2021-2022

CONSOLIDATED ANNUAL FINANCIAL STATEMENT

AXEREAL
Land and people for the future

2021-2022

AXEREAL HAS PERFORMED WELL THIS YEAR DESPITE THE UNSTABLE ECONOMIC SITUATION, WITH FINANCIAL RESULTS SIGNIFICANTLY UP ON LAST YEAR

TURNOVER

€4,295M

Up 37%

EBITDA

€208M

Up 26%

BANK COVENANTS MET

OPERATING PROFIT

JUST UNDER **€100M**

Doubled in a year

PRO FORMA NET FINANCIAL DEBT[1]

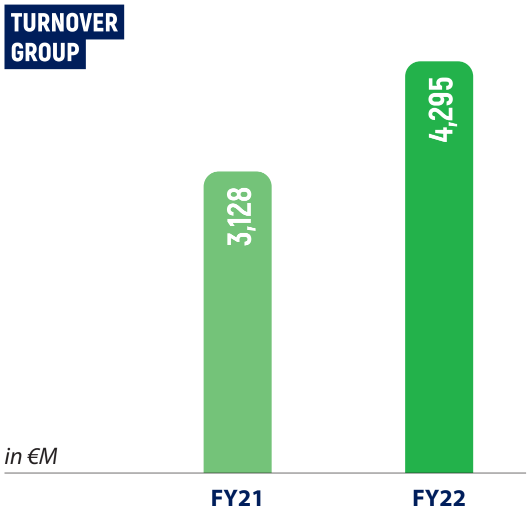
€978M

Up €145m

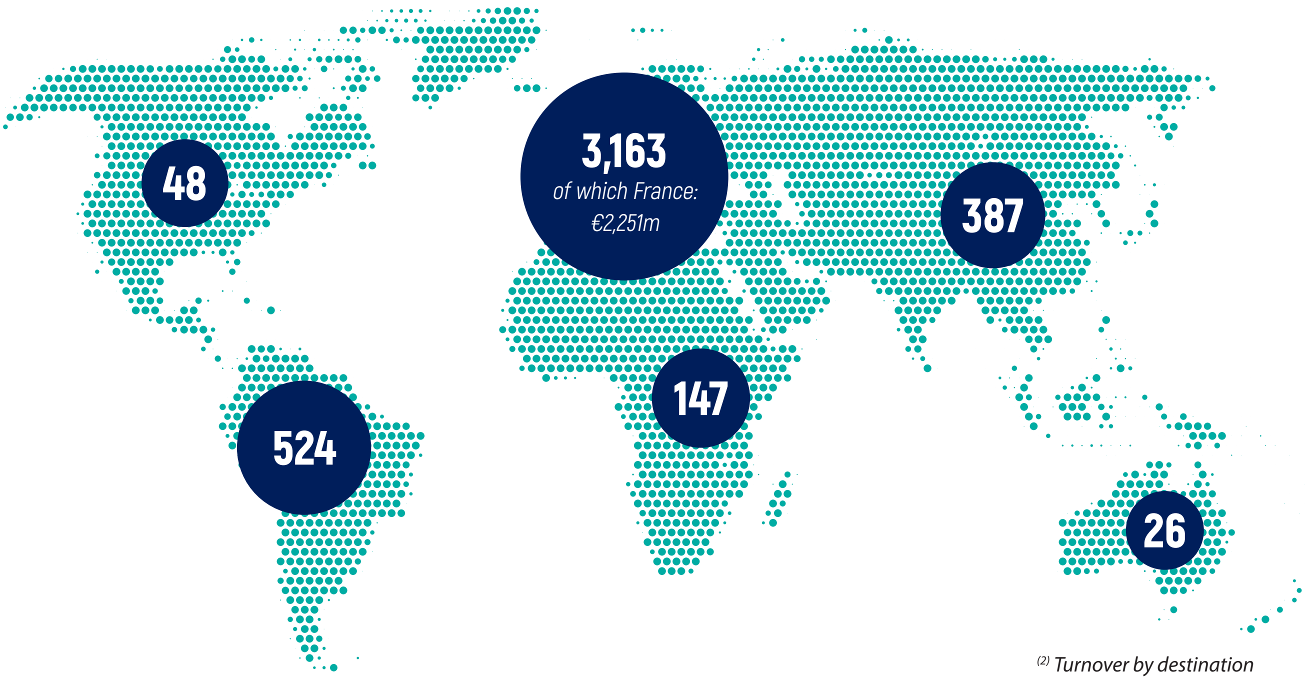
[1] Adjustment relating to the accounting treatment of Equity Commitments (ECs) during the year. Impact of +€100m on net financial debt recorded at 30/06/2022.

GROUP RESULTS

The Group posted turnover of €4,295m, up 37% from the previous period, mainly driven by grain price increases. Around 50% of the group's turnover is generated internationally, with Europe (excluding France) accounting for 21%, South America for 12% and Asia for 9%.



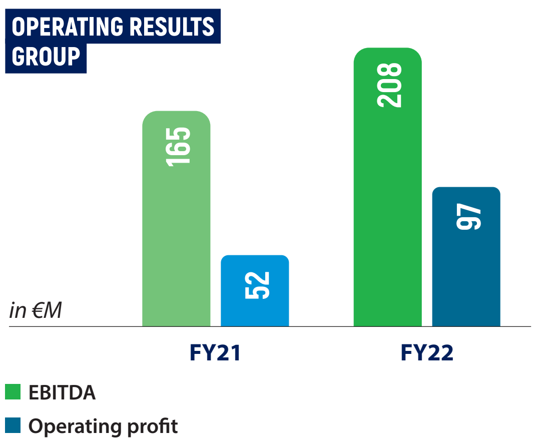
TURNOVER BY GEOGRAPHICAL ZONE(2) (IN €M)



(2) Turnover by destination

The group's operating results were driven by volume increases, the implementation of the "Rebondir" transformation plan and synergies in the Malting division. During the last quarter, the effects of inflation on agricultural raw materials and energy purchases were partially offset by price increases agreed with major customers.

As a consequence, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) broke the €200m threshold to reach €208m as at 30 June 2022, up 26% from the previous period, and operating profit came in just below €100m, double the previous period's figure.



RESULTS BY DIVISION

AGRICULTURE & PROCESSING CHANNELS DIVISION

Around a year ago, we grouped together our agricultural, milling and livestock farming activities within the Agriculture & Processing Channels (A&PC) division in order to capture the full value of the flows of grain. As at 30 June 2022, this division generated turnover of €2,494m and EBITDA of €63m, accounting for 58% of the group's turnover and 30% of its EBITDA.

AGRICULTURE

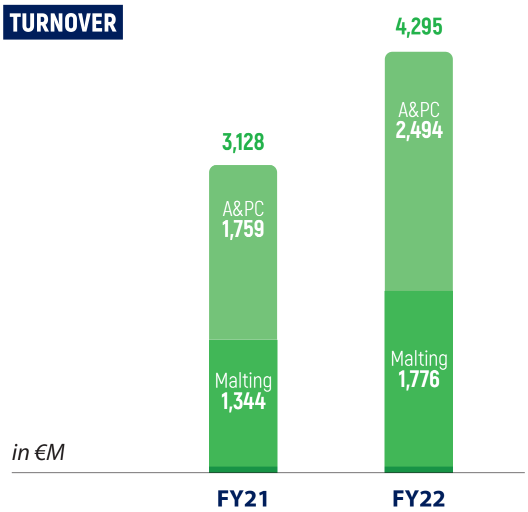
Within agriculture, Axereal originated 4.7m tonnes of crops during the 2021 harvest, thanks to strong business growth in Central Europe. The autumn campaign was particularly buoyant (up 25% from the previous period). Our agricultural businesses also benefited from a highly successful agro supplies season with significant market share recaptured thanks to a well-judged market positioning.
Turnover was €2,075m, up 50% from last year, driven by both a price effect and higher origination volumes.
EBITDA was €56m, up 69% from last year. The "Rebondir" transformation plan was rolled out in line with expectations, and the results met the objectives set. The plan's impact on group EBITDA over the last period was +€10m.

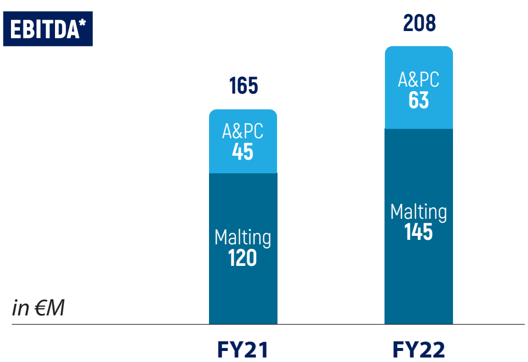
MILLING

The Milling activity has seen sales volumes back on an upward trend with an increase of 3%, mainly for processing customers.
Turnover was €185m, up 15% from last year, driven by both a price effect and higher sales volumes.
EBITDA was €5m, down €2m from the previous period due to higher raw materials prices and increases in transport costs.

LIVESTOCK FARMING

Within the Livestock Farming activity, feed compound sales continued to suffer from the ongoing decline in meat consumption, accentuated this year by price increases.
Turnover was €234m, broadly unchanged compared to the last period as the increase in raw materials prices has compensated for lower volumes during the year.
EBITDA was €2m, down €3m from the previous period, mainly due to the decrease in volumes sold.





MALTING DIVISION

The Malting division, which encompasses both malting plant operations and malting barley trading, saw excellent sales performance with malt volumes sold up 8% to 2.9m tonnes as at 30 June 2022. Malting plant capacity utilisation stands at 99% of available capacity.

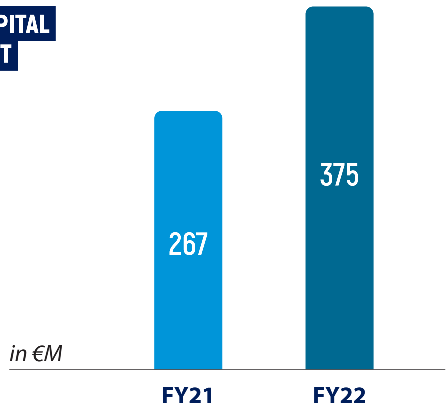
Malting has had an unusual year due to a number of external factors coupled with the all-round volatility in the prices of raw materials (especially gas). Through their efforts, the malting teams have successfully reduced the impact of these, for example by agreeing price increases with major customers.
Turnover was €1,776m, up 32% from last year.

EBITDA was €145m, up 21% from last year.
The synergies implemented have produced results in line with the division's objectives, representing a saving of €13m in the accounts as at 30 June 2022.

WORKING CAPITAL REQUIREMENT (WCR)

Strict management of the operational components of WCR together with the use of optimisation tools such as off-balance-sheet inventory financing and non-recourse factoring have enabled us to limit the increase in the group's WCR to €108m, taking it to a total of €375m as at 30 June 2022, despite the unprecedented inflation situation.

WORKING CAPITAL REQUIREMENT



INVESTMENTS (CAPEX)

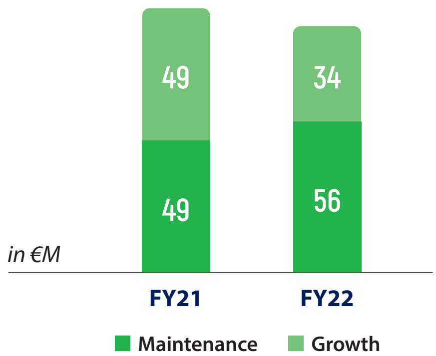
The group invested €90m during the 2021-2022 accounting period, representing 43% of EBITDA.

Recurrent CAPEX stood at €56m, a level comparable to our historic investment spend.

In addition, we continued to pursue our growth strategy with new malting production capacity which is a particular focus for investment (with the reopening of the Cavan malting plant in Australia and the extension of our Buckie site in Scotland).

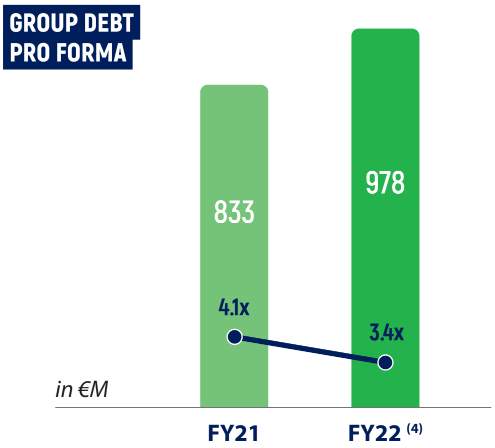
We also pledged to invest to enhance the value of the crops grown by cooperative members in our territories. To achieve this, we ran two projects during the year, one relating to brewing and the other to vegetable proteins.

INVESTMENT BY TYPE



PRO FORMA NET CONSOLIDATED DEBT AND LEVERAGE RATIO

The unprecedented rise in raw materials prices during the period has affected the WCR component of the group's projected net debt, which stands at €978m as at 30 June 2022 compared to €833m as at 30 June 2021. Thanks to the financing tools available to the group, we have been able to absorb the majority of the increase in the WCR caused by raw materials price volatility.



During the first quarter of 2022, we completed our discussions with our financial partners with a view to extending the maturity of our main sources of financing and tailoring the amortisation profiles to the business plan. We also issued a €100m "Prêt Participatif Relance" equity loan to finance our investments in France over the next eight years.

In addition, we rescheduled the Ariane and AMH put options. The adjustments agreed were implemented between January and March 2022.

Our leverage ratio, as defined in our banking documentation, was 3.4x as at 30 June 2022 compared to 4.1x as at 30 June 2021 and remains within the maximum defined in the covenant.

(4) Pro forma net financial debt

EVENTS AFTER THE END OF THE REPORTING PERIOD

In late July 2022, we put in place with our banking partners an additional revolving line of credit of up to €400m for an initial period of 14 months (and an option to extend for 6 months, at the discretion of the banks). This facility enable us to consolidate our liquidity for the 2022-2023 period in order to weather the challenging inflationary environment and in particular the high and very volatile prices of the main agricultural commodities.

VIDEO

The 100% digital video version of our 2021-2022 annual report.

FIND OUT MORE

on our website, axereal.com

AXEREAL
Land and people for the future

36 rue de la Manufacture - CS 40639
45166 Olivet Cedex - France
Tel.: +33 (0)2 34 59 51 00

axereal.com

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