



M.P. Evans 
GROUP PLC



For the six months ended
30 June 2023

2023
Interim Report

M.P. Evans is a responsible producer of sustainable Indonesian palm oil, striving for excellence in all the Group's operations, with a focus on continuing growth and offering an increasing yield.

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Cover image: **Harvesting mature palms with telescopic pole at Simpang Kiri**



Group financial highlights

For the six months ended 30 June 2023



2%
INCREASE

in total
crop processed

2023 721,100 tonnes
2022 705,700 tonnes



3%
INCREASE

in total production
of crude palm oil

2023 166,200 tonnes
2022 160,800 tonnes



27%
DECREASE

in mill-gate
CPO price

2023 US\$755 per tonne
2022 US\$1,035 per tonne



7%
INCREASE

in certified sustainable
production

2023 96,500 tonnes
2022 90,500 tonnes



26%
INCREASE

in cost of Group
palm product

2023 US\$535 per tonne
2022 US\$425 per tonne



62%
DECREASE

in operating
profit

2023 US\$23.4 million
2022 US\$61.7 million



61%
DECREASE

in earnings
per share

2023 24.8p
2022 63.3p



**INTERIM
DIVIDEND**

maintained interim
dividend per share

2023 12.5p
2022 12.5p



**NET CASH
SURPLUS**

maintained net
cash position

2023 US\$2.5 million
2022 US\$13.5 million

Post period-end highlights

- Increase in cropping levels, with total crop processed 318,800 tonnes in two months to August 2023
- Agreement signed to acquire 8,350 planted hectares in East Kalimantan, benefiting existing milling operations



Group highlights

The Group achieved an increase in total CPO production during the first half of 2023 to 166,200 tonnes, including a 13% increase in output from its own palm-oil mills.

The Group has continued to deploy its strategy in the first half of 2023 as a producer of certified sustainable palm oil. In February of this year, the Group opened its sixth palm-oil mill, at its Musi Rawas estate in South Sumatra and, as a result, across all operations, the Group is now processing 96% of the crop harvested from the areas it manages. In addition, the Group continues to plant at Musi Rawas and, at the end of June 2023, reached its target of a total planted area there of 10,000 hectares. As a result, at the end of June 2023, the Group managed a total planted area of 56,800 hectares. The Group remains focused on growth and, in March 2023, acquired over 2,000 additional planted hectares close to its Simpang Kiri estate in Aceh Province, northern Sumatra. Very pleasingly, since the end of the period, it has reached an agreement to acquire over 8,000 further planted hectares in East Kalimantan.

During the early part of the year, as was the case for many Indonesian producers, the Group experienced a relatively low-cropping period in several of its estates, and this had an impact on the crop harvested from both the Group's majority-owned areas, as well as that from its associated scheme smallholders. As the year has progressed, crops have improved, markedly so towards the end of the first half and moving into the beginning of the second half of 2023. The Group has continued to work hard to secure additional crop from independent suppliers to be processed in its mills, particularly as Group milling capacity has continued to increase this year. Total Group production of crude palm oil ("CPO") increased in the first half of the year by 3% to 166,200 tonnes. Encouragingly, production from the Group's own mills rose by 13% to 159,100 tonnes following the commissioning of the Musi Rawas mill during the period.

By historic standards, CPO pricing remained robust in the first half of 2023, with an average cif Rotterdam price in the period of US\$986 per tonne. This is 8% higher than the 5-year average of US\$917 and 20% higher than the 10-year average of US\$820. However, prices were exceptionally high in the first half of 2022, in response to the war in Ukraine and consequential concerns over vegetable-oil supplies, and at that time the average was

US\$1,622 per tonne. The Group received, at mill-gate, an average price of US\$755 per tonne for its output in the first half of 2023, and this was 27% lower than the US\$1,035 per tonne received in the first half of 2022.

Total production costs per tonne of CPO fell during the first half of the year, as the Group was able to purchase crop from independent suppliers at a lower price, resulting in a total cost per tonne of US\$574 (2022 US\$598), but the cost of production from the Group's own areas increased to US\$535 per tonne (2022 US\$425) as the Group continued to experience cost inflation, notably in fertiliser inputs. Inflationary pressures are starting to abate, and this effect, combined with rising production, is expected to exert downward pressure on the Group's own cost per tonne in the second half of the year.

The lower CPO price environment for the first half of the year resulted in lower margins, but the Group has continued to be cash generative, with cash from operating activities of US\$20.4 million to June 2023. The continuing cash generation combined with the Group's very strong opening position in 2023 (gross cash of US\$82.5 million) has enabled it to fund the acquisition of the additional hectareage at Simpang Kiri, continue to reduce the Group's remaining debt, and at the same time return over US\$25 million to shareholders through a combination of dividends and share buybacks.

POST BALANCE-SHEET EVENT

On 7 September 2023, the Group announced that it had signed a conditional agreement to acquire a further 8,350 planted hectares in East Kalimantan (including 1,686 scheme-smallholder hectares), for a price of US\$60 million, representing US\$9,000 per planted Group-owned hectare. The crop from the majority of these planted hectares will be available to supply the Group's existing mills at Kota Bangun, increasing the utilisation and efficiency of the milling operations there. Like the purchase at Simpang Kiri in March 2023, this acquisition is fully aligned with the Group's long-standing strategy to add additional planted hectareage around its existing operations.

DIVIDENDS

Given the Group's continuing ability to generate profits and cash, and in light of the strategic progress made in the first half, and moving into the second half of 2023, the board is maintaining the interim dividend at 12.5p per share (2022 – 12.5p per share).

The Group has an unbroken track record over more than thirty years, of at least maintaining, or whenever possible increasing, ordinary dividends. The board believes that the ongoing trend of increasing yields from the Group's estates, combined with the increasing milling capacity, forms a firm foundation for continuing strong cash flows, which in turn supports the Group's progressive dividend policy.

150-YEAR ANNIVERSARY

After tracing its origins back to the 1870's, the Group is proud to be marking its 150-year anniversary this year, celebrating its long history in agricultural commodities around the world, and the significant contribution made by so many people in shaping the Group over many years. The Group held a dinner in Jakarta in April, attended by the board, the Jakarta office staff, representatives from all the Group's estate locations, and the Group's Indonesian minority shareholders, to mark the occasion, along with a special event in May held at the Group's Bumi Mas estate in East Kalimantan, attended by directors, estate staff and their family members. This was followed in June by a celebratory lunch at Mansion House in London attended by many of the Group's shareholders, advisors, employees and former employees, and other supporters. A short video of the event is currently available to view on the homepage of the Group's website.

BOARD AND SENIOR MANAGEMENT CHANGES

On 1 February 2023, Lee Yuan Zhang was welcomed to the board as a non-executive director. Yuan Zhang is the regional director (plantations) of Kuala Lumpur Kepong Berhad, the Group's largest shareholder, and has served as president director of PT KLK AgriServindo in Indonesia, where he was responsible for the management of 140,000 hectares of oil palm.

On 31 July 2023, Philip Fletcher retired from the board. Philip worked for the Group for over 40 years, giving loyal and invaluable service to several Group companies. He has variously been finance director, managing director, chairman and, more recently, a non-executive director.



AGM followed by 150-year celebratory lunch at Mansion House on Friday 9 June 2023



Group highlights continued

He was central to the Group's operations, and he played a pivotal role in devising the strategy, formed in 2005, to sell the Group's Malaysian estates and focus on the expansion of its sustainable palm-oil interests in Indonesia. This has resulted in the hugely enlarged Group we are today. His wisdom, expertise and unfailing attention to detail will be greatly missed and everyone at M.P. Evans sends their best wishes to Philip in his retirement.

Also, on 31 July 2023, K Chandra Sekaran retired from his role as president director of PT Evans Indonesia ("PT Evans"), the Group's Indonesian management company, the position he held since joining the Group in 2008. The board is extremely grateful to Chandra for the invaluable contribution he made to the Group during a period of significant development and expansion, and to its success over the last 15 years. The board is delighted to confirm that Chandra is continuing to serve as a non-executive director, and in a part-time advisory role, providing high-level advice to PT Evans.

On 1 August 2023, Luke Shaw joined the board as its chief financial officer. Luke joined the Group on 1 July 2022, having formerly held a senior finance position with Spectris plc. Since joining, Luke has performed his role

extremely ably and his promotion is welcomed by the board.

On 1 August 2023, Ravichandran Krisnapillay was promoted to the role of president director of PT Evans. Ravi is a civil engineer by background and joined PT Evans in 2016, having previously worked for Cargill and Goodhope Asia Holdings. He has an excellent knowledge of all aspects of plantation management and served for two years as the Group's director of operations, working closely with Chandra. The board has enormous confidence in Ravi, to manage the Group's existing operations and to drive the continuing expansion of its sustainable palm-oil areas in line with its strategic objectives.

MRS MARGARET HADSLEY-CHAPLIN

The Group is sorry to report the passing, in July 2023, of Mrs Margaret Hadsley-Chaplin. Mrs Hadsley-Chaplin was the widow of the Group's former chairman, Edwin Hadsley-Chaplin, and mother of its current chairman, Peter Hadsley-Chaplin. For many years, she took an active interest in the Group's affairs, and especially in the people associated with it. Everyone at M.P. Evans sends their condolences to the Hadsley-Chaplin family.



150-year anniversary celebrations in Jakarta, May 2023



The palm-oil market

Palm oil is, by production volume, the largest of the world's vegetable oils, and it is also significantly the most productive crop. Based on the latest data from Oil World, globally 3.3 tonnes of CPO are produced per hectare per year (plus 0.3 tonnes of palm kernel oil). In the last full year, M.P. Evans produced more than 5 tonnes of CPO per planted hectare. Global demand, production and consumption all continue to grow, but the rate of increase in production has slowed in recent years in the world's two main producing countries, Indonesia and Malaysia. In Indonesia, the growth of new plantings has reduced following restrictions imposed by the government as they work to improve sustainability standards, whilst in Malaysia, the total planted area has been declining since 2020.

Unlike the first half of 2022, CPO has traded within a relatively narrow band during the six months to June 2023, with the cif Rotterdam price ranging between US\$850 and US\$1,110 per tonne, although for the majority of the period it was within US\$50 of US\$1,000 per tonne. The Indonesian government has applied a consistent approach to setting export taxes and levies during the period, based on the published tables.

The potential impact of an El Nino weather event on the palm-oil market remains unclear at the current time. Some palm-growing areas in Indonesia and Malaysia may receive low rainfall during the second half of 2023, and if this occurs to a significant extent, crops may be affected in the mid to latter part of 2024, with consequential impacts for production and prices.

The outlook for the world's next most significant vegetable oil, soya oil, remains mixed, with production levels dependent, as ever, on weather patterns in the Americas. Recent forecasts have indicated a small decrease in production in the near term, rebounding into 2024.

Photo: CPO tanks at newly commissioned mill at Musi Rawas

CRUDE-PALM-OIL PRICE





Strategy pillars

M.P. Evans is a responsible producer of sustainable Indonesian palm oil, striving for excellence in all its operations, with a focus on continuing growth and offering an increasing yield.

Responsibility

Acting responsibly is at the heart of what we do and who we are. We are active members of the RSPO, we do not deforest, and are good stewards of the land we cultivate. We provide high-quality housing along with medical, educational and leisure facilities for our workers and their families.

Housing at Musi Rawas estate



Excellence

Excellence comes from investing for the long term. Our investment is not only in plantation assets but also in our employees, their diversity and inclusion, and in their training and development. In this way, we are consistently able to deliver both high yields and high oil-extraction rates from our estates and mills.

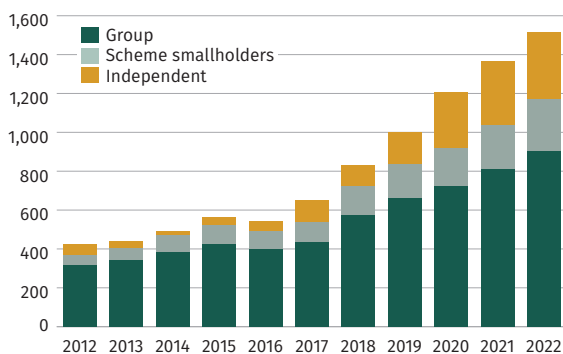
Classroom training at Kota Bangun



STRATEGY PILLARS

Growth

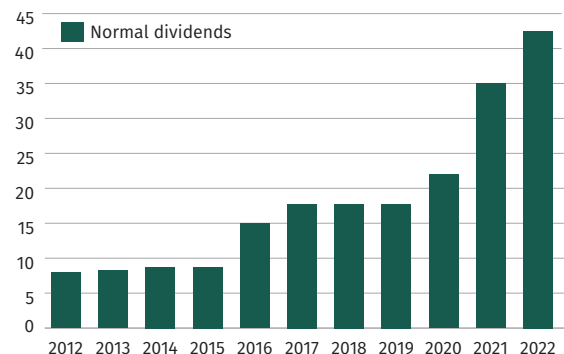
Growth in crops processed ('000 tonnes)



We seek to grow and develop the business. Growth continues to come from the increasing maturity of the Group's young estates, from the ongoing focus on improving yields, and from the planned acquisition and sustainable development of new areas of land.

Yield

Growth in dividends (pence)



The Group's investment strategy has already led to a significant improvement in shareholder returns. In line with its growth programme, the Group aims to deliver increasing returns to shareholders.



Results for the period

CROPS

The crop of fresh fruit bunches (“ffb”) harvested from the Group’s own areas in the first half of 2023 was 408,100 tonnes, 5% lower than the 430,400 tonnes recorded in the same period in 2022. As can be seen in the crop table, there is clear evidence of a low-cropping period in the first half of 2023, but estate management are confident that in the majority, if not in all, of the Group’s locations, there will be an improvement in the second half.

At Kota Bangun, an increase in crop in the first half stands out, and whilst it may be too early to state with certainty, the Group may be starting to see some yield benefit from the investment in water-management projects there. In Bangka, the decrease in crop is disappointing, but from the Group’s long-term experience, this may reflect a multi-year pattern with 2023 being more of a ‘resting’ year for some of the plantings there. Pangkatan and Bumi Mas represent a clearer comparison to the first half of 2022. The continuing increase at Musi Rawas, as plantings mature, remains encouraging, particularly with the new mill now processing.

The Simpang Kiri figures include the crop from additional hectareage acquired during the period which has helped it to achieve a positive variance. Without the additional crop, it would have a negative variance similar to the Group’s other estates in northern Sumatra.

The pattern for crop from the Group’s associated scheme smallholders is similar to that for the Group’s majority-owned areas, albeit with a smaller overall decrease of only 1%, to 124,900 tonnes in the first half of 2023.

Average monthly crop (Group-owned plus scheme smallholder) for the first half of the year was 88,800 tonnes. As can be seen in the ‘current trading and prospects’ section, for the first two months of the second half of 2023, that average was 119,900 tonnes, demonstrating that the lower-cropping period has finished, and that there has been an upswing in crop levels leading into the second half of the year.

During the early part of the year, the Group has worked hard to secure additional independent crop for processing in its mills, both to compensate for the lower-cropping period, and to support the newly opened mill at Musi Rawas. Overall, the total amount of independent crop purchased increased by 26%, from 148,900 tonnes in the first half of 2022 to 188,100 tonnes by June 2023.

Independent purchases were up significantly in all locations other than at Kota Bangun, where there is tough competition for crop of a reasonable quality, and where securing long-term supply by increasing Group-owned hectareage will make a material difference to the Kota Bangun mills.

Taking all sources into account, the total crop processed by the Group was 721,100 tonnes, 2% higher than in the first half of 2022.

PRODUCTION

The Group produced 166,200 tonnes of CPO and 34,600 tonnes of palm kernels (“PK”) in the first half of 2023, a total of 200,800 tonnes of palm product. This is 3% higher than the 195,900 tonnes of palm product in the first half of 2022. The Group had six mills operating for the majority of the period and, as a result, the amount of CPO produced in the Group’s own mills increased by 13%. In the first half of 2023, the Group’s own mills were responsible for 96% of the Group’s CPO production. The Group continues to send crop from Simpang Kiri to a third-party mill for processing, and oil produced from that crop is included in the Group total.

The Group’s average oil-extraction rate was maintained at 23.1% in the first half of 2023, a strong performance overall given the increased proportion of lower-quality independent crop. The Bumi Permai mill did well to bring extraction rates very nearly to 24% during the first half of the year, and the team there is working hard to achieve that level in the second half. The Bangka mill extraction rates have dipped this year, reflecting the change in input mix, but should strengthen as cropping levels return. The Musi Rawas mill has set the bar high with extraction rates in excess of 24% in their first few months of operation, demonstrating the benefits of the Group milling its own crop, when previously the Group was only being offered 20.5% for having its crop processed in third-party mills.

The Group’s certified sustainable production was 58% of total output, a little higher than the 56% for the first half of 2022, but a little lower than for the whole of the prior year, caused by the increase in independent crop. Management at the new mill at Musi Rawas are working towards its RSPO accreditation, and the Group’s certified output will increase once the mill receives this. The RSPO audit is expected in the second half of 2023.



Results for the period continued

MILL-GATE PRICES

CPO prices were exceptionally high during the first half of 2022, as commodity markets responded to the outbreak of war between Russia and Ukraine, and there were particular concerns over global vegetable-oil shortages. During that period, CPO prices (cif Rotterdam) peaked at almost US\$2,000 per tonne, and the average was US\$1,622 per tonne. Prices have stabilised since then, and in the first half of 2023, the average price was US\$986 per tonne, 39% lower. The Group does not receive the cif Rotterdam price when selling its output, but rather a 'mill-gate' price based on regular sales tenders. These prices are lower to take account of freight and insurance costs, but also to allow for export taxes and levies imposed by the Indonesian government. These are charged using graduated scales, and the Group benefited from lower taxes and levies in the first half of 2023. As a result, the reduction in mill-gate price was smaller than the

reduction in the cif Rotterdam reference price, and the Group achieved an average mill-gate price of US\$755 per tonne in the period to June 2023, 27% lower than in the first half of 2022.

The increase in palm-kernel prices had been even more marked than the CPO price increase in the first half of 2022, and so the Group similarly experienced a reduction in the average price achieved for its PK sales during the period to June 2023. The average price for PK sales to June 2023 was US\$410 per tonne, a little less than half the US\$830 for the first half of 2022.

SUSTAINABILITY

Being a producer of certified sustainable CPO and PK remains a core part of the Group's strategy, and brings with it a significant financial benefit. In the first half of the year, the Group's sustainability income was US\$3.2 million, similar to the US\$3.3 million achieved in the first half of 2022.

CROPS - FFB

	SIX MONTHS ENDED 30 JUNE 2023 TONNES	INCREASE/ (DECREASE) %	SIX MONTHS ENDED 30 JUNE 2022 TONNES	YEAR ENDED 31 DECEMBER 2022 TONNES
Own crops				
Kota Bangun	110,900	4	106,200	219,400
Bangka	57,900	(30)	82,900	167,200
Pangkalan group	78,200	(13)	89,900	192,500
Bumi Mas	75,200	(6)	80,000	166,700
Musi Rawas	61,600	26	49,000	107,600
Simpang Kiri	24,300	8	22,400	52,000
	408,100	(5)	430,400	905,400
Scheme-smallholder crops				
Kota Bangun	46,500	6	44,000	91,000
Bangka	34,500	(22)	44,400	91,200
Pangkalan group	700	75	400	900
Bumi Mas	13,400	—	13,400	30,600
Musi Rawas	29,800	23	24,200	52,000
	124,900	(1)	126,400	265,700
Independent crops purchased				
Kota Bangun	66,300	(30)	95,200	191,700
Bangka	48,100	89	25,500	62,800
Pangkalan group	29,400	137	12,400	39,100
Bumi Mas	30,500	93	15,800	47,000
Musi Rawas	13,800	—	—	—
	188,100	26	148,900	340,600
TOTAL CROP	721,100	2	705,700	1,511,700



PRODUCTION AND EXTRACTION RATES

	CRUDE PALM OIL				PALM KERNELS			
	SIX MONTHS ENDED 30 JUNE 2023 TONNES	INCREASE/ (DECREASE) %	SIX MONTHS ENDED 30 JUNE 2022 TONNES	YEAR ENDED 31 DECEMBER 2022 TONNES	SIX MONTHS ENDED 30 JUNE 2023 TONNES	INCREASE/ (DECREASE) %	SIX MONTHS ENDED 30 JUNE 2022 TONNES	YEAR ENDED 31 DECEMBER 2022 TONNES
PRODUCTION								
Group mills								
Kota Bangun	51,200	(8)	55,400	112,800	10,900	(11)	12,200	23,800
Bangka	31,700	(13)	36,600	75,100	7,900	(10)	8,800	18,400
Pangkatan group	24,300	2	23,800	53,300	5,300	(4)	5,500	12,200
Bumi Mas	28,000	12	25,100	56,200	4,700	12	4,200	9,600
Musi Rawas	23,900	—	—	—	4,300	—	—	—
	159,100	13	140,900	297,400	33,100	8	30,700	64,000
Third-party mills								
Musi Rawas	1,600	(89)	14,900	32,600	400	(88)	3,400	7,500
Simpang Kiri	5,500	10	5,000	11,700	1,100	10	1,000	2,300
	7,100	(64)	19,900	44,300	1,500	(66)	4,400	9,800
	166,200	3	160,800	341,700	34,600	(1)	35,100	73,800
EXTRACTION RATES								
	%	%	%	%	%	%	%	%
Group mills								
Kota Bangun – Bumi Permai	23.9	3	23.3	23.3	5.4	2	5.3	5.1
Kota Bangun – Rahayu	21.3	—	21.4	21.2	4.2	(2)	4.3	4.2
Bangka	22.6	(5)	23.9	23.4	5.6	(5)	5.9	5.7
Pangkatan group	22.4	(3)	23.2	22.9	4.9	(8)	5.3	5.2
Bumi Mas	23.5	2	23.1	23.0	4.0	5	3.8	3.9
Musi Rawas	24.6	—	—	—	4.4	—	—	—
	23.1	—	23.1	22.9	4.8	(6)	5.1	4.9
Third-party mills								
Musi Rawas	20.5	—	20.4	20.4	4.7	—	4.7	4.7
Simpang Kiri	22.5	—	22.5	22.5	4.5	—	4.5	4.5

71% of the output from the Group's certified mills was available for sale with sustainability credits, with a small part of these sales being held over to the second half of the year. In the first half of the year, the Group produced 96,500 tonnes of certified sustainable CPO, up by 7% from the 90,500 tonnes produced in the first half of 2022. The average premia for CPO when sold as certified oil was US\$16.00 (2022 US\$17.50), slightly lower than the previous period in response to lower underlying CPO prices. Demand for certified PK remained strong with average premia increasing to US\$108.80 (2022 US\$87.20).

As reported in the 2022 annual report, the Group has started to follow the guidelines laid down by the Taskforce on Climate-related Financial Disclosures ("TCFD") to determine its greenhouse gas emissions. The Group set 2021 as its baseline year for reporting, and in that year calculated a total of 2.72 million tonnes of CO₂ equivalent emissions, including both direct (scope 1 and 2) and indirect (scope 3) emissions. At the time of publishing the 2022 annual reporting, scope 3 emissions for 2022 were still being collated, but the Group can now report a 2022 total of 2.38 million tonnes of CO₂.



Results for the period continued

equivalents, a 12% reduction from the previous year. The fall in emissions is mainly as a result of opening the Group's fifth palm-oil mill in 2022, reducing scope 3 emissions from processing Group crop in outside mills. The Group can expect a further reduction from this source of emissions in 2023 due to the opening of the Group's sixth mill.

The Group is scheduled to be publishing a detailed, standalone, TCFD report in September 2023, a copy of which will be available on the Group's website. In addition, a separate report on wider environmental, sustainability and governance ("ESG") matters will be published later this year, and will also be available on the Group website.

COSTS

The cost per tonne of palm product produced from the Group's own areas increased in the first half of the year to US\$535 per tonne (2022 US\$425 per tonne). There were three main reasons for this. Firstly, as already mentioned, the first part of the year was a relatively low-cropping period in several parts of Indonesia and, whilst some of the Group's costs vary with production, there are also significant fixed costs, and these led to an increase in unit costs in the first half, by approximately US\$50 per tonne. Secondly, the Group continued to feel the effects of inflation, particularly in relation to fertiliser, which is one of the largest external costs on Group estates. Total expenditure on fertiliser doubled in the first half of the year, adding approximately US\$50 per tonne to unit costs. Finally, the Group added another new mill during the first half of the year, and cost of production is inevitably higher than other mills at the start of production. Moving into the second half of the year, unit costs are expected to fall as production increases, and also as fertiliser costs start to fall. The Group has already secured its fertiliser supplies for the remainder of 2023 at a lower cost than those applied in the first half.

The Group purchases ffb to process in its mills, both from its associated scheme smallholders and from independent suppliers. The price paid to purchase crop is linked to the CPO commodity price, and so the Group was able to secure ffb in the first half of 2023 at a lower price than in the same period in 2022. This helped to reduce the Group's overall cost of production to US\$574 per tonne (2022 US\$598 per tonne).

GROSS PROFIT

Now that the Group has six palm-oil mills, the substantial majority of the Group's revenue and profit is derived from processing crop in Group mills. In the first half of 2023, 96% of total crop (2022 – 86%) was processed in a Group mill, and 100% of the Group's US\$23.1 million gross profit (2022 – 91% of US\$64.8 million) was derived from locations with mills. Total gross profit was lower in the period, mainly as a result of the reduction in the CPO price, and the knock-on effect on the mill-gate price achieved by the Group for its output.

PLANTING

The Group continued to plant at its Musi Rawas estate in South Sumatra in the first half of 2023, and as the planted hectareage there continues to mature, the crop available for processing in the Group's new mill will increase. During the first half of 2023 the Group planted a total of 362 further Group-owned hectares. As a result, the Group has achieved its objective of planting a total of 10,000 hectares at Musi Rawas. Further planting will take place when further areas become available.

NEW LAND

The Group's long-standing strategy has been to continue to increase its planted hectareage, both through further planting at existing properties, and by acquiring additional planted land. In March 2023, the Group was successful in acquiring 2,100 planted hectares adjacent to its Simpang Kiri estate in Aceh Province, northern

AVERAGE SELLING PRICES

	SIX MONTHS ENDED 30 JUNE 2023 US\$	DECREASE %	SIX MONTHS ENDED 30 JUNE 2022 US\$	YEAR ENDED 31 DECEMBER 2022 US\$
CPO (cif Rotterdam)	986	(39)	1,622	1,345
CPO – Group mill gate	755	(27)	1,035	854
Palm-kernel oil	915	(54)	1,968	1,073
Palm kernels – Group mill gate	410	(51)	830	611

Sumatra. The purchase cost was US\$7,000 per planted hectare, and the Group has already embarked upon a replanting programme in some areas to work towards bringing the newly acquired land up to Group standards. In addition, after the end of the period, the Group announced that it had signed a conditional agreement for the acquisition of a further 8,350 planted hectares, inclusive of 1,686 scheme-smallholder hectares, in East Kalimantan, for a price of US\$9,000 per planted Group-owned hectare. In accordance with the Group's strategy of maximising the utilisation of its existing milling capacity, the crop from the majority of these hectares will be sent for processing to the Group mills at Kota Bangun.

ASSOCIATED COMPANIES

The Group's 40%-held Malaysian property joint venture, Bertam Properties Sdn Berhad ("Bertam Properties") again traded profitably in the first half of 2023 as it continues to develop high-quality and affordable homes within its market in Malaysia. The Group's share of Bertam Properties' profit in the period was US\$0.2 million (2022 US\$0.1 million). The Group's 38%-owned Indonesian oil-palm associate, PT Kerasaan Indonesia saw a reduction in profits in the first half of the year, primarily as a result of the lower CPO price environment. The Group's share of their profit in the period was US\$0.6 million (2022 US\$1.1 million).

RESULT

Overall, the Group recorded revenue of US\$134.5 million for the first half of 2023, a reduction of 21% on the same period in 2022, primarily due to the lower mill-gate price for Group sales of both CPO and PK. The lower price environment had a consequential effect on margins, with the Group achieving a gross margin in the period to June 2023 of 17% (2022 – 38%) and a gross profit of US\$23.1 million (2022 US\$64.8 million). There was a small foreign exchange gain of US\$0.6 million in the first half (2022 loss of US\$1.9 million) as the Indonesian Rupiah strengthened slightly against the US Dollar, whilst administrative expenses increased in the period due to the phasing of certain expenditure including professional fees and travel, with visits to Indonesia only restarting in the second half of 2022, and a board trip taking place in the first half of 2023. Other income, at US\$1.2 million, was higher than in the prior year as the Group was able to command higher prices for its empty kernel shells, a by-product from the milling process. Finance costs increased to US\$1.7 million (2022 US\$1.2 million) as interest rates on the Group's remaining debt were higher during the period. The profit for the period was US\$17.8 million (2022 US\$48.2 million) and earnings per share were 24.8p (2022 – 63.3p).



Part of the Bertam Properties development area showing planned future development



Current trading and prospects

The total crop processed in the two months to 31 August 2023 was 318,800 tonnes, an increase of 18% from the 270,700 tonnes processed in the same period of 2022. This brings the total for the year to date to 1,039,900 tonnes as shown in the following table:

	EIGHT MONTHS ENDED 31 AUG 2023 TONNES	INCREASE/ (DECREASE) %	EIGHT MONTHS ENDED 31 AUG 2022 TONNES
Own crops	593,700	(2)	604,200
Scheme-smallholder crops	179,100	1	176,600
Independent crops purchased	267,100	37	195,600
	1,039,900	7	976,400

During the two months to August 2023, the crops harvested from the Group's majority-owned areas and from its associated scheme-smallholder areas were significantly higher than in the first half of the year, averaging 119,900 tonnes, 35% higher than the 88,800-tonne average in the first half of the year. As a result, crop from majority-owned areas continued to reduce the gap to prior-year amounts, and is expected to go beyond prior-year levels in the coming months, as has crop from scheme-smallholder areas. Crop from independent suppliers continues to be significantly in excess of prior-year levels.

The Group was delighted to report, in September 2023, that it had signed a conditional agreement for the acquisition of a further 8,350 planted hectares in East Kalimantan. Once this transaction has been completed, the Group will have total planted hectareage under management of over 65,000 hectares, an increase of more than 10,000 hectares in less than 12 months. All of the new planted hectareage in East Kalimantan is

relatively young, with planting having started in 2017 and an average age of 5 years. The Group can look forward to increasing yields as the palms mature in the coming years. The majority of the new hectareage will supply crop to the Group's existing mills at Kota Bangun, increasing the utilisation and efficiency of the operations there.

Since the end of the first half, CPO has traded between US\$930 and US\$1,055 per tonne cif Rotterdam, not dissimilar to the average for the first half of the year of US\$986 per tonne. Mill-gate prices have also been similar to those in the first half of the year, and the Group has received recent pricing of between US\$700-740 per tonne for its CPO output.

The board remains firmly of the view that, with the Group's increased hectareage and prospects for continued increases in crop and production, as a producer of sustainable palm oil, the Group is in a strong position to continue to deliver healthy cash flows, and attractive shareholder returns.

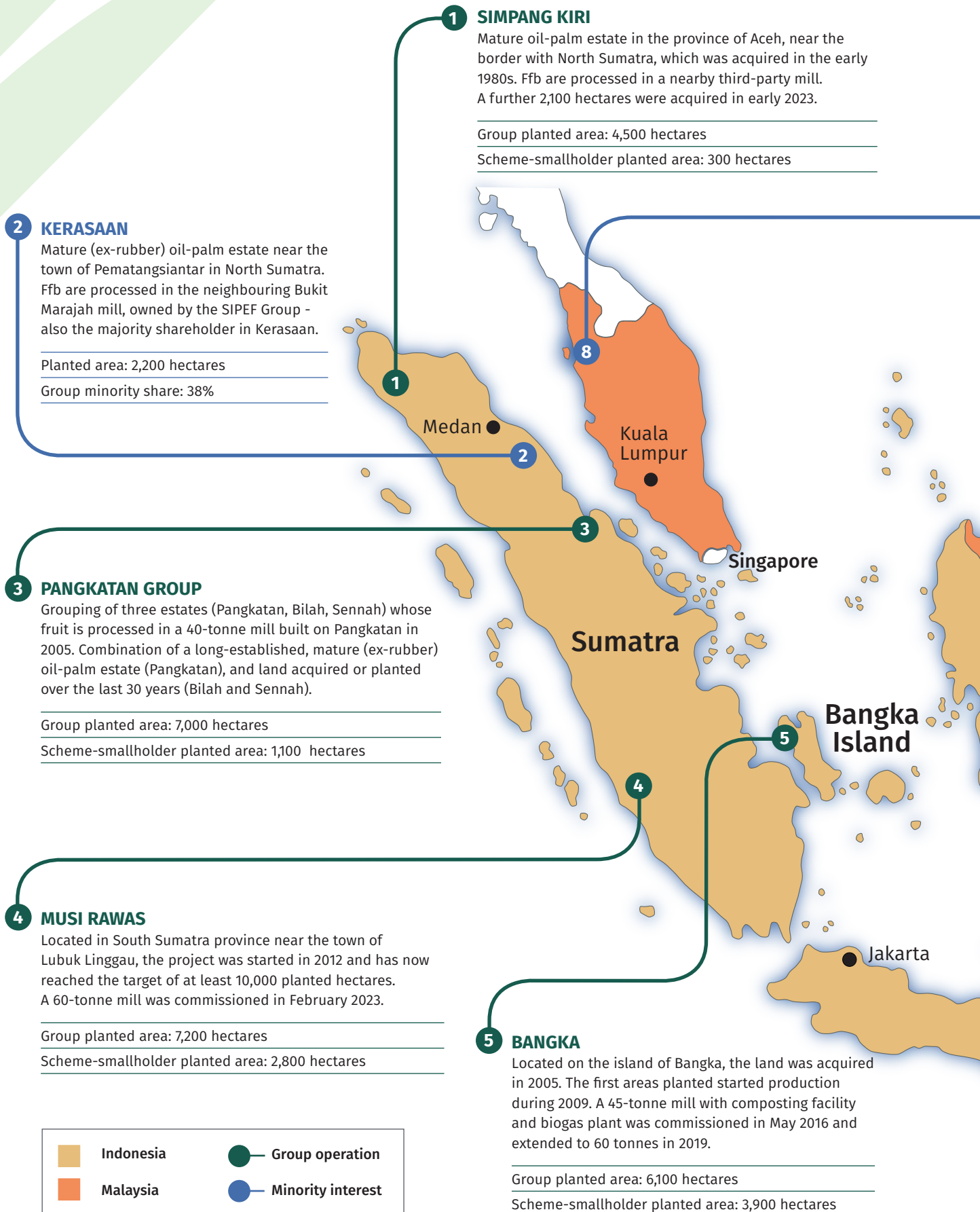


Primary school at Kota Bangun estate

One of the schools at the Group's Kota Bangun project, with children in the playground. The Group is continuing to invest in additional school places in 2023.



Map and locations





8 BERTAM PROPERTIES

This land was previously the Group's Bertam Estate, all of which has now been sold to Bertam Properties, a joint venture with two Malaysian partners. Starting in 1992, the area has been developed into a new town. Following the sale of the last 70 hectares of Bertam Estate into Bertam Properties in 2021, the remaining developable area is 210 hectares.

Bertam Properties: 313 hectares

Group minority share: 40%

7 BUMI MAS

Located in East Kalimantan, north-east of Sangatta next to the Manubar river. The land was acquired in 2017. It was largely planted in 2012-14, with the first harvesting taking place during 2015. A 60-tonne mill was commissioned in August 2021.

Group planted area: 7,500 hectares

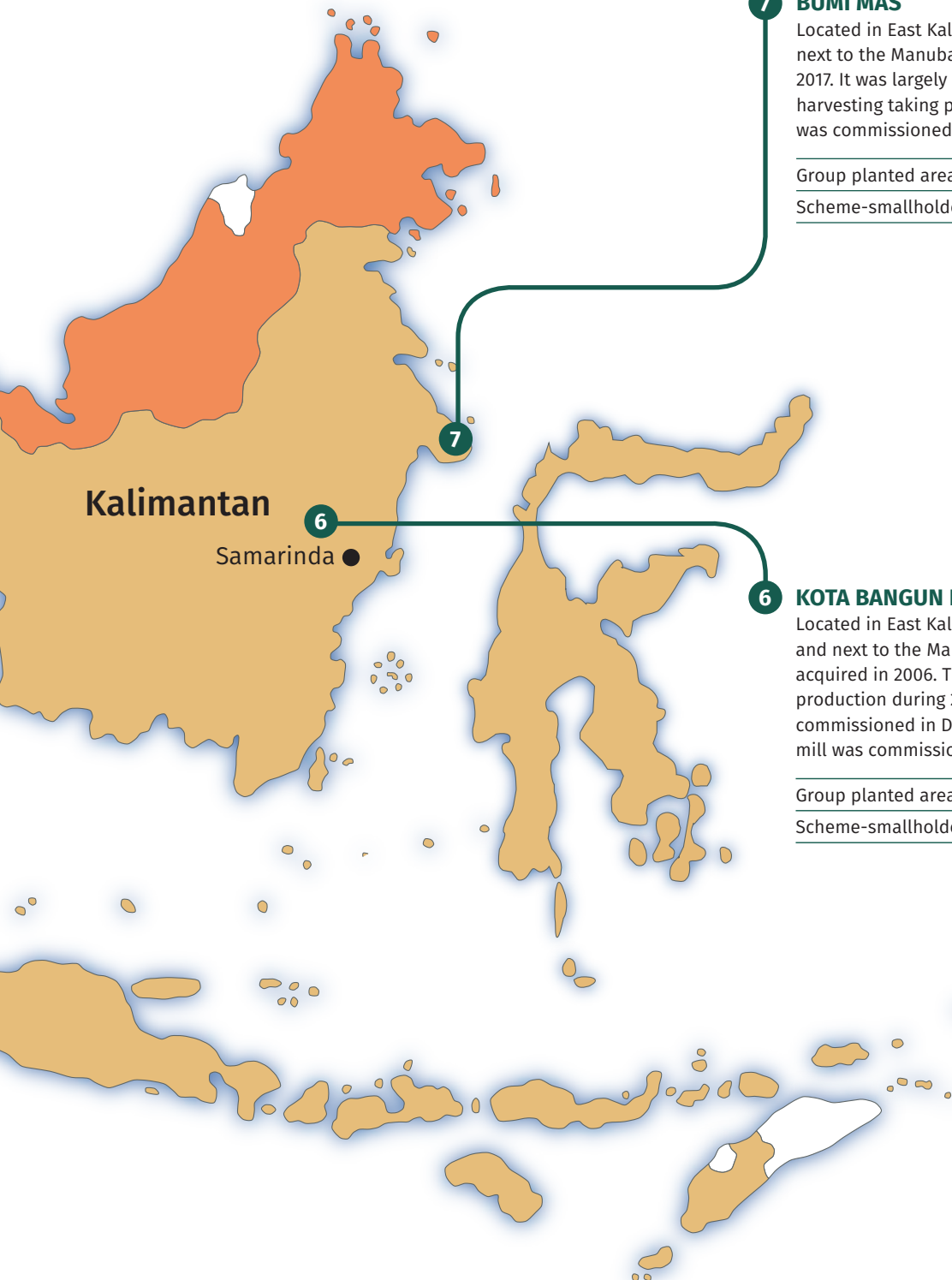
Scheme-smallholder planted area: 1,400 hectares

6 KOTA BANGUN ESTATES

Located in East Kalimantan, close to Kota Bangun and next to the Mahakam river, the land was acquired in 2006. The first areas planted started production during 2010; a 60-tonne mill was commissioned in December 2012, and a 45-tonne mill was commissioned in September 2020.

Group planted area: 10,400 hectares

Scheme-smallholder planted area: 4,600 hectares





Unaudited consolidated income statement

For the six months ended 30 June 2023

	Note	SIX MONTHS ENDED 30 JUNE 2023 US\$'000	SIX MONTHS ENDED 30 JUNE 2022 US\$'000	YEAR ENDED 31 DECEMBER 2022 US\$'000
Continuing operations				
Revenue	3	134,469	170,282	326,917
Cost of sales		(111,331)	(105,516)	(217,707)
Gross profit	3	23,138	64,766	109,210
Gain/(loss) on biological assets		1,025	233	(1,431)
Foreign-exchange gains/(losses)		582	(1,864)	(3,444)
Other administrative expenses		(2,590)	(2,290)	(4,614)
Other income		1,223	856	1,865
Operating profit		23,378	61,701	101,586
Finance income		600	679	1,395
Finance costs		(1,683)	(1,154)	(2,731)
Profit before taxation		22,295	61,226	100,250
Tax on profit on ordinary activities		(5,267)	(14,218)	(24,073)
Profit after tax		17,028	47,008	76,177
Share of associated companies' profit after tax	3	786	1,197	2,184
Profit for the period		17,814	48,205	78,361
Attributable to:				
Owners of M.P. Evans Group PLC		16,586	45,004	73,060
Non-controlling interests		1,228	3,201	5,301
		17,814	48,205	78,361
		US cents	US cents	US cents
Continuing operations				
Basic earnings per 10p share		30.8	82.3	133.9
Diluted earnings per 10p share		30.7	82.0	133.4
		Pence	Pence	Pence
Basic earnings per 10p share				
Continuing operations		24.8	63.3	108.0



Unaudited consolidated balance sheet

As at 30 June 2023

	Note	30 JUNE 2023 US\$'000	30 JUNE 2022 US\$'000	31 DECEMBER 2022 US\$'000
Non-current assets				
Goodwill		11,767	11,767	11,767
Other intangible assets		1,077	1,139	1,167
Property, plant and equipment		427,936	403,578	411,658
Investments in associates		11,654	13,440	11,795
Investments		58	61	61
Deferred-tax asset		1,020	1,246	989
Trade and other receivables		9,232	15,226	9,146
		462,744	446,457	446,583
Current assets				
Biological assets		4,114	4,753	3,089
Inventories		28,567	36,109	23,112
Trade and other receivables		29,905	26,931	32,681
Current-tax asset		5,740	2,673	2,290
Cash and cash equivalents		42,882	69,977	82,503
		111,208	140,443	143,675
Total assets		573,952	586,900	590,258
Current liabilities				
Borrowings		19,001	16,130	17,364
Trade and other payables		29,080	30,727	24,410
Current-tax liabilities		294	5,335	4,455
		48,375	52,192	46,229
Net current assets		62,833	88,251	97,446
Non-current liabilities				
Borrowings		21,364	40,366	31,675
Deferred-tax liability		13,478	12,391	13,538
Retirement-benefit obligations		11,199	12,803	9,972
		46,041	65,560	55,185
Total liabilities		94,416	117,752	101,414
Net assets		479,536	469,148	488,844
Equity				
Share capital	6	9,124	9,228	9,179
Other reserves		54,642	57,630	54,543
Retained earnings		397,605	386,796	407,460
Equity attributable to the owners of M.P. Evans Group PLC		461,371	453,654	471,182
Non-controlling interests		18,165	15,494	17,662
Total equity		479,536	469,148	488,844



Unaudited statement of changes in consolidated total equity

For the six months ended 30 June 2023

	SIX MONTHS ENDED 30 JUNE 2023 US\$'000	SIX MONTHS ENDED 30 JUNE 2022 US\$'000	YEAR ENDED 31 DECEMBER 2022 US\$'000
Profit for the period	17,814	48,205	78,361
Other comprehensive expense for the period	(1,352)	(1,459)	(542)
Total comprehensive income for the period	16,462	46,746	77,819
Issue of share capital	—	191	191
Share buy backs	(5,129)	(798)	(4,902)
Dividends paid	(20,760)	(22,121)	(29,732)
Credit to equity for equity-settled share-based payments	119	82	420
Transactions with owners	(25,770)	(22,646)	(34,023)
At 1 January	488,844	445,048	445,048
Balance at period end	479,536	469,148	488,844



Unaudited consolidated cash-flow statement

For the six months ended 30 June 2023

	Note	SIX MONTHS ENDED 30 JUNE 2023 US\$'000	SIX MONTHS ENDED 30 JUNE 2022 US\$'000	YEAR ENDED 31 DECEMBER 2022 US\$'000
Net cash generated by operating activities	7	20,411	50,642	102,288
Investing activities				
Purchase of property, plant and equipment		(23,824)	(13,920)	(33,714)
Purchase of intangible assets		—	—	(116)
Interest received		227	405	622
(Increase)/decrease in receivables from smallholder co-operatives		(2,973)	3,943	1,714
Proceeds on disposal of property, plant and equipment		66	137	3,055
Net cash used by investing activities		(26,504)	(9,435)	(28,439)
Financing activities				
Repayment of borrowings		(8,674)	(14,552)	(22,009)
Lease liability payments		—	(38)	(38)
Dividends paid to Company shareholders		(20,035)	(20,889)	(28,500)
Dividends paid to non-controlling interest		(72)	(123)	(124)
Purchase of non-controlling interests		—	—	191
Buy back of Company shares		(5,129)	(798)	(4,902)
Net cash used by financing activities		(33,910)	(36,400)	(55,382)
Net (decrease)/increase in cash and cash equivalents		(40,003)	4,807	18,467
Cash and cash equivalents at 1 January		82,503	65,609	65,609
Effect of foreign-exchange rates on cash and cash equivalents		382	(439)	(1,573)
Net cash and cash equivalents at period end		42,882	69,977	82,503



Mill at Musi Rawas Estate

Mill at Musi Rawas estate in South
Sumatra, commissioned in February 2023





Notes to the interim statements

For the six months ended 30 June 2023

1 General information

The financial information for the six-month periods ended 30 June 2023 and 2022 has been neither audited nor reviewed by the Group's auditors and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2022 is abridged from the statutory accounts. The 31 December 2022 statutory accounts have been reported on by the Group's auditors for that year, BDO LLP, and have been filed with the Registrar of Companies. The report of the auditors thereon was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, nor did it contain any matters to which the auditors drew attention without qualifying their audit report.

2 Accounting policies

The consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB), and with those parts of the Companies Act 2006 applicable to companies preparing accounts under IFRS.

The accounting policies of the Group follow those set out in the annual financial statements at 31 December 2022. The Group has made a number of critical accounting judgements and key estimates in the preparation of this interim report, and they remain consistent with those set out in note 3(r) to the 2022 annual financial statements.

3 Segment information

The Group's reportable segments are distinguished by location and product: Indonesian oil-palm plantation products in Indonesia and Malaysian property development.

	PLANTATION INDONESIA US\$'000	PROPERTY MALAYSIA US\$'000	OTHER US\$'000	TOTAL US\$'000
6 months ended 30 June 2023				
Revenue	134,469	—	—	134,469
Gross profit	23,138	—	—	23,138
Share of associated companies' profit after tax	545	241	—	786
6 months ended 30 June 2022				
Revenue	170,282	—	—	170,282
Gross profit	64,766	—	—	64,766
Share of associated companies' profit after tax	1,108	89	—	1,197
Year ended 31 December 2022				
Revenue	326,872	—	45	326,917
Gross profit	109,165	—	45	109,210
Share of associated companies' profit after tax	1,677	507	—	2,184

4 Dividends

	SIX MONTHS ENDED 30 JUNE 2023 US\$'00	SIX MONTHS ENDED 30 JUNE 2022 US\$'000	YEAR ENDED 31 DECEMBER 2022 US\$'000
2021 final dividend – 25p per 10p share	—	17,227	17,227
2021 special dividend – 5p per 10p share	—	3,662	3,662
2022 interim dividend – 12.5p per 10p share	—	—	7,611
2022 final dividend – 30p per 10p share	20,035	—	—
	20,035	20,889	28,500

Subsequent to 30 June 2023, the board has declared an interim dividend of 12.5p per 10p share. The dividend will be paid on or after 3 November 2023 to those shareholders on the register at the close of business on 13 October 2023.



Notes to the interim statements continued

5 Acquisition

On 6 March 2023, the Group acquired 100% of the shares in two Indonesian companies, PT Teunggulon Raya and PT Dharma Agung for gross consideration of US\$15.5 million. The companies have 2,100 hectares planted with oil palm, and all of the planted areas are fully titled, with long leaseholds already established. The planted land is close to the Group's Simpang Kiri estate in Aceh province, northern Sumatra.

The transaction has been treated as an asset acquisition, based on the concentration test guidelines in IFRS3. Net consideration of US\$11.0 million was paid, made up of assets acquired of US\$15.5 million and liabilities assumed of US\$4.5 million. Of the assets acquired, US\$15.0 million related to the planted hectareage.

6 Share capital

	30 JUNE 2023 NUMBER	30 JUNE 2022 NUMBER	31 DECEMBER 2022 NUMBER	30 JUNE 2023 US\$'000	30 JUNE 2022 US\$'000	31 DECEMBER 2022 US\$'000
Shares of 10p each						
At 1 January	54,230,888	54,696,253	54,696,253	9,179	9,232	9,232
Issued	50,000	30,000	30,000	6	4	4
Redeemed	(492,792)	(69,604)	(495,365)	(61)	(8)	(57)
At period end	53,788,096	54,656,649	54,230,888	9,124	9,228	9,179

7 Analysis of movements in cash flow

	SIX MONTHS ENDED 30 JUNE 2023 US\$'000	SIX MONTHS ENDED 30 JUNE 2022 US\$'000	YEAR ENDED 31 DECEMBER 2022 US\$'000
Operating profit	23,378	61,701	101,586
Biological (gain)/loss	(1,025)	(233)	1,431
Disposal of property, plant and equipment	1	242	845
Release of deferred profit	(36)	(16)	(40)
Depreciation of property, plant and equipment	11,840	10,968	21,931
Amortisation of intangible assets	90	83	171
Retirement-benefit obligation	115	(83)	(586)
Share-based payments	119	272	420
Dividends from associated companies	—	—	2,656
Operating cash flows before movements in working capital	34,482	72,934	128,414
Increase in inventories	(5,455)	(14,355)	(1,358)
Decrease in receivables	5,005	11,575	11,864
Increase/(decrease) in payables	1,107	(435)	(6,752)
Cash generated by operating activities	35,139	69,719	132,168
Income tax paid	(13,045)	(17,923)	(27,149)
Interest paid	(1,683)	(1,154)	(2,731)
Net cash generated by operating activities	20,411	50,642	102,288



8 Exchange rates

		30 JUNE 2023	30 JUNE 2022	31 DECEMBER 2022
US\$1=Indonesian Rupiah	Average	15,053	14,452	14,853
	Period end	14,993	14,898	15,568
US\$1=Malaysian Ringgit	Average	4.46	4.27	4.40
	Period end	4.67	4.41	4.41
£1=US Dollar	Average	1.24	1.30	1.24
	Period end	1.27	1.21	1.20

9 Post balance-sheet event

On 7 September 2023, the Group announced that it had signed a conditional agreement to acquire a further 8,350 planted hectares in East Kalimantan (inclusive of 1,686 scheme-smallholder hectares), for a price of US\$60 million, representing US\$9,000 per planted Group-owned hectare. The crop from the majority of these planted hectares will be available to supply the Group's existing mills at Kota Bangun, increasing the utilisation and efficiency of the milling operations there. Like the purchase at Simpang Kiri in March 2023, this acquisition is fully aligned with the Group's long-standing strategy to add additional planted hectareage around its existing operations.



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