under common control are stated at predecessor values. These assets and liabilities were included in the Commodities Group's financial statements for the year ended 30 September 2021 as if MCL and its subsidiaries had been part of the Commodities Group from 1 October 2019. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition was accounted for as an adjustment to Shareholders' Equity.

The cumulative impact of these transfers was $279.9 million movement within Shareholder's Equity and $433.9 million in net working capital on the Consolidated Statement of Cash Flows. As a consideration for the acquisition of the main treasury operating entity (see Note 2.2.2) from a fellow subsidiary, the Commodities Group recognised an increase in capital reserve of $213.0 million on the restructuring date.

Notes to the Consolidated Financial Statements

2.2.2 Transfer of ownership of ED&F Man Treasury Management PLC ("Man Treasury") to MCL ("the Restructuring")

On 31 March 2022, 100% ownership of Man Treasury was transferred from Holdings to the Commodities Group, representing a business combination under common control. Prior to that date, Man Treasury was the main legal entity which carried the Group's Debt, including debt of $1,313 million, related interest and debt transaction costs ("Legacy Debt").

The debt restructuring completed on 31 March 2022 legally separated and ring-fenced the Commodities Group business which forms a part of MCL. As a part of this restructuring, the Legacy Debt was separated legally and retained at Holdings with no cross-default provisions to the Commodities Group. Given the legal separation of the Legacy Debt and Man Treasury's purpose being to finance the commodity trading activities of MCL going forward - distinct from the other legacy activities of Holdings - the transfer of Man Treasury has been accounted for prospectively, using the pooling of interests method. As such, historic book values of assets and liabilities have been used and the results of Man Treasury have been recognised from the date of acquisition.

2.3 Going Concern

ED&F Man Holdings Limited, parent of MCL raised $300 million of additional liquidity for the commodity businesses to manage the current high price environment. (See Note 26.4 for details).

The Commodities Group Directors evaluated its funding position and liquidity risk throughout the year. The underlying cash flow forecasts used for the purposes of the Commodities Group's going concern assessment are based on management's best estimate of future commodity prices based on recent forward curves, adjusted for management assumptions and reflecting the Commodities Group's borrowing facilities. Sensitivities are run to reflect different scenarios including, but not limited to, changes in prices, volumes and margins to evaluate their impact on working capital, liquidity and compliance with loan covenants. These downside sensitivities included identifying conditions under which liquidity would be eliminated and/or one or more covenants would be breached (reverse stress test). The Commodities Group Directors evaluated whether the occurrence of such conditions is plausible and identified mitigating actions under the control of management to address any forecast liquidity deficit and/or non-compliance with covenants.

Based on the analysis performed, the Commodities Group is satisfied that, if needed, there are a number of mitigating actions available to it, including flexing loan facility usage, reducing exposure to interest rate risk, the sale of marketable inventories, a decrease in capital expenditure and/or reduction of discretionary costs which would limit the adverse impact on liquidity headroom and maintain compliance with the Commodities Group's debt covenants.

The Commodities Group believes that based on their assessment of current performance, forecasts, debt servicing requirements, total facilities and risks, they have a reasonable expectation that it has adequate resources to continue as a going concern for the period up to 31 March 2024.

2.4 Basis of Consolidation - Subsidiaries

The consolidated income statement includes the results of MCL and its subsidiaries and the consolidated balance sheet includes assets and liabilities of all the legal entities directly and indirectly owned by the Company. A uniform set of accounting policies is adopted by MCL as was applied by Holdings. All intra-group transactions, balances and unrealised gains on transactions within MCL are eliminated on consolidation.

Notes to the Consolidated Financial Statements

Subsidiaries are entities controlled by the Commodities Group. Control exists where either a parent entity is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its control over the subsidiary. A parent entity has control over the subsidiary when it has existing rights to direct the relevant activities of the subsidiary. The relevant activities are those that significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Commodities Group has the existing rights to direct the relevant activities of a subsidiary. In assessing control, potential voting rights that are currently exercisable or convertible are considered. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control begins until the date that control ceases. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used in line with those used by the Commodities Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. The Financial Statements are presented in United States dollars ("USD") or ("$") million and have been rounded to the nearest USD 0.1 million.

2.5 Basis of Measurement

The Consolidated Financial Statements are prepared on the historical cost basis except for certain inventories and other items measured as follows:

- Derivative financial instruments are measured at fair value through other comprehensive income or fair value through profit or loss;
- The defined benefit plan assets are stated at their fair value;
- Non-current assets and liabilities held for sale are stated at the lower of carrying amount and fair value less cost of disposal.

2.6 Intercompany and Related Party Transactions

Intercompany transactions and assets and liabilities between MCL entities included in these financial statements have been eliminated. These financial statements include MCL's transactions and balance sheet items.

2.7 Corporate, Shared Services and Foreign Holding Company Expenses

Holdings provides certain services to the Commodities Group through its corporate functions. A portion of the shared expense items from Holdings, including most of the administrative and personnel expenses for the corporate functions attributable to the Commodities Group, is allocated to the Commodities Group. Shared functions include Technology, Human Resources, Communication, Tax, and Legal. Allocations of expense items are based mainly on the number of employees and services provided by the corporate functions which management believes is appropriate. These allocated expenses were affected by the arrangements that existed in Holdings and are not necessarily representative of the position that may prevail in the future for the Commodities Group. No allocations have been made for Group Finance, Group Management and Group Treasury functions. The majority of the costs included in these financial statements are based on the historically recharged amounts.

2.8 Foreign Currency

Transactions undertaken by each of the Commodities Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Foreign currency transactions are translated into the functional currency at the spot rate ruling at the date of the transaction or using an average rate for the year. Monetary assets and liabilities are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit or loss.

Notes to the Consolidated Financial Statements

The Commodities Group's Consolidated Financial Statements are presented in USD ("presentational currency"). This is also the functional currency for most of the Commodities Group's operations. The assets and liabilities of subsidiaries and equity method investees whose functional currency is not USD are translated at the exchange rate at the balance sheet date. The results and cash flows of these undertakings are translated at average rates for the year. The exchange differences arising on the re-translation of opening net assets, together with the differences between the results of these undertakings translated at the average rates for the year and the rate at the balance sheet date, are taken directly to the translation reserve and are shown in other comprehensive income.

All other translation differences are taken to the Consolidated Statement of Profit or Loss with the exception of differences on foreign currency borrowings, to the extent that they are used to finance foreign equity investments and meet the definition of an effective net investment hedge under IFRS 9 'Financial Instruments'. In these circumstances, the translation differences are taken directly to the translation reserve and are shown in other comprehensive income. When the net investment in foreign operation is sold, closed or abandoned, the translation differences accumulated within shareholder's equity are transferred to the Consolidated Statement of Profit or Loss.

2.9 Other Significant Accounting Policies

Accounting policies for individual balance sheet and income statement accounts are included in the respective footnotes.

Cost of sales

Cost of sales includes the purchase price of goods sold, including the costs of processing, storage, and transportation, and the direct costs attributable to the supply of services. It also includes the changes in fair value on inventories held for trading and the changes in fair value of forward commodity contracts meeting the definition of derivative financial instruments.

3. New and Revised Standards

3.1 New Standards

The Commodities Group adopted the following new accounting policies on 1 October 2021 to comply with amendments to IFRS. The accounting pronouncements, none of which had a material impact on the Commodities Group's financial reporting on adoption, are:

- Amendments to IFRS 16 'COVID-19-Related Rent Concessions' and 'COVID-19-Related Rent Concessions beyond 30 June 2021'; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform - Phase 2'.

3.2 New accounting pronouncements and basis of preparation changes to be adopted on 1 October 2022

The IASB has issued the following pronouncements which are applicable to the Commodities Group from 1 October 2022:

- Annual Improvements to IFRS Standards 2018 - 2020;
- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use';
- Amendments to IAS 37 'Onerous Contracts - Cost of Fulfilling a Contract'; and
- Amendments to IFRS 3 'Reference to the Conceptual Framework'.

Notes to the Consolidated Financial Statements

The Commodities Group's financial reporting will be presented in accordance with the above new standards from 1 October 2022. The changes are not expected to have a material impact on the Consolidated Statement of Profit or Loss, Consolidated Statement of Financial Position or Consolidated Statement of Cash Flows.

3.3 New accounting pronouncements issued but not effective

The following new standards and narrow-scope amendments have been issued by the IASB and are effective for annual periods beginning on or after 1 October 2022.

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-Current';
- Amendments to IAS 1 'Disclosure of Accounting Policies';
- Amendment to IAS 8 'Definition of Accounting Estimates'; and
- Amendment to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.

The Commodities Group is assessing the impact of these amendments to standards and the Commodities Group's financial reporting will be presented in accordance with these standards from 1 October 2022 as applicable.

On 31 October 2022, the IASB issued amendments to IAS 1 Presentation of Financial Statements ("IAS 1") that requires additional disclosures for covenants relating to long-term debt. IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

These amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. Specifically, the covenants which could make the long-term debt current will need to be specifically disclosed in the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 October 2024, with early adoption permitted. The Commodities Group may need to provide additional disclosures on covenants under its debt arrangements.

3.4 Climate change

The potential climate change-related risks and opportunities to which the Commodities Group is exposed, will be identified and disclosed in the Commodities Group's Task Force on Climate-Related Financial Disclosures ("TCFD") disclosures with effect from the year ending 30 September 2023. The Commodities Group has assessed the potential financial impacts relating to the identified risks, primarily considering the useful lives of, and retirement obligations for, property, plant and equipment, the possibility of impairment of goodwill and other long-life assets and the recoverability of the Commodities Group's deferred tax assets. Management continues to review the Commodities Group's climate-related risks and opportunities and their impact on the consolidated financial statements. The judgements and estimates related to the aforementioned areas will be kept under review by management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Commodities Group's control which are not all currently known.

Notes to the Consolidated Financial Statements

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In connection with the preparation of the Consolidated Financial Statements, management made assumptions and estimates about future events, and applied judgements that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that management believes to be relevant at the time the Consolidated Financial Statements are prepared. Actual results may differ from these estimates. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the Financial Statements are presented fairly and in accordance with IFRS, applied on a consistent basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the change affects both as per IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' ("IAS 8").

Management has identified the following areas as being critical to understanding the Commodities Group's financial position, as they require management to make complex and/or subjective judgements and estimates about matters that are inherently uncertain:

4.1 Critical judgements in applying the Commodities Group's accounting policies

There were no critical judgements, made by management in the process of applying the Commodities Group's accounting policies, that had a significant impact on the amounts recognised in the Commodities Group's financial statements.

4.2 Key Sources of Estimation uncertainty

The significant accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1 'Presentation of Financial Statements', are as follows:

Valuation of Financial Instruments:

Critical Accounting Estimate

All derivative financial instruments not qualifying for the "own use" exemption and certain other financial assets and liabilities are recorded at fair value and analysed into three hierarchy levels based on their valuation methodology, as per IFRS 13 'Fair Value Measurement' ("IFRS 13"). (See Note 21).

Sources of estimation uncertainty

Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets including forward foreign currency exchange and fixed income securities (Level 1) and by using models with externally verifiable inputs (Level 2).

There is judgement required to determine the appropriateness of the models and the relevant inputs.

Effect if actual result differs from assumption

If the inputs applied to the Level 2 model are inappropriate this could result in an impact to the Consolidated Statement of Profit or Loss and Consolidated Statement of Financial Position.

Notes to the Consolidated Financial Statements

Impairment of Assets:

Critical Accounting Estimate

Tangible assets Under IAS 36, 'Impairment of Assets', external and internal sources of information are to be reviewed for potential triggers of asset impairment for each Cash Generating Unit ("CGU") in the business segments.

An impairment is recognised if carrying values are higher than the recoverable values. Recoverable values are based on the higher of fair value less costs of disposal and value in use which may be calculated.

The total value of Property, Plant and Equipment is $158.8 million and Right-of-Use assets is $80.0 million at 30 September 2022.

Goodwill Goodwill of $10.2million relating to the MLP business is tested for impairment at least annually.

Sources of estimation uncertainty

The recoverable amounts of the CGUs are determined using fair value less costs of disposal ("FVLCD") based on approved financial budgets and forecasts for the next three years.

The main sources of estimation uncertainty for any impairment review are based on key assumptions which are as follows:

- Weighted Average Cost of Capital ("WACC"): 11% based on the CGU specific rate.
- Growth to perpetuity: 2% based on long-term inflation target used by the Federal Reserve.
- Growth on revenue: 2% representing rate of inflation per the International Monetary Fund ("IMF").
- Growth of expenses: 2% representing rate of inflation per the IMF.

Effect if actual result differs from assumption

Tangible assets During the year, an impairment charge of $2.3 million was booked for a write down of refinery assets in Sugar due to unfavorable changes in the market. The recoverable amount of $0.2 million was based on value in use. (See Note 16).

Goodwill In the case of goodwill, if the WACC increased by 5% the recoverable value reduces by 50% without changes in any of the other key assumptions. If revenues declined and expenses increased into perpetuity, there goodwill would be fully impaired. Given the nature of the business, this is a remote scenario.

Notes to the Consolidated Financial Statements

Provisions and Liabilities:

Critical Accounting Estimate

Provisions and certain other liabilities recognised in the balance sheet require an estimation of the amounts required to settle the obligation. The provisions or liabilities recorded reflect management's best estimate of the amounts required to settle the related liability, including tax, legal, contractual or other exposures. Management assesses liabilities and contingencies based upon the current information available, relevant tax laws and other appropriate requirements. (See Note 27 and Note 32).

Sources of estimation uncertainty

The Commodities Group has recorded Provisions of $31.5 million as at 30 September 2022 (30 September 2021: $32.1 million).

Management considers a number of factors when making provisions including the calculations of best estimate and the calculation of a discount rate to determine the present value of future obligations.

Management also makes key estimates in relation to the following:

- The probability of outflow under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (probable, not probable, remote).
- Timing of expected payments.

Effect if actual result differs from assumption

Amounts ultimately paid for losses and legal cost can vary significantly from the level of provisions originally set. If the judgement applied is incorrect or changes over time, this could result in future losses in the Consolidated Financial Statements. (See Note 27).

Notes to the Consolidated Financial Statements

Recognition of Deferred Tax Assets:

Critical Accounting Estimate

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable.

This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether there will be sufficient taxable income available to offset the tax assets when they do reverse.

These judgements are subject to risk and uncertainty and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the Consolidated Statement of Comprehensive Income in the period in which the change occurs.

The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management. (See Note 15).

Sources of estimation uncertainty

The Commodities Group has recognised deferred tax assets of $20.4 million (2021: $13.9 million). (See Note 15).

The most significant element of the deferred tax assets relates to tax losses incurred by Volcafe Ltd in Switzerland.

In the current year, Volcafe Limited has incurred further losses on futures instruments as a result of the prolonged rise in coffee prices.

Losses can be carried forward for up to seven years in Switzerland.

The decision has been made this year to increase the deferred tax asset recognised in Switzerland from $9.9 million to $16.9 million. This decision was based on projected profits.

Effect if actual result differs from assumption

Volcafe's projections of profits support the recognition of a deferred tax asset up to $17.1 million, of which $0.2 million is covered by deferred tax liabilities.

The profit projection is based on the trading results alone and takes into account the changes to the structure of the Brazil trades, which reduces significantly the chances of similar losses arising, without impacting the ability of Volcafe to make profits in other areas of its business.

The losses were in large part caused by the extraordinary rise in coffee prices as a result of COVID-19 and frosts in Brazil, and the restructuring means that Volcafe has mitigated the severity of the effects of a similar future occurrence.

5. Business and Geographic Segment Information

The Commodities Group has three operating segments Coffee, Molasses and Liquid Products (''MLP'') and Sugar Trading. The nature of these segments is described in Note 1. The below analysis is not intended to comply with IFRS 8 'Operating Segments' which does not apply to the Commodities Group.

The Commodities Group's executive management team has been identified as the chief operating decision makers as they direct the allocation of resources to operating segments based on the operating profit and cash flows of each respective segment. Inter-segment sales and transfers are not significant and have been eliminated and not included in the following table:

Notes to the Consolidated Financial Statements

	Coffee $m	MLP $m	Sugar Trading $m	[a] Cross Commodities $m	Total $m
30 September 2022					
Operating revenue	2,119.8	1,708.7	3,061.8	19.3	6,909.6
Depreciation and amortisation	(8.6)	(28.1)	(1.7)	-	(38.4)
Share of profit of entities accounted for using the equity method	-	0.6	-	-	0.6
Operating profit [b]	39.1	59.4	84.2	(2.5)	180.2
EBITDA	52.5	99.1	76.6	3.2	231.4
Finance expense, net					(59.9)
Profit before tax					115.6
Balance Sheet					
Capital expenditures [c]	4.6	9.4	0.4	-	14.4
Non-current assets	84.5	171.1	13.2	45.9	314.7
Net current assets	127.9	111.0	126.5	299.9	665.3
Net assets	197.8	126.5	119.1	2.6	446.0
30 September 2021					
Operating revenue	1,691.9	1,538.8	2,256.2	16.2	5,503.1
Depreciation and amortisation	(9.0)	(29.6)	(1.8)	0.6	(39.8)
Share of profit of entities accounted for using the equity method	-	0.5	0.4	-	0.9
Operating profit [b]	71.4	44.6	13.3	17.0	146.3
EBITDA	81.1	80.5	24.6	(8.4)	177.8
Finance expense, net					(43.3)
Profit before tax					94.8
Balance Sheet					
Capital expenditures [c]	3.2	10.5	0.9	0.1	14.7
Non-current assets	79.5	167.2	19.6	56.1	322.4
Net current assets	166.9	116.0	51.8	10.3	345.0
Net assets	199.8	139.9	70.2	19.6	429.5

[a] Cross Commodities comprises legacy entities and Man Treasury.

[b] Operating Profit is after corporate management charges recharged to each business based on directly attributable costs, net assets or headcount.

[c] Capital expenditures included additions to property, plant and equipment, deposits and intangible assets.

There were no customers of Coffee, MLP and Sugar Trading segments that accounted for more than 10% of the consolidated operating revenue for the years ended 30 September 2022 and 2021.

Notes to the Consolidated Financial Statements

6. Operating Analysis

The Commodities Group's geographical markets remain as Europe, North America, Latin America, Africa and Asia.

7. Revenue

Operating revenue is recognised when performance obligations are met, by transferring a promised good or service to a customer. A performance obligation is satisfied at a point in time, at the point of transfer of goods to a customer or over time.

7.1 Revenue from the Delivery of Traded Commodities

As noted in the "Financial Instruments" policy Note 21, certain of the Commodities Group's physical commodity contracts meet the definition of a derivative financial instrument and are accordingly fair valued in accordance with IFRS 9 with gains or losses recorded through cost of sales. When such contracts are physically delivered, the revenue is recorded at the fair value of consideration received, net of discounts, customs duties and sales taxes. Such delivery is recognised when the significant risks and rewards of ownership and effective control of goods have passed to the buyer (for example when a bill of lading is passed to the buyer).

7.2 Revenue from Contracts with Customers

Revenue from contracts for the sale of goods which fall outside of the scope of IFRS 9 ("own use" contracts) or from contracts for the provision of services is measured at the fair value of consideration based on consideration specified in a contract with a customer or consideration expected to be received, net of discounts, customs duties and sales taxes, and is recognised at a point in time when the performance obligations under the contract have been fulfilled and control of the goods has transferred to the customer based on the delivery terms stated in the contract. Sales terms provide for transfer of title at either the time and point of shipment or at the time and point of delivery, and acceptance of the product being sold. In contracts that do not specify the timing of transfer of legal title or transfer of significant risks and rewards of ownership, judgment is required in determining the timing of transfer of control. In such cases, the Commodities Group considers standard business practices and the relevant laws and regulations applicable to the transaction to determine when control is transferred, or performance obligations satisfied.

Performance obligations include the sale and delivery of goods to a customer and the provision of services such as storage. The transaction price is generally allocated to performance obligations on a relative standalone selling price basis.

Notes to the Consolidated Financial Statements

Revenue represents the amounts derived from the provision of goods and services, which fall within the Commodities Group's ordinary continuing activities, stated net of sales taxes.

	2022 $m	2021 $m
Revenue from contracts with customers	1,769.5	1,601.5
Revenue from the delivery of traded commodities	5,140.1	3,901.6
	6,909.6	5,503.1

Revenue from contracts with customers is accounted for under IFRS 15, predominantly from the Molasses and Liquid Products division representing 25% of the total revenue (2021: 28%). Revenue from the delivery of traded commodities is from the Coffee division with 31% (2021: 31%) and Sugar Trading division with 44% (2021: 41%).

8. Operating Profit (Loss)

Operating profit (loss) for underlying operations is stated after charging (crediting):

	Note	2022 $m	2021 $m
Depreciation of property, plant and equipment	16	16.8	18.3
Amortisation of right-of-use assets	17	20.5	20.9
Amortisation of intangible assets	18	1.1	1.0
Foreign exchange differences gain		(28.3)	(6.5)
Operating lease rentals	25	0.9	3.4
Expenses arising from share option plans	28.2	0.5	2.1

Operating lease rentals relates to leases with a duration of less than 12 months or leases individually less than $5,000.

Notes to the Consolidated Financial Statements

9. Earnings before interest, tax, depreciation and amortisation (EBITDA)

The Directors of the Commodities Group use and monitor the performance measure EBITDA at a consolidated level and believe this measure is relevant to an understanding of the Commodities Group's financial performance. This measure, as defined, is reported on a monthly basis to key stakeholders of the Commodities Group. EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, interest recharges, employee share option expenses, impairment losses/reversals related to goodwill, property, plant and equipment and profit (loss) on the disposal of investments and property, plant and equipment.

EBITDA is not a defined performance measure in IFRS. The Commodities Group's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities. Refer to page 27 for Commodities Group definition of EBITDA and reconciliation to the closest equivalent IFRS measure which is profit before tax.

10. Disposal Groups Held for Sale and Discontinued Activities

Non-current assets, current assets and liabilities included in disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are available for immediate disposal and the sale is highly probable. Non-current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

There were no disposal groups recognised as of 30 September 2022. As of 30 September 2021, the Commodities Group classified the Pulses division as a disposal group held for sale. The closure of this facility was completed in 2022. As of 30 September 2021, the Commodities Group classified a property in Guatemala from Coffee division and land and buildings from Westway Feed Products North America in MLP division as discontinued. During the year ended 30 September 2021, the Commodities Group wound down the Special Crops (Pulses) business in Europe and Africa. The results and assets of these entities were shown within discontinued operations.

The major classes of assets and liabilities of the disposal groups measured at the lower of carrying amount and fair value less costs to sell were as follows:

	2022 $m	2021 $m
Property, plant and equipment	-	3.0
Investment in JV's and Associates	-	1.9
Due from Man Treasury	-	17.3
Trade and other receivables	-	4.0
Cash and cash equivalents	-	1.2
Assets classified as held for sale	-	**27.4**
Creditors due within one year	-	(22.2)
Liabilities directly associated with assets classified as held for sale	-	**(22.2)**

Notes to the Consolidated Financial Statements

Amounts recognised in the Consolidated Statement of Profit or Loss in respect of the discontinued operations for the year to 30 September 2022 and 30 September 2021 are presented below.

	2022 $m	2021 $m
Revenue	-	10.2
Cost of sales	-	(12.1)
Trading loss	-	(1.9)
Administrative and Selling expenses	-	(0.7)
Operating loss	-	(2.6)
Share of profit or loss of entities accounted for using the equity method	-	0.3
Profit on disposal of investment	-	0.8
Profit on disposal of property, plant and equipment	-	0.2
Loss before interest and tax	-	**(1.3)**
Net financing costs	-	(0.9)
Loss before tax	-	**(2.2)**
Tax	-	0.2
Loss for the year after tax from discontinued operations	-	**(2.0)**

11. Auditors' Remuneration

The analysis of auditors' remuneration is as follows:

	2022 $m	2021 $m
Fees payable to the Commodities Group auditors and associates for the audit of the consolidated and stand-alone Financial Statements and local statutory audits	2.4	2.3
Fees payable to the Commodities Group auditors and associates for other services	-	0.3
	2.4	**2.6**

The audit and non-audit fees relate to Ernst & Young LLP and its associate firms.

Notes to the Consolidated Financial Statements

12. Gain (Loss) on Disposal of Assets, Net

Gain (loss) on disposal of assets, net, comprised the following:

	2022 $m	2021 $m
Gain (loss) on disposal of property, plant and equipment	1.4	(0.7)
Gain on disposal of investments	-	1.2
	1.4	**0.5**

During 2022, Coffee recorded a gain on disposal of property in Uganda of $0.7 million and a gain on disposal of a Mill in Guatemala of $0.7 million.

13. Finance Expense and Income

13.1 Finance Expenses

Finance expenses are recognised in the income statement as they accrue, using the effective interest method. Interest expense calculated using the effective interest rate ("EIR") method as described in IFRS 9 'Financial Instruments'. The EIR is calculated considering all transaction costs relating to the issue of debt. Transaction costs accounted for on an amortised cost basis are those incremental costs that are directly attributable to the issue of debt. An incremental cost is one that would not have been incurred had the debt not been issued.

For leases, lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

13.2 Finance Income

Finance income is recognised in the income statement as it accrues, using the effective interest method.

Finance expense on debt		
Interest on loans	35.4	7.0
Intercompany interest, net (Note 33)	13.6	26.0
Amortisation of debt transaction costs	5.6	-
Commitment and other fees	5.3	10.8
Total interest expense	**59.9**	**43.8**
Interest on lease liabilities	2.0	1.4
Total finance expense	**61.9**	45.2
Finance income	**2.0**	1.9

During 2021, the interest expense reflected in Intercompany interest relates to the Commodities Group from Man Treasury when it was a part of Holdings. (See Note 2.2).

Notes to the Consolidated Financial Statements

14. Personnel Costs and Retirement Benefits

14.1 Retirement Benefits

The principal pension arrangements in the Commodities Group are defined contribution schemes, the largest of which is the Commodities Group's pension plan for UK employees. The costs have been charged to the profit or loss as incurred and at the balance sheet date there were no outstanding or prepaid contributions.

In addition, the Commodities Group operated two defined benefit schemes and one long-term employee benefits scheme during the financial year ended 30 September 2022 in Germany, Switzerland and Japan respectively.

During the year, the Commodities Group's defined benefit scheme in Switzerland was funded. For this scheme, the cost of providing pension benefits is calculated on an actuarial basis and charged to the profit or loss to spread the cost of the scheme over the service lives of employees.

The obligations in Germany and Japan are unfunded. The schemes in Germany and Switzerland had full actuarial valuations in the financial year ended 30 September 2022.

14.2 Personnel Costs

	2022 $m	2021 $m
Wages, salaries and bonus	157.3	143.3
Social security costs	15.1	14.5
Other pensions costs	7.1	6.9
	179.5	164.7

The average number of employees during the year was as follows:

	2022 number	2021 number
Trading and administration	1,131	1,165
Industrial and seasonal	1,900	2,114
	3,031	3,279

Included in cost of goods sold are personnel costs of $35.6 million (2021: $36.1 million). Other personnel costs are included in administrative and selling expenses.

Notes to the Consolidated Financial Statements

14.3 Retirement Benefits

The table below summarises the main assumptions used in the valuation of the defined benefit schemes:

	2022 %	2021 %
Rate of salary increases	0.5-3.0	0.5-4.0
Discount rate	0.6-3.4	0.2-2.9
Inflation	0.5-3.0	0.5-2.0

Amounts recognised in the Consolidated Statement of Profit or Loss in respect of these defined benefit schemes for the year to 30 September are as follows:

	2022 $m	2021 $m
Current service cost	(1.4)	(1.3)
Past service cost	0.1	-
Net interest expense	(0.1)	(0.1)
Components of defined benefit costs recognised in the profit or loss	(1.4)	(1.4)

The amounts recognised in the Consolidated Statement of Comprehensive Income for the year to 30 September are as follows:

	2022 $m	2021 $m
The return on plan assets (excluding amounts included in net interest expense)	(3.2)	2.4
Actuarial gain (loss) arising from changes in financial assumptions	7.5	(0.6)
Actuarial loss arising from experience adjustments	(0.1)	(0.3)
Re-measurement of the net defined benefit liability	4.2	1.5

Notes to the Consolidated Financial Statements

The amounts included in the balance sheet at 30 September are:

	2022 $m	2021 $m
Present value of defined benefit obligations	(24.7)	(33.6)
Fair value of scheme assets	22.9	27.5
Net liability arising from defined benefit obligations	(1.8)	(6.1)

The plan assets are detailed as follows:

	2022 $m	2021 $m
Cash and cash equivalents	0.7	0.5
Equity instruments	4.4	5.4
Debt instruments	6.0	7.4
Real estate	3.3	4.1
Other	8.5	10.1
Total plan assets	22.9	27.5

The pension schemes have not invested in any of the Commodities Group's own financial instruments nor in properties or other assets used by the Commodities Group. The fair value of all plan assets was based on quoted market prices, except for cash.

The actuarial gains and losses recognised in other comprehensive income relating to the actual return on scheme assets less the expected return on scheme assets for the year are a net gain of $4.2 million (2021: gain of $1.5 million). The cumulative actuarial losses recognised in the Consolidated Statement of Comprehensive Income to 30 September 2022 is $6.2 million (2021: $2.0 million).

The total contributions to the defined benefit plans in the next year are expected to be $0.9 million (2021: $1.0 million):

Contributions by employer	0.6	0.6
Contributions by plan participants	0.3	0.4
Total contributions	0.9	1.0

Underlying movements in the present value of the defined benefit obligations and in the value of plan assets are not significant in the current year or in the prior year. As such further disclosure has not been made.

Notes to the Consolidated Financial Statements

15. Income Tax

Income tax represents the sum of current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax for the current and prior periods is recognised as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceed the amount due. The benefit of a tax loss which can be carried back to recover current tax of a prior period is recognised as an asset.

Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) taxation authorities, using the rates/laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. Deferred tax is not recognised for:

- *Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;*
- *Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Commodities Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and*
- *Taxable temporary differences arising on the initial recognition of goodwill.*

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Commodities Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits is such that the future tax benefit will be realised.

Notes to the Consolidated Financial Statements

The tax on profits is summarised below:

	2022 $m	2021 $m
Current tax		
Current year	45.2	21.2
Adjustments in respect of prior years	(0.7)	13.0
	44.5	34.2
Deferred tax		
Current year	(16.5)	28.0
Adjustments in respect of prior years	(2.1)	(2.8)
	(18.6)	25.2
Tax charge on profits	25.9	59.4

	2022 $m	2021 $m
Profit before taxation	115.6	92.8
Less: Share of loss of entities accounted for using the equity method	(0.6)	(0.9)
Parent company and subsidiaries profit before taxation	115.0	91.9
Taxation (credit) charge calculated at the standard UK tax rate of 19% (2021: 19%)	21.8	17.5
Effects of:		
(Income not taxable) expenses not deductible for tax purposes	(5.5)	(7.8)
Adjustment for different tax rates	11.0	26.9
Effect of changes in tax rate	0.2	-
Adjustments in relation to prior years	(2.8)	10.1
Withholding taxes not covered by double tax relief	1.9	-
Tax effects of other income	-	3.6
Disposal of subsidiaries	1.0	1.4
Impairment of investments	1.7	0.1
Utilisation of tax losses brought forward	(3.0)	(10.2)
Taxable dividends received	1.8	-
Current year tax losses not recognised	4.8	8.0
Movement in unrecognised deferred tax	(7.0)	9.8
Total tax	25.9	59.4

Notes to the Consolidated Financial Statements

	2022 $m	2021 $m
Tax charge on profits		
Of which:		
Tax on continuing operations	25.9	59.7
Tax on discontinued business	-	(0.3)
Total	25.9	59.4

Under the terms of s123 (1) of the Income Tax (Jersey) Law 1961, the company is not subject to Jersey income tax because its business is centrally managed and controlled in the UK, the UK tax rate exceeds 10% and the company is tax resident in the UK.

Deferred tax relates to the following:

	Profit or Loss		Balance Sheet	
	2022 $m	2021 $m	2022 $m	2021 $m
Depreciation	(5.2)	3.4	(18.1)	(12.9)
Loss carry forward	1.9	5.4	18.5	16.6
Fair value gains and losses	1.5	(2.7)	(6.2)	(7.7)
Share-based payments	(0.2)	(1.2)	-	0.2
Other temporary differences	20.6	(30.1)	(12.6)	(32.0)
Net deferred tax charge	18.6	(25.2)	(18.4)	(35.8)
Net deferred tax liability of which:				
• deferred tax liabilities			(38.8)	(49.7)
• deferred tax assets			20.4	13.9
			(18.4)	(35.8)
At 1 October			(35.8)	(10.0)
Tax charge			18.6	(25.2)
Deferred tax recognised in other comprehensive income			(1.2)	(0.6)
At 30 September 2022			(18.4)	(35.8)

Other temporary differences credit to the profit or loss largely comprises the reversal of a temporary difference relating to forward coffee sales in Brazil which arose in the previous year.

Notes to the Consolidated Financial Statements

The value of deferred tax assets recognised in excess of deferred tax liabilities in companies which have suffered losses in the current or preceding period is $17.0 million (2021: Nil).

Deferred tax has not been recognised in respect of certain tax losses of $266.0 million (2021: $304.0 million) because it is not probable that future profits will be available against which the Commodities Group can utilise the benefits.

Deferred tax assets are recognised for tax losses carried forward only to the extent that it is probable the related tax benefit will be realised.

As at 30 September 2022 the undistributed reserves for which deferred tax liabilities have not been recognised were $27.2 million (2021: $40.0 million) in respect of subsidiaries, joint ventures and associates as it is unlikely that such undistributed profits will be distributed in the foreseeable future.

16. Property, Plant and Equipment

16.1 Accounting Policy

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any consideration given to acquire the asset.

16.2 Depreciation

Depreciation is provided on a straight-line basis to write off property, plant and equipment over their useful economic lives. The rates used are dependent on the circumstances in the countries in which subsidiaries operate and are as follows:

- *Freehold buildings: 20 to 50 years*
- *Leasehold land and buildings: Life of the lease*
- *Plant and machinery: 3 to 20 years*

Freehold land is not depreciated.

Depreciation is included within Cost of sales and Administrative and selling expenses in the Consolidated Statement of Profit or Loss.

Notes to the Consolidated Financial Statements

16.3 Impairment of Assets Excluding Goodwill

The carrying values of assets (excluding goodwill) are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is provided for in the current year profit or loss when the carrying value of the asset exceeds its estimated recoverable amount. The estimated recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. The value in use is determined by reference to estimated discounted future cash flows.

	Land and Buildings				
Cost	Freehold $m	Leasehold $m	Plant and Machinery $m	Construction in Progress $m	Total $m
At 1 October 2020	79.2	15.8	231.7	1.5	328.2
Additions	2.7	0.1	9.8	1.0	13.6
Disposals	(0.8)	(0.2)	(3.4)	-	(4.4)
Transfers from CIP	1.1	-	0.4	(2.1)	(0.6)
Transfers to discontinued operations	(1.1)	(1.1)	-	-	(2.2)
Currency translation differences	0.1	-	0.2	-	0.3
At 30 September 2021	81.2	14.6	238.7	0.4	334.9
At 1 October 2021	**81.2**	**14.6**	**238.7**	**0.4**	**334.9**
Additions	**0.8**	**0.5**	**11.4**	**0.4**	**13.1**
Disposals	**(1.9)**	**-**	**(8.1)**	**-**	**(10.0)**
Transfers from CIP	-	-	**0.4**	**(0.4)**	-
Currency translation differences	**(2.0)**	**0.8**	**(7.9)**	**-**	**(9.1)**
At 30 September 2022	**78.1**	**15.9**	**234.5**	**0.4**	**328.9**

Notes to the Consolidated Financial Statements

Depreciation and impairment losses	Land and Buildings Freehold $m	Land and Buildings Leasehold $m	Plant and Machinery $m	Construction in Progress $m	Total $m
At 1 October 2020	(29.4)	(4.6)	(115.4)	-	(149.4)
Depreciation charge	(2.4)	(0.5)	(15.4)	-	(18.3)
Transfers	(0.6)	0.1	(0.1)	-	(0.6)
Impairment reversal	1.1	(0.2)	(0.4)	-	0.5
Disposals	0.2	0.2	4.1	-	4.5
Transfers to discontinued operations	0.1	-	0.7	-	0.8
Currency translation differences	0.1	-	0.1	-	0.2
At 30 September 2021	(30.9)	(5.0)	(126.4)	-	(162.3)
At 1 October 2021	**(30.9)**	**(5.0)**	**(126.4)**	**-**	**(162.3)**
Depreciation charge	**(2.3)**	**(0.5)**	**(14.0)**	**-**	**(16.8)**
Impairment charge	**-**	**-**	**(2.3)**	**-**	**(2.3)**
Disposals	**0.2**	**-**	**6.1**	**-**	**6.3**
Currency translation differences	**0.8**	**-**	**4.2**	**-**	**5.0**
At 30 September 2022	**(32.2)**	**(5.5)**	**(132.4)**	**-**	**(170.1)**

Net book value	Land and Buildings Freehold $m	Land and Buildings Leasehold $m	Plant and Machinery $m	Construction in Progress $m	Total $m
At 30 September 2021	50.3	9.6	112.3	0.4	172.6
At 30 September 2022	**45.9**	**10.4**	**102.1**	**0.4**	**158.8**

The impairment charge of $2.3 million represents a write down of refinery assets due to unfavourable changes in the market. The recoverable amount of $0.2 million was based on value in use and the impairment is attributable to ED&F Man Ingredients in the Sugar Trading segment.

Notes to the Consolidated Financial Statements

17. Right of use Assets

The Commodities Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The assets are depreciated over the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Commodities Group is reasonably certain to exercise that option. Right-of-use assets are reviewed for indicators of impairment.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Commodities Group is 'reasonably certain' to exercise any extension options. The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. (See Note 16).

The Commodities Group has elected to use the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets under $5,000. The payments associated with these leases are recognised as cost of sales and administrative and selling expenses on a straight-line basis over the lease term.

There were no leases with residual value guarantees or leases not yet commenced to which the Commodities Group is committed at 30 September 2022.

Cost	Leased Land and Buildings $m	Leased Office Equipment $m	Leased Plant and Machinery $m	Total $m
At 1 October 2020	27.5	0.1	68.6	96.2
Additions	4.9	0.1	7.8	12.8
Lease terminations	(0.5)	(0.1)	-	(0.6)
Currency translation differences	0.2	-	(0.6)	(0.4)
At 30 September 2021	32.1	0.1	75.8	108.0
At 1 October 2021	**32.1**	**0.1**	**75.8**	**108.0**
Additions	**10.4**	**-**	**30.0**	**40.4**
Lease terminations	**(4.0)**	**-**	**-**	**(4.0)**
Transfers	**(1.9)**	**-**	**1.9**	**-**
Currency translation differences	**(2.5)**	**-**	**(5.8)**	**(8.3)**
At 30 September 2022	**34.1**	**0.1**	**101.9**	**136.1**

Notes to the Consolidated Financial Statements

Depreciation	Leased Land and Buildings $m	Leased Office Equipment $m	Leased Plant and Machinery $m	Total $m
At 1 October 2020	(6.8)	-	(13.8)	(20.6)
Amortisation charge	(7.2)	-	(13.7)	(20.9)
Lease terminations	0.1	-	-	0.1
Currency translation differences	-	-	0.2	0.2
At 30 September 2021	(13.9)	-	(27.3)	(41.2)
At 1 October 2021	**(13.9)**	**-**	**(27.3)**	**(41.2)**
Amortisation charge	**(5.9)**	**-**	**(14.6)**	**(20.5)**
Lease terminations	**2.9**	**-**	**-**	**2.9**
Transfers	**(0.8)**	**-**	**0.8**	**-**
Currency translation differences	**1.3**	**-**	**1.4**	**2.7**
At 30 September 2022	**(16.4)**	**-**	**(39.7)**	**(56.1)**

Net book value	Leased Land and Buildings $m	Leased Office Equipment $m	Leased Plant and Machinery $m	Total $m
At 30 September 2021	18.2	0.1	48.5	66.8
At 30 September 2022	**17.7**	**0.1**	**62.2**	**80.0**

The Commodities Group holds right-of-use assets for various items of land, buildings, plant, machinery and other equipment used in its operations. As at 30 September 2022, the Commodities Group has leases expiring from 2023 to 2036.

During 2022, the Commodities Group entered into lease contracts for new and replacement railcars and office renewals of $40.4 million (2021: $12.8 million). MLP contributed the majority, $31.8 million (2021: $9.9 million).

Notes to the Consolidated Financial Statements

18. Intangible Assets and Goodwill

18.1 Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. Goodwill is not amortised, but it is reviewed for impairment at least annually.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Commodities Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

18.2 Impairment of Goodwill and Indefinite Life Intangible Assets

The Commodities Group reviews goodwill and indefinite life intangible assets for impairment at the end of the first full financial year following an acquisition and at least annually thereafter.

Impairment testing in the year of acquisition is performed by comparing post-acquisition performance in that year with pre-acquisition forecasts used to support the purchase price. If the initial review indicates that the post-acquisition performance has failed to meet pre-acquisition expectations, or if any previously unforeseen events or changes in circumstances indicate that the carrying values may not be recoverable, a full impairment review is undertaken.

18.3 Other Intangibles

Amortisation is provided on software so as to write off the cost, less any estimated residual value, over the expected useful economic life on a straight-line basis over three to ten years.

Amortisation of intangible assets is included in Administrative and selling expenses in the Consolidated Statement of Profit or Loss.

Notes to the Consolidated Financial Statements

Cost	Goodwill $m	Software $m	Total $m
At 1 October 2020	14.2	10.3	24.5
Additions	-	0.9	0.9
Disposals	-	(0.1)	(0.1)
Other transfer	-	(0.4)	(0.4)
At 30 September 2021	14.2	10.7	24.9
Additions	-	1.3	1.3
At 30 September 2022	**14.2**	**12.0**	**26.2**

Accumulated amortisation			
At 1 October 2020	-	(4.4)	(4.4)
Amortisation charge	-	(1.0)	(1.0)
Disposals	-	0.5	0.5
At 30 September 2021	-	(4.9)	(4.9)
Amortisation charge	-	(1.1)	(1.1)
At 30 September 2022	-	**(6.0)**	**(6.0)**

Accumulated impairment losses			
At 1 October 2020	(4.0)	-	(4.0)
At 30 September 2021	(4.0)	-	(4.0)
Charge for the year	-	-	-
At 30 September 2022	**(4.0)**	**-**	**(4.0)**

Carrying amount			
At 30 September 2021	10.2	5.8	16.0
At 30 September 2022	**10.2**	**6.0**	**16.2**

Notes to the Consolidated Financial Statements

The carrying amount of goodwill has been allocated to the following cash generating units ("CGUs"):

	2022 $m	2021 $m
Marketing of commodities	2.0	2.0
Processing of commodities	8.2	8.2
	10.2	10.2

19. Investments in Joint Ventures and Associates

A joint venture is an arrangement in which the Commodities Group holds an interest in the net assets of the arrangement on a long-term basis, and which is jointly controlled by the Commodities Group and one or more other parties under a contractual arrangement. In the Commodities Group Financial Statements, joint ventures are accounted for using the equity method.

An associate is an entity, other than subsidiary undertaking or joint venture, in which the Commodities Group has a long-term participating interest, and over whose operating and financial policies the Commodities Group exercises a significant influence. In the Commodities Group Financial Statements, associates are accounted for using the equity method.

Where the joint venture or associate undertaking is itself a parent undertaking, the net assets and profits and losses taken into account are those of its group after making any consolidation adjustments.

A reconciliation of movements in investments in associates and joint ventures is set out below:

	Joint Ventures $m	Associates $m	Total $m
At 1 October 2021	**14.2**	**8.6**	**22.8**
Disposals	(14.9)	-	(14.9)
Share of retained earnings	0.1	0.5	0.6
Amounts provided in period	-	(0.1)	(0.1)
Currency translation differences	2.6	(0.5)	2.1
At 30 September 2022	**2.0**	**8.5**	**10.5**

Notes to the Consolidated Financial Statements

The Commodities Group's material joint ventures during the financial year together with the results up to the date of disposal are set out below:

Name of Joint Venture	Nature of Business	Country of Incorporation	Reporting Date	Effective Commodities Group Interest
Agrovia S.A. (Agrovia)	Sugar Logistics	Brazil	31 December	31.53%

In January 2022, the Commodities Group sold the effective interest of 31.53% in Agrovia, a sugar logistics joint venture in Brazil for a total value of $11.3 million before deduction of the carrying amount of the joint venture. A net loss of $3.4 million was recognised on the sale of this joint venture.

19.1 Material Joint Ventures

	Agrovia	
	2022 $m	2021 $m
Non-current assets	-	48.4
Current assets	-	15.5
Total assets	-	63.9
Non-current liabilities	-	(0.6)
Current liabilities	-	(6.9)
Total liabilities	-	(7.5)
Total equity	-	56.4
Commodities Group's share of equity	-	17.8
Carrying amount	-	14.8

	Agrovia	
	2022 $m	2021 $m
(Loss) profit for the year	(0.5)	0.6
Total comprehensive (loss) gain	(0.5)	0.6
Commodities Group's share of (loss) gain	(0.1)	0.2

Notes to the Consolidated Financial Statements

Assets and liabilities include the following:

	Agrovia 2022 $m	Agrovia 2021 $m
Cash and cash equivalents	-	8.5

Loss of joint ventures is stated after (charging) crediting:

	Agrovia 2022 $m	Agrovia 2021 $m
Depreciation and amortisation	(0.2)	(0.1)
Income tax charge	-	(0.1)

The following table illustrates the aggregate amount of the Commodities Group's share of immaterial joint ventures:

Commodities Group's share of:	2022 $m
Profit after tax	0.1
Total comprehensive income	0.1
Carrying amount of interests in joint ventures	*2.0*

19.2 Associates

The aggregate of the Commodities Group's immaterial associates is accounted for using the equity method. All operations are continuing. The following table illustrates the aggregate amount of the Commodities Group's share of immaterial associates:

Commodities Group's share of:	2022 $m	2021 $m
Profit after tax	0.5	0.9
Total comprehensive income	0.5	0.9
Carrying amount of interests in associates	*8.5*	*8.6*

Notes to the Consolidated Financial Statements

20. Trade and Other Receivables

Current receivables

	2022 $m	2021 $m
Trade receivables	357.2	388.0
Amounts owed by related parties	5.8	504.5
Amounts owed by joint ventures and associates	1.7	0.9
Tax receivables	25.9	20.1
Margins with exchanges	36.6	46.5
Prepayments	95.5	78.7
Other receivables	7.1	10.1
	529.8	1,048.8

Non-current receivables

	2022 $m	2021 $m
Amounts owed by related parties	15.8	18.9
Amounts owed by joint ventures and associates	-	0.2
Other receivables	5.7	5.9
	21.5	25.0

Note 21 includes details of collateral and credit enhancements held by the Commodities Group.

Notes to the Consolidated Financial Statements

21. Financial Instruments and Financial Risk Management

21.1 Financial Assets and Liabilities

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL") depending upon the business model for managing the financial assets and the nature of the contractual flow characteristics of the financial asset.

Financial assets are initially recognised at fair value, including directly attributable costs. Subsequently financial assets are carried at fair value (assets held for trading, available for sale investments, derivatives and marketable securities) or at amortised cost less impairment using the effective interest rate method (trade receivables, advances, loans and securities purchased under agreements to resell back to clients).

Financial liabilities, other than derivative financial instruments or those held for trading, are initially recognised at fair value, net of transaction costs as appropriate, and subsequently carried at amortised cost and fair value through profit or loss.

21.2 Derivative Financial Instruments

The Commodities Group uses various derivative financial instruments for trading purposes or as economic hedges to reduce certain exposures to foreign exchange risks and future commodity price risks. These include forward currency contracts, currency options, and commodity futures and options with recognised exchanges.

IFRS 9 sets out definitions for derivative financial instruments ("DFI") which affect the accounting treatment of the majority of the Commodities Group's physical commodity activities, in addition to the Commodities Group's futures (trading and economic hedging) activities and derivatives held with clients. IFRS 9 requires that certain financial assets and liabilities, including all DFI, be fair valued with gains and losses shown as assets and liabilities within the balance sheet, and changes in fair value recorded in the profit or loss, unless those financial assets and liabilities qualify for the "own use" exemption as referred to below.

Physical commodity contracts fall into two types:

- *those which meet the definition of a DFI; and*
- *those which were entered into and continue to be held for the purpose of own use, which considers the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements and are outside of the scope of IFRS 9.*

All forward commodity contracts meeting the definition of a DFI are recorded at fair value on the balance sheet, with changes in fair value reflected within cost of sales in the profit or loss. Gains or losses on forward commodity contracts are shown within derivative financial instruments receivables or liabilities, as appropriate. Gains and losses are only netted to the extent that there is a legal right of set off and the Commodities Group has the intention to net settle these amounts.

Notes to the Consolidated Financial Statements

21.3 Impairment of Financial Assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Commodities Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected credit loss provision. The expected credit losses on these financial assets are estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Commodities Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- *A review of overdue amounts,*
- *Comparing the risk of default at the reporting date and at the date of initial recognition, and*
- *An assessment of relevant historical and forward-looking quantitative and qualitative information.*

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Commodities Group measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The Commodities Group considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Commodities Group without taking into account any collateral held by the Commodities Group or if the financial asset is more than 90 days past due unless the Commodities Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Commodities Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

21.4 Available for Sale

Available-for-sale financial assets (mainly equity instruments of other entities) are fair valued in compliance with IFRS 13. Fair value gains and losses on available for sale financial assets are irrevocably designated at inception to be carried through profit or loss or other comprehensive income. This election is made on an instrument-by-instrument basis. Upon de-recognition, the cumulative gain or loss elected to be carried through other comprehensive income is transferred within equity.

Notes to the Consolidated Financial Statements

21.5 Fair Value Measurement

IFRS 13 sets out a fair value hierarchy, which consists of three levels that describe the methodology of estimation. The Commodities Group's valuation strategy for derivatives and other financial instruments utilises, as far as possible, quoted prices in an active market. Valuations fall into three levels of reliability:

***Level 1:** using quoted prices in active markets for identical assets or liabilities, such as exchange traded commodity derivatives, liquid corporate and government bonds, listed and unlisted equities, foreign currency exchange derivatives, listed equity derivatives and synthetic derivatives of listed equities.*

***Level 2:** using quoted prices for a similar asset or liability or using observable or market corroborated inputs to an industry standard model for the asset or liability such as physical commodity contracts, unlisted equities, fixed income securities with valuation models based on observable market inputs.*

***Level 3:** using inputs for the asset or liability that are not based on observable market data such as prices based on internal models or other valuation techniques where there is a high level of uncertainty, subjectivity and non-observability to the pricing inputs.*

If at inception of a contract the valuation cannot be supported by observable market data, any gain or loss determined by a valuation methodology, commonly known as "day-one profit or loss", is not recognised in the profit or loss but is deferred on the balance sheet. The deferred gain or loss is recognised in the profit or loss over the life of the contract until substantially all of the remaining contract term can be valued using observable market data at which point any remaining deferred gain or loss is recognised in the profit or loss. Changes in valuation from this initial valuation are recognised immediately through the profit or loss.

Physical commodity contracts entered into and held for the purpose of the Commodities Group's own use (predominantly in operations where a significant degree of processing and conversion of the product occurs) are outside the scope of the standard. Gains or losses on these contracts are recognised in the profit or loss when the underlying physical contracts occur or mature. The Commodities Group defers unrealised profits net of losses at the reporting date, whilst any unrealised loss in each business is provided for.

21.6 Cash Flow Hedging

The Commodities Group may use financial instruments to hedge exposures to variability in future cash flows from highly probable forecast transactions (for example future operating expenses to be incurred in a foreign currency). For such cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised as a fair value reserve within shareholders' funds and shown in other comprehensive income, while any ineffective portion is immediately recognised in the profit or loss. Amounts taken to other comprehensive income are transferred to the profit or loss in the same period or periods during which the hedged transaction affects profit or loss.

The Commodities Group may use foreign currency borrowings as a net investment hedge of the retranslation of the foreign currency net assets of subsidiary undertakings. In these cases, the translation difference on such borrowings is taken to the translation reserve within shareholders' funds and shown in other comprehensive income. Such translation differences are recycled to profit or loss on disposal or on abandonment of the underlying subsidiary.

Notes to the Consolidated Financial Statements

The Commodities Group's primary financial instruments consist of cash and cash equivalents, bank loans and overdrafts, receivables, creditors, forward foreign currency contracts, physical and exchange traded forward commodity contracts, marketable securities and agreements to purchase or sell such securities.

The carrying amounts of financial instruments included in the Consolidated Statement of Financial Position are set out below:

At 30 September 2022	At Fair Value through Profit or Loss $m	At Fair Value through OCI $m	Amortised Cost $m
Financial assets:			
Trade and other receivables	-	-	420.2
Cash and cash equivalents	-	-	211.2
	-	-	631.4
Other financial assets:			
Derivative financial instruments	208.5	-	-
Total financial assets	**208.5**	**-**	**631.4**
Financial liabilities:			
Trade and other payables	-	-	(500.4)
Lease liabilities	-	-	(81.0)
Loans and overdrafts, excluding transaction costs	-	-	(822.6)
	-	-	(1,404.0)
Other financial liabilities:			
Derivative financial instruments	(119.6)	-	-
Total financial liabilities	**(119.6)**	**-**	**(1,404.0)**
Net financial assets (liabilities)	**88.9**	**-**	**(772.6)**

Notes to the Consolidated Financial Statements

At 30 September 2021	At Fair Value through Profit or Loss $m	At Fair Value through OCI $m	Amortised Cost $m
Financial assets:			
Trade and other receivables	-	-	450.8
Available for sale investments	0.1	-	-
Cash and cash equivalents	-	-	76.8
	0.1	-	527.6
Other financial assets:			
Derivative financial instruments	245.6	-	-
Total financial assets	245.7	-	527.6
Financial liabilities:			
Trade and other payables	-	-	(433.6)
Lease liabilities	-	-	(67.7)
Loans and overdrafts, excluding transaction costs	-	-	(408.0)
	-	-	(909.3)
Other financial liabilities:			
Derivative financial instruments	(232.4)	-	-
Total financial liabilities	(232.4)	-	(909.3)
Net financial assets (liabilities)	13.3	-	(381.7)

The carrying amounts of financial assets and liabilities carried at amortised cost are not significantly different from their fair values.

Notes to the Consolidated Financial Statements

The following table shows the fair value of derivative assets, marketable securities, derivative liabilities held for trading and available for sale investments analysed by maturity period and by methodology of fair value estimation:

Financial assets	Less than 1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	More than 5 years $m	Total $m
Level 1	**35.5**	**(0.7)**	**(0.1)**	**-**	**-**	**-**	**34.7**
Level 2	**165.7**	**7.5**	**0.6**	**-**	**-**	**-**	**173.8**
	201.2	**6.8**	**0.5**	**-**	**-**	**-**	**208.5**
Financial liabilities							
Level 1	**(5.6)**	**-**	**-**	**-**	**-**	**-**	**(5.6)**
Level 2	**(109.6)**	**(4.4)**	**-**	**-**	**-**	**-**	**(114.0)**
	(115.2)	**(4.4)**	**-**	**-**	**-**	**-**	**(119.6)**
Net fair value							
30 September 2022	**86.0**	**2.4**	**0.5**	**-**	**-**	**-**	**88.9**

Financial assets	Less than 1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	More than 5 years $m	Total $m
Level 1	2.8	-	-	-	-	5.9	8.7
Level 2	231.9	3.9	0.5	0.5	0.2	-	237.0
	234.7	3.9	0.5	0.5	0.2	5.9	245.7
Financial liabilities							
Level 1	(17.7)	(16.2)	-	-	-	-	(33.9)
Level 2	(195.7)	(2.8)	-	-	-	-	(198.5)
	(213.4)	(19.0)	-	-	-	-	(232.4)
Net fair value							
30 September 2021	21.3	(15.1)	0.5	0.5	0.2	5.9	13.3

Notes to the Consolidated Financial Statements

21.7 Offsetting of Financial Assets and Liabilities

The following table sets out the gross amounts of recognised financial instruments that are subject to netting agreements:

	2022			2021		
	Gross Amount of Financial Assets $m	Gross Amount of Financial Liabilities $m	Net Amount in Balance Sheet $m	Gross Amount of Financial Assets $m	Gross Amount of Financial Liabilities $m	Net Amount in Balance Sheet $m
Derivative assets	395.3	(186.8)	208.5	246.1	(0.4)	245.7
Derivative liabilities	169.5	(289.1)	(119.6)	39.3	(271.7)	(232.4)

21.8 Financial Risk Management Objectives and Policies

In the ordinary course of business, as well as from its use of financial instruments, the Commodities Group is exposed to credit risk, liquidity risk, foreign currency risk, interest rate risk, commodity price risk and other market risks. Effective risk management is a fundamental aspect of the Commodities Group's business operations. The policies for managing each of these risks are summarised below.

The Group Audit and Risk Committee ("GARC") operates under delegated authorities to oversee the management of these risks. The responsibilities of the GARC include establishing policies and procedures to manage risks and to review actual and potential exposures arising from the Commodities Group's operations.

The GARC provides assurance to the Holdings Board that the Commodities Group's credit, market, liquidity and operational risk exposures are governed by appropriate policies and procedures, and that risks are identified, measured and managed in accordance with established Holdings' policies.

The Holdings and Commodities Group operate a combined Treasury function which is responsible for the management of liquidity risk, including funding, settlements and related policies and processes.

21.9 Capital Management

For the purposes of the Commodities Group's capital management, capital includes the Commodities Group Equity (primarily historic retained earnings), the various debt facilities (both cross commodity and bilateral) and cash. The Commodities Group's objective in managing capital is to maintain a strong capital base to maintain the confidence of Suppliers, Customers and Lenders with an appropriate geographic and capital mix to support our operations globally, including terminals, tankage and distribution assets.

In order to achieve this objective Holdings completed a restructuring on 31 March 2022, with the aim of creating a sustainable, appropriately capitalised and ring-fenced Commodities Group. The Commodities Group was effectively separated from all other operations within Holdings. This was achieved through an internal reorganisation (See Note 2.2), and the release of all guarantees and security which previously supported the Legacy Debt (the "Restructure"). The Commodities Group has no direct obligation towards Holdings' $1,333 million Legacy Debt, which has been structurally and legally ring-fenced. This, along with the restructuring of various intercompany loans, has effectively restructured the Commodities Group's debt. (See Note 26) Note, however, the Commodities Group still has a requirement to meet the minimum cash cost coverage and cash interest cost for Holdings.

Notes to the Consolidated Financial Statements

The Restructure also strengthened and stabilised the capital of the Commodities Group, with $300 million of additional liquidity raised from Lenders in the form of a three-year committed trade finance facility and the extension of the maturity of the Commodities Group's existing borrowing base and revolving credit facility by up to three years.

With a strong and stable capital structure post restructuring, the Commodities Group is focused on managing its capital structure and adjusting it in light of changing strategic objectives and broader economic conditions. To maintain or adjust the capital structure, the Commodities Group may add, amend or exit bilateral facilities, adjust the mix of sub-facilities within the new trade finance facility, or provide dividend payments to Holdings. The Commodities Group needs to comply with various covenants, including minimum consolidated tangible net worth of $290 million, increasing to $370 million in FY23, and a gearing ratio of 3.5:1 at each quarter end. These have been imposed by the Lenders to monitor the strength of the Commodities Group Capital Structure. These covenants are tested on a quarterly basis. The Commodities Group defines net borrowings as loans and borrowings, less cash (excluding restricted cash).

	2022 $m	2021 $m
Interest bearing loans and borrowings[1]	822.6	408.0
Less: cash and short-term deposits, excluding restricted cash	(211.2)	(76.8)
Net borrowings	611.4	331.2
Equity	438.6	422.9
Gearing Ratio (times)	1.4	0.8
Cumulative Tangible Net Worth	407.8	412.5

[1] Excludes debt transaction costs of $22.0 million (2021: $1.0 million)

These, and other ratios, are monitored by the Commodities Group as they form part of the financial covenants of the cross commodities and bilateral facilities. Breaches of financial covenants can have serious implications at a local level or at a Commodities Group level, including permitting banks to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current period.

The management of the capital structure is conducted by the Board of Directors, the GARC, and the combined Treasury Function. The separation of the Commodities Group only permits upstreaming transactions for cost recharges and dividends to pay interest on the Senior Term Loan. The key control is the requirement for Group CFO approval for any charges or payments between Holdings and Commodities Group.

21.10 Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the performance of a business. The Commodities Group's primary market exposures are to commodity price risk, foreign currency exchange risk and interest rate risk, which could impact the value of the Commodities Group's financial assets, liabilities or future flows.

IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes to relevant market risk variables on the Commodities Group's profit or loss. Each type of market risk is subject to varying degrees of volatility. It is important to note that these sensitivities are hypothetical and should not be considered to be predictive of future performance or future price movements.

Notes to the Consolidated Financial Statements

21.11 Commodity Price Risk

The Commodities Group manages its exposures to commodity price risk by matching physical commodity sale and purchase contracts, and by hedging on futures markets where available. Price risk exposures are monitored daily by Divisional Risk Managers and reported and reviewed daily by Divisional Risk Committees and overseen by the GARC.

For derivative contracts i.e., outright positions on the futures markets the sensitivity of the net fair value to an immediate 5% increase or decrease in underlying commodity prices would have been $11.5 million at 30 September 2022 (2021: $24.7 million).

21.12 Foreign Currency Exchange Risk

The Commodities Group's policy is not to speculate on foreign currency, and this is enforced through the Commodities Group's Delegated Authorities, Minimum Control Standards and written mandates, which specifically prohibit speculation on foreign currency and require cover to be taken on transactions when exposures arise. Subsidiaries manage foreign currency transactional exposure via 'natural hedges', including offset by an opposite exposure to the same risk (such as a purchase and a sale in the same currency), by financing through non-functional currency borrowings, and by daily or immediate spot and forward currency transactions.

21.13 Interest Rate Risk

Interest rate risk arises from the Commodities Group's borrowing facilities on which a variable rate of interest is charged. The Commodities Group's policy is to borrow funds at floating rates of interest that broadly match the period in which the Commodities Group owns or economically finances its underlying commodity purchases. As at 30 September 2022, the Commodities Group's borrowings of $800.6 million (2021: $407.0 million) are predominantly denominated in USD. The debt transaction costs were $22.0 million (2021: $1.0 million).

The Commodities Group's profit or loss is influenced by interest rates. Exposure to interest rate risk is monitored through several measures including sensitivity and scenario testing and a cost benefit analysis of entering into interest rate swaps to mitigate this risk. At 30 September 2022 and 2021, no interest rate swaps were in place. For the year ended 30 September 2022, the net financing costs of $59.9 million (2021: $43.3 million) include $2.0 million of interest income (2021: $1.9 million) and $2.0 million of lease interest (2021: $1.4 million).

	2022 $m	2021 $m
Interest bearing loans and borrowings (excluding debt transaction costs)	822.6	408.0
Lease liabilities	81.0	67.7
Total interest-bearing debt	**903.6**	**475.7**

Notes to the Consolidated Financial Statements

Cash flow sensitivity analysis is summarised below which shows that a change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2022 $m	2021 $m
Effect of 100bp increase on Profit or Loss	9.0	4.8
Effect of 100bp decrease on Profit or Loss	(9.0)	(4.8)
Effect of 100bp increase on Equity	(9.0)	(4.8)
Effect of 100bp decrease on Equity	9.0	4.8

This analysis ignores the impact of interest rates on commodity prices, which may mitigate the exposure to interest rate risk.

21.14 Credit Risk

The Commodities Group is exposed to credit risk from its operating activities and certain financing activities. Financial assets which potentially expose the Commodities Group to credit risk consist of exposures to outstanding trade receivables in the event of non-performance by a counterparty, deposits with financial institutions, marketable securities (generally US sovereign bonds) and derivative financial instrument default risk on undelivered forward transactions.

Concentrations of credit risk arise when changes in economic, industry or geographic factors affect groups of counterparties who are involved in similar activities, or operate in the same industry, sector or geographical area, and whose aggregate credit exposure is significant to the Commodities Group's total credit exposure. The Commodities Group's exposure to credit risk is broadly diversified along industry, product and geographic lines, and transactions are conducted with a diverse group of customers, suppliers and financial institutions.

The Commodities Group manages its exposure to credit risk through credit risk management policies. On entering into any business contract, the extent to which the arrangement exposes the Commodities Group to credit risk is considered. The Divisional Risk Committees control credit risk through the credit approval process for counterparties, setting limits for all counterparties, carrying out an annual reassessment of significant counterparty limits, and monitoring individual exposures against limits. These committees review ageing of receivables, net payment risk, pre-finance and market default exposures, inventories limits, non-current asset limits, and bond and guarantee limits. In addition, the GARC sets total exposure limits for each country.

Before trading with a new counterparty can begin, its creditworthiness is assessed, and a credit rating is allocated together with a credit exposure limit. The assessment takes into account all available qualitative and quantitative information about the counterparty and the Commodities Group, if any, to which the counterparty belongs. The counterparty's location, business activities, trading history, proposed volume of business, financial resources, and business management processes are taken into account to the extent that this information is publicly available or otherwise disclosed to the Commodities Group by the counterparty, together with any external credit ratings.

Once assigned a credit rating, each counterparty is allocated a maximum exposure limit. Creditworthiness continues to be evaluated after transactions have been initiated and a watch list of higher risk counterparties is maintained and monitored.

Notes to the Consolidated Financial Statements

The maximum credit exposure associated with financial assets is equal to the carrying amount plus any credit commitments to counterparties that are unutilised and are analysed below. The Commodities Group mitigates risk by entering into contracts that permit netting and allow for termination of a contract in the event of default. Trade receivables and derivative financial instrument movements are presented on a net basis where unconditional netting arrangements are in place with counterparties, and where there is intent to settle amounts due on a net basis. As at 30 September 2022, gross derivative financial instrument liabilities not netted against derivative financial assets from operating activities totalled $119.6 million (2021: $232.4 million) and are shown in liabilities on the balance sheet.

Maximum credit exposure	2022 $m	2021 $m
Trade and other receivables	381.9	404.0
Amounts owed by joint ventures and associates	1.7	1.1
Margins with exchanges	36.6	46.5
Derivative financial instruments	208.5	239.2
Cash and cash equivalents, excluding restricted cash	211.2	77.2
	839.9	768.0

The Commodities Group applies a conservative approach to counterparty risk and counterparty creditworthiness. The credit quality of financial assets is considered to be high. Trade receivables are collected where possible under documentary collections presented through prime banks. The Commodities Group may also require collateral or other credit enhancements such as deposits, letters of credit, pledged inventories or parent company guarantees to reduce or offset credit risk. As at 30 September 2022, $40.3 million of the trade receivables have collateral pledged (2021: $47.6 million). The fair value of such collateral and credit enhancements, including deposits, pledged inventories, parent company guarantees, and letters of credit was $40.3 million (2021: $47.6 million). The amounts disclosed in the financial instruments' analysis are shown without the benefit of risk mitigation through insurance, collateral or other credit enhancements. There was no collateral repossessed in the years ended 30 September 2022 and 2021. Amounts owed by joint ventures and associates benefit from charges over assets.

Trade receivables	2022 $m	2021 $m
Neither impaired nor past due	265.7	254.9
Not impaired and past due in the following periods:		
within 30 days	68.1	95.5
31 to 60 days	17.2	10.9
61 to 90 days	2.2	1.8
Over 90 days	4.0	24.9
	357.2	388.0

Notes to the Consolidated Financial Statements

The movement in the allowance for expected credit losses for the year ended 30 September is set out below:

Allowance for expected credit losses	Trade Receivables 2022 $m	Trade Receivables 2021 $m
Balance brought forward	(10.8)	(32.8)
Charge for the year	(6.4)	(3.0)
Utilisation	1.5	15.1
Reversal	6.1	9.9
Currency translation	0.8	-
Balance carried forward	(8.8)	(10.8)

21.15 Liquidity Risk

Liquidity risk is the risk that the Commodities Group may not be able to settle or meet its obligations on time. The principal objective of the combined Treasury Function is to manage liquidity and interest rate risks. The Treasury Function, working with Division FDs and Division Trade Finance Teams centrally co-ordinate relationships with banks, borrowing requirements, foreign exchange requirements, cash flow reporting and management. Other responsibilities include management of the Commodities Group's central cash resources, the structuring of cross-commodity facilities, the oversight of all significant treasury activities across the Commodities Group, and monitoring covenant compliance. (See Note 21.9).

The Commodities Group manages its liquidity risk on a consolidated basis, utilising available cash (both centrally held and held in the divisions) and drawings from cross-commodity facilities, to maintain flexibility whilst minimising interest costs. Unless restricted by local regulations, divisions pool their surpluses with the Commodities Group, which arranges to fund an element of each Division's requirements, and uses any surplus to reduce external borrowings, while managing the Commodities Group's overall net currency positions. The Commodities Group's liquidity risk management strategy includes structuring its financial facilities to meet funding requirements, with access to both cross commodity and bilateral facilities from a diverse range of banks.

As at 30 September 2022, the Commodities Group has committed secured facilities of $870.4 million (2021: $458.0 million), which include medium-term multicurrency syndicated facilities with maturities in excess of 12 months. As at 30 September 2022, the Commodities Group has committed and uncommitted facilities of $620.0 million (2021: $281.7 million). Debt drawn under these secured and unsecured facilities at 30 September 2022 was $826.3 million (2021: $482.0 million), excluding debt transaction costs of $22.0 million (2021: $1.0 million). As at 30 September 2022, the Commodities Group has off-balance sheet hedging facilities of $79.4 million with utilisation of $19.0 million. Prior year is not comparable given the internal reorganisation undertaken as part of the restructure. (See Note 2.2).

The table below analyses the Commodities Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity profile of bank loans and overdrafts is based on the earliest undiscounted contractual repayment dates. Loans and overdrafts are drawn from the medium-term and short-term committed facilities described above and in Note 26.

Notes to the Consolidated Financial Statements

Financial liabilities	Trade Payables $m	Loans and Overdrafts $m*	Derivative Financial Instruments $m
Within one month	**174.6**	**85.0**	**55.0**
One to three months	**13.1**	**191.2**	**16.5**
Three months to one year	**13.3**	**138.8**	**43.7**
One to two years	**-**	**0.8**	**4.2**
Two to five years	**-**	**406.8**	**0.2**
At 30 September 2022	**201.0**	**822.6**	**119.6**

Financial liabilities			
Within one month	145.8	112.5	82.6
One to three months	23.3	57.8	56.7
Three months to one year	10.6	156.6	74.2
One to two years	-	0.4	18.9
Two to five years	-	80.7	-
At 30 September 2021	179.7	408.0	232.4

*Excludes debt transaction costs of $22.0 million (2021: $1.0 million)

The Commodities Group uses cash flow hedges to mitigate the risk of exposure to changes in the sugar price in certain of its beet sugar production operations. The hedges are impacted by selling forward on sugar futures exchanges. At 30 September 2022, the fair value of such hedging instruments was a liability of $1.0 million (2021: liability of $1.5 million). Related flows are all expected to occur and to affect Commodities Group profit or loss within one year of the balance sheet date.

Notes to the Consolidated Financial Statements

22. Inventories

Inventories held for "own use" within the business, are valued at the lower of cost or net realisable value. Cost includes those costs in bringing the inventories to their present location and condition. The calculation of net realisable value takes into account any relevant forward commitments and is based on estimated selling price less any further costs expected to be incurred in relation to disposal.

Inventories held for trading are recorded at fair value less cost of disposal at the balance sheet date on a basis consistent with derivative financial instruments under IFRS 9, with changes in fair value reflected within cost of sales in the profit or loss.

	2022 $m	2021 $m
Inventories held for trading	767.5	770.9
Held for own use	47.1	44.6
	814.6	815.5

Cost of inventories recognised as an expense within cost of sales in the year ended 30 September 2022 was $6,316.1 million (2021: $5,030.2 million). There was no charge to cost of sales for inventories written down to net realisable value for the years ended 30 September 2022 and 2021. Included in inventories held for trading is $611.5 million (2021: $637.7 million) recorded at fair value less costs to sell and classified as a Level 2 valuation derived from observable market inputs. Inventories held for trading includes $85.4 million (2021: $70.5 million) of inventory sold to a third party with an option to repurchase. The consideration received has been accounted for within "Financial liabilities".

23. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents comprise cash in hand and demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash.

	2022 $m	2021 $m
Cash at bank and in hand	210.2	76.8
Cash equivalents	1.0	-
Cash and cash equivalents	211.2	76.8
Restricted cash	23.4	15.1

Cash and cash equivalents comprise cash at bank, cash in hand and cash equivalents of short term highly liquid deposits. The restricted cash of $23.4 million (2021: $15.1 million) is held in countries in which prior government authority approval is required to transfer the funds outside the country due to local foreign exchange regulations.

Notes to the Consolidated Financial Statements

24. Trade and Other Payables

Current payables	2022 $m	2021 $m
Trade payables	201.0	179.7
Amounts owed to related parties	34.9	840.0
Amounts owed to joint ventures and associates	4.4	4.9
Taxation and social security	28.9	19.9
Margins with exchanges	51.2	33.1
Accruals and deferred income	244.2	211.3
Other payables	10.0	9.6
	574.6	1,298.5

Non-current payables		
Trade and other payables	1.0	1.2

25. Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Commodities Group's incremental borrowing rate for the same term as the underlying lease. Lease payments included in the measurement of lease liabilities comprise fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate as at the commencement date.

Lease modifications result in remeasurement of the lease liability on the date those modifications are effective. The Commodities Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- *The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.*
- *The lease payments change due to material changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.*
- *A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.*

Notes to the Consolidated Financial Statements

Movements of the Commodities Group's lease liabilities for the year ended September 30 are as follows:

	2022 $m	2021 $m
Opening lease liabilities balance	67.7	76.8
Additions	39.7	10.3
Lease terminations	(1.8)	-
Interest expense relating to lease liabilities	2.0	1.4
Payments	(20.7)	(20.4)
Exchange difference	(5.9)	(0.4)
Closing lease liabilities balance	81.0	67.7
Current	19.2	17.9
Non-current	61.8	49.8
	81.0	67.7

The maturity analysis of undiscounted lease liabilities is as follows:

	2022 $m	2021 $m
Within one year	19.2	18.2
Between one and five years	52.3	35.4
After five years	9.5	14.1
	81.0	67.7

The following amounts were recognised in profit or loss:

	2022 $m	2021 $m
Interest expense relating to lease liabilities	2.0	1.4
Expense relating to short-term leases	0.9	3.4

Notes to the Consolidated Financial Statements

26. Loans and Overdrafts

26.1 Initial Recognition

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Fees are deferred until the draw down occurs and then amortised over the period of the facility to which they relate. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which they relate.

All interest-bearing loans and borrowings are initially recognised at fair value net of directly attributable transaction costs.

26.2 Extinguishment and Modification

Borrowing is removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

When the Commodities Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Commodities Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment of the original debt, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. Where the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted against the carrying amount of the liability and are amortised over the remaining term of the modified debt.

26.3 Subsequent Measurement

After initial recognition, interest-bearing loans are measured at amortised cost using the effective interest method ("EIR"). The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the amortised cost of the liability. In calculating interest expense, the EIR is applied to the amortised cost of the borrowing. This EIR amortisation is included as finance costs in the profit or loss.

26.4 Debt Restructuring

Holdings completed the restructuring of its legacy debt and associated refinancing of its core commodities business on 31 March 2022. As part of this process, the profitable core commodities trading business has been ring-fenced from the Legacy Debt. Holdings raised $300 million of additional liquidity to manage the current high commodity price environment.

Notes to the Consolidated Financial Statements

Current bank loans and overdrafts	2022 $m	2021 $m
Borrowing Base	16.0	-
Other Loans and Overdrafts	399.0	326.9
Total current loans and overdrafts	415.0	326.9
Debt Transaction Costs	(9.1)	-
Total current loans and overdrafts	405.9	326.9

Non-current bank loans	2022 $m	2021 $m
Revolving Credit Facility	60.0	-
Borrowing Base	129.0	-
Trade Finance Facility	136.6	-
Other Loans and Borrowings	82.0	81.1
Total non-current loans and overdrafts	407.6	81.1
Debt Transaction Costs	(12.9)	(1.0)
Total non-current loans and overdrafts	394.7	80.1

27. Provisions

Provisions are recognised in the balance sheet when the Commodities Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and when appropriate, the risks specific to the liability.

Where the Commodities Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

	Legal Claims $m	Other Provisions $m	Total $m
At 1 October 2021	19.3	12.8	32.1
Additional provisions recognised, net	-	4.6	4.6
Utilised	-	(1.8)	(1.8)
Net foreign exchange differences	(3.1)	(0.3)	(3.4)
At 30 September 2022	**16.2**	**15.3**	**31.5**

Notes to the Consolidated Financial Statements

The provision for legal claims represents the Directors' best estimate of the probable present obligation from actual or potential legal claims arising from contract performance and other commercial matters, which exist at the balance sheet date. These claims are at different stages of resolution and accordingly it is not possible to give a meaningful indication of the likely timing of the possible inflow or outflow of economic benefits associated with these claims. The level of provision has been arrived at by considering each outstanding legal claim and the circumstances giving rise to it.

During the year ended 30 September 2021, a legal provision of $18.9 million was recognised in respect of litigation relating to Spanish IPR. There was no change to this provision or the status of the legal claim in the year ended 30 September 2022, and no definitive resolution date.

During the year ended 30 September 2022, a provision of $4.0 million was recognised in respect of a customs claim dispute at ED&F Man Molasses BV ("Man Molasses"). In February 2022, Spanish Customs sent a demand letter for €9.0 million claiming the product imported met the characteristics of "Other Sugars" and therefore attracted import duties. Man Molasses believes this claim is incorrectly calculated and is contesting it. The claim will be time-barred in February 2024, which is considered the definitive resolution date.

The outstanding other provisions mainly relate to an onerous lease for a storage contract, a potential insurance dispute, restructuring costs and dilapidations. The onerous lease provision is currently being utilised.

The remaining legal and other provisions do not yet have a definitive resolution date, so accordingly it is not possible to give a meaningful indication of the likely timing of the possible inflow or outflow of economic benefits associated with these items.

28. Share Capital

28.1 Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Allotted, Called Up and Fully Paid US$1 each		'A' Preference Shares of US$1 each	
	Number	$m	Number	$m
At 30 September 2021	376,469,139	376.5	376,469,139	376.5
At 30 September 2022	**376,469,139**	**376.5**	**376,469,139**	**376.5**

Notes to the Consolidated Financial Statements

28.2 Share Options

Holdings historically made conditional share awards to some Commodities Group employees under annual schemes based on the performance of the individual and of Holdings. No new share awards have been granted post the financial year ended 30 September 2021. Movements in share options represent the vesting and exercise of these historic grants. The schemes permitted the employee to purchase a defined number of Holdings shares over a vesting period ranging from one to five years after the grant date of the award. The individual's total annual conditional share awards are exercisable at an aggregate price of $1 and lapse within a maximum of ten years after the grant date of award.

A charge in respect of employee share-based payments is recognised in the profit or loss, with a corresponding entry in the profit or loss reserve and reflects the fair value of the services received. The fair value of the service is determined using a valuation technique based on the fair value of the equity instruments granted and is spread over the performance and vesting period. The charge to the profit or loss is adjusted based on an estimate of awards that will lapse prior to vesting. Each scheme is assessed individually and estimates of the number of lapses range from 0% – 15%.

The Directors consider that the fair value of Holdings share awards is represented by the Fair Price of the Holdings' shares as at the date the award is granted. The charge for the year to 30 September 2022 was $0.5 million (2021: $2.1 million).

The following table illustrates the number and movements in share options during the year:

	Number of Shares	
	2022	2021
Outstanding at 1 October	2,471,187	4,338,179
Exercised	(1,719)	(1,758,284)
Lapsed	(56,749)	(108,708)
Outstanding at 30 September	2,412,719	2,471,187

Exercisable as follows:

	Number of Shares	
	2022	2021
Immediately exercisable	1,740,377	595,980
Between 1 to 2 years	672,342	1,171,281
Between 2 to 3 years	-	703,926
	2,412,719	2,471,187

Notes to the Consolidated Financial Statements

29. Notes to the Cash Flow Statement

29.1 Commodities Group Reconciliation of Net Cash Flow to Movements in Net Debt

	2022 $m	2021 $m
(Increase) decrease in cash	(133.5)	13.2
Increase in borrowings	398.2	93.2
Debt transaction costs paid	(26.6)	-
Movement in net debt resulting from cash flows	238.1	106.4
Transfers arising from Restructuring	16.4	-
Debt transaction costs amortised	5.6	-
Effect of change in exchange rates	(0.9)	(1.8)
Movement in net debt	259.2	104.6
Opening net debt	330.2	225.6
Closing net debt	589.4	330.2

30. Analysis of Changes in Net Debt

	Cash Equivalents $m	Loans and Overdrafts Current $m	Loans and Overdrafts Non-current $m	Net Debt $m
At 1 October 2021	76.8	(326.9)	(80.1)	(330.2)
Cash flow	133.5	(71.7)	(326.5)	(264.7)
Debt transaction costs paid	-	14.7	11.9	26.6
Transfers arising from Restructuring	-	(16.4)	-	(16.4)
Debt transactions costs amortised	-	(5.6)	-	(5.6)
Effect of change in exchange rates	0.9	-	-	0.9
At 30 September 2022	**211.2**	**(405.9)**	**(394.7)**	**(589.4)**

Notes to the Consolidated Financial Statements

31. Financial Commitments

31.1 Maturity of Minimum Lease Payments

The table below shows the maturity of continuing future minimum lease payments under non-cancellable leases due:

	Plant and Machinery		Land and Buildings	
	2022 $m	2021 $m	2022 $m	2021 $m
Within one year	2.5	13.7	1.1	4.1
Between one and five years	4.2	31.1	1.8	8.2
After five years	2.4	13.6	1.1	2.2
	9.1	58.4	4.0	14.5

31.2 Joint Ventures and Associates

The Commodities Group and Company's share of capital commitments of its joint ventures and associates was Nil as at 30 September 2022 and 2021, respectively.

32. Contingent Assets and Contingent Liabilities

Contingent liabilities are possible obligations arising from past-events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable, or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote. When the Commodities Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Commodities Group does not include detailed, case-specific disclosures in its Financial Statements.

The ultimate outcome of governmental and third-party legal claims and proceedings is inherently difficult to predict. There are various legal proceedings arising in the ordinary course of business and in cases where the Commodities Group believes the likelihood of losses is probable and can be estimated, provisions are recorded. While ongoing legal proceedings could have a material adverse effect on the Commodities Group's consolidated financial position or results of operations in the future, the Commodities Group believes that none of these matters will have a material adverse effect on its business or financial condition. During 2022 and 2021, the Commodities Group has been involved in certain civil litigation cases.

The Commodities Group has a number of favourable judgements in legal cases where settlement is due to be received. These prospective settlements are recognised in the Financial Statements when the cash is received or where its receipt is virtually certain.

Notes to the Consolidated Financial Statements

33. Related Party Transactions

33.1 Commodities Group

During the year, the Commodities Group entered into transactions, in the ordinary course of business, with related parties. The nature of these transactions being trading activity with related parties but also loans and advances to investees. All transactions between ED&F Man Commodities Limited and its subsidiaries are eliminated on consolidation.

	Sales		Purchases		Amounts Owed From		Amounts Owed To	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Associates	-	0.6	-	-	-	-	(4.1)	-
Joint ventures	-	-	-	-	1.7	-	(0.3)	-
Equity investor	-	1.5	16.7	30.4	-	-	-	-
Fellow subsidiaries	-	-	-	-	21.6	523.4	(34.9)	(840.0)

Amounts owed by joint ventures and associates benefit from charges over assets.

	2022 $m	2021 $m
Interest received from fellow subsidiaries	(17.1)	(40.2)
Interest paid to fellow subsidiaries	3.5	14.2
Intercompany interest, net	(13.6)	(26.0)

The Commodities Group obtains key management personnel services from its parent company, ED&F Man Holdings Limited, which reports key management personnel compensation.

34. Subsequent Events

The Commodities Group performed a review of events subsequent to the balance sheet date through to the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

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Annual Report and Financial Statements

For the year ended 30 September 2022

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