Press release

Paris, August 4, 2022

2022/23 quarterly results

Improved results
Further reduction in debt leverage

(April 2022 – June 2022)

- **Revenues of €1,376 million, up 36% compared to Q1 21/22, mainly thanks to higher prices across all segments, offsetting the temporary drop in sugar and ethanol volumes sold in Brazil following the decision to hibernate an industrial plant to optimize margins.**

- **EBITDA of €226 million, twice the level reported in Q1 21/22, notably thanks to the strong commercial performance, which, coupled with our hedging strategy, absorbed the impact of higher costs, especially those of grains and energy.**

- **EBITDA on a 12-month rolling basis rose to €799 million in the period to June 30, 2022 compared to €682 million in the period to March 31, 2022.**

- **Recurring EBIT of €125 million, compared to €25 million in Q1 21/22.**

- **Net debt of €2,371 million, down €319 million compared to June 30, 2021 and down €16 million compared to March 31, 2022.**

- **Debt leverage cut to 3.0x from 3.5x at March 31, 2022.**

- **Net debt excluding working capital of €1,584 million, down €370 million compared to June 30, 2021 and reduction of €94 million compared to March 31, 2022.**

- **Tereos has overhauled its governance framework and set up a Board of Directors as approved at the Shareholders' Meeting on June 23, 2022.**

- **Tereos' credit rating was upgraded by the agencies S&P and Fitch in July 2022.**

GROUP'S RESULTS

Key figures € m	21/22 Q1	22/23 Q1	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Revenues	1,013	1,376	+36%	+32%
Adjusted EBITDA[1]	109	226	+108%	+102%
Adjusted EBITDA margin	*10.7%*	*16.4%*		
Recurring EBIT[2]	25	125	+405%	+408%
EBIT margin[2]	*2.5%*	*9.1%*		

Consolidated **revenues** rose to €1,376 million in Q1 22/23, up 36% at current exchange rates and up 32% at constant exchange rates from €1,013 million in Q1 21/22.

The Group's revenues were driven by higher prices across all the product categories.

Consolidated **adjusted EBITDA[1]** amounted to €226 million in Q1 22/23, up 108% at current exchange rates and up 102% at constant exchange rates compared to €109 million in Q1 21/22. On a 12-month rolling basis to June 30, 2022, adjusted EBITDA amounted to €799 million.

Consolidated **recurring EBIT[2]** amounted to €125 million in Q1 22/23 compared to €25 million in Q1 21/22.

The Group's operating results were driven by the hikes in prices of all our products, offsetting the inflation in our production costs, particularly affecting purchases of agricultural raw materials and energy. This negative impact was reduced by our hedging positions during the quarter.

1. RESULTS BY DIVISION

SUGAR AND RENEWABLES EUROPE

In **France**, crop development has progressed smoothly during the 2022 season despite reduced rainfall, and as things currently stand, the average yield for the season is expected to exceed the average for the past five years.

As every year, weather conditions over the coming weeks will have a crucial impact on yields.

Revenues for the Sugar and Renewables Europe division amounted to €517 million in Q1 22/23, up 36% at current exchange rates from €379 million in Q1 21/22.

The division's **adjusted EBITDA** came to €94 million in Q1 22/23, up 172% at current exchange rates from €34 million in Q1 21/22.

[1] *See the definition of adjusted EBITDA in the Appendix.*
[2] *EBIT excluding non-recurring items (not significant in Q1 21/22 and Q1 22/23)*

The division's **recurring EBIT** totaled €62 million in Q1 22/23, compared to €4 million in Q1 21/22.

Despite the impact of inflation on the cost structure, curbed to some extent by the hedges put in place, the division's results were driven by higher sugar, ethanol and alcohol prices.

SUGAR AND RENEWABLES INTERNATIONAL

In **Brazil**, agricultural yields were higher than in the 2021 crop, but the sugarcane tonnage processed will again be lower than the average for the past five years. To maximize its margins, Tereos decided to hibernate the Severinia plant, which is one of the seven industrial facilities operated by the Sugar and Renewables division in Brazil. The nominal daily production capacity has been reduced as a result, which will extend the length of the season. That will give rise to a temporary production shortfall, with volumes produced and sold in Q1 22/23 below those in the same period of the previous year. Over the full year, sugarcane tonnage and production volumes are expected to rise above the 21/22 levels.

Sugar and Renewables International **revenues** totaled €198 million in Q1 22/23, up 16% at current exchange rates and up 1% at constant exchange rates from €171 million in Q1 21/22.

The division's **adjusted EBITDA** came to €44 million in Q1 22/23, down 10% at current and 21% at constant exchange rates from €49 million in Q1 21/22.

The division's **recurring EBIT** came to -€3 million in Q1 22/23, compared to €19 million in Q1 21/22.

Despite the increase in sugar and ethanol prices, the division's results were held back by the effects of inflation on the cost structure and the fall in volumes caused by the temporary production shortfall, for the reasons given above. As explained, sugarcane yields and volumes produced and sold are expected to be higher over the full year than they were in the previous year.

STARCH, SWEETENERS AND RENEWABLES

Revenues for the Starch, Sweeteners and Renewables division amounted to €577 million in Q1 22/23, up 40% at current exchange rates compared to €412 million in Q1 21/22.

The division's results were driven by higher prices across all the product categories sold.

The division's **adjusted EBITDA** came to €78 million in Q1 22/23, up 328% at current exchange rates from €18 million in Q1 21/22.

The division's **recurring EBIT** totaled €56 million in Q1 22/23, compared to €-4 million in Q1 21/22.

The division's operating results were driven by a hike in selling prices, a trend reflecting the positive impact of the commercial strategy introduced in 2021 and a favorable market environment.

2. NET DEBT

Net debt at June 30, 2022 stood at €2,371 million, stable compared to €2,387 million at March 31, 2022. Excluding readily marketable inventories (€473 million that can be converted into cash at any time), the Group's adjusted net debt totaled €1,898 million.

The small decline in net debt compared to March 31, 2022 reflects an operating cash flow before changes in working capital covering CAPEX and more than offsetting the combined effects of changes in working capital and exchange rates.

The Group's debt leverage at June 30, 2022 stood at 3.0x, an improvement on the 3.5x recorded at March 31, 2022.

The Group's financial security amounted to €1,087 million at June 30, 2022. It consisted of €362 million in cash and cash equivalents and €725 million in undrawn confirmed long-term credit lines.

Net debt at June 30, 2022 breaks down as follows:

Net debt € m	March 31, 2022	June 30, 2022	Current	Non-current	Cash and cash equivalents
Net debt	2,387	**2,371**	320	2,413	(362)
Net debt/EBITDA ratio	3.5x	**3.0x**			
Net debt/EBITDA ratio excl. RMI*	2.8x	**2.4x**			

** Readily Marketable Inventories: €466 million as of March 31, 2022 and €473 million as of June 30, 2022*

Net debt excluding working capital is down €370 million compared to the level on June 30, 2021.

Net debt € m	June 30, 2021	March 31, 2021	June 30, 2022
Net debt	2,690	2,387	**2,371**
Working capital (WC)	735	709	**787**
Net debt excluding WC	1,954	1,678	**1,584**

POST-CLOSING EVENTS

Changes to the Group's governance framework

The cooperative Group Tereos is overhauling its governance by switching from a "Supervisory Board and Management Board" mode to a Board of Directors, made up of 9 members, which is responsible for managing all the Tereos Group's activities across both the cooperative sector and its diversification ventures.

For greater efficiency and under the initiative of the Board of Directors, the cooperative has set up a Cooperative Council, made up of 18 cooperators, which reviews and ensures the management of all the agricultural, production, commercial and financial activities related to the Cooperative members' crops.

This new governance mode of the Group reflects the roles and responsibilities of the cooperative members, its elected representatives, and its managers. In addition, Tereos is breaking new ground by seeking to appoint as rapidly as possible two independent directors to its Board of Directors who will play a full part in its work as permanent guests acting in an advisory capacity.

Upgrade in the Group's credit rating by S&P and Fitch

Rating agencies S&P and Fitch upgraded the Group's rating in July 2022: S&P improved the rating from B+ to BB- and Fitch raised it from BB- to BB. These upgrades were motivated by the Group's strong results in FY 21/22 and the improvement in its financial ratios, factors reinforced by positive forecasts.

The reports published by the agencies mention that cost control and the commercial strategy helped drive the improvement in results, especially at the Starch & Sweeteners division. Looking ahead, S&P expressed its confidence in the Group's ability to protect its margins against the backdrop of cost inflation, through a disciplined pricing strategy. It also stated that the Group has an adequate level of financial security and that its operating performance over the next 12 to 18 months is likely to be solid, thanks to the successful execution of its business strategy, with a focus on improving profitability. Fitch is confident the Group will be able to maintain a lower level of debt leverage and believes its financial security and solid relationships with its banks are reassuring factors for the future.

2022/23 cash flows

The sharp increase in raw materials and energy costs leads to an increase working capital, which will impact the level of net debt from Q3. The Group's net debt at March 31, 2023 is expected to be higher than at March 31, 2022.

About Tereos

With a long-term vision of valuing agricultural raw materials and developing quality products for the food, health and renewable energy sectors, Tereos is a leader in the sugar, alcohol and starch markets. The Group's commitments to society and the environment contribute to the company's performance in the long term while strengthening its contribution as a responsible player. The cooperative group Tereos is a union of more than 12,000 Cooperative members and has recognized know-how in the processing of beet, sugarcane, cereals, and potatoes. Through 44 industrial sites, a presence in 13 countries and the commitment of its 19,800 employees, Tereos supports its customers close to their markets with a broad and complementary range of products. In 2021/22, the Group posted revenues of €5.1 billion.

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APPENDIX

A. RESULTS BY DIVISION

Revenues by division € m	21/22 Q1	22/23 Q1	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	379	517	+36%	+36%
Sugar International	171	198	+16%	+1%
Starch & Sweeteners	412	577	+40%	+38%
Others (incl. elim.)	51	84	+64%	+62%
Tereos Group	1,013	1,376	+36%	+32%

Adjusted EBITDA by division € m	21/22 Q1	22/23 Q1	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	34	94	+172%	+171%
Sugar International	49	44	-10%	-21%
Starch & Sweeteners	18	78	+328%	+325%
Others (incl. elim.)	7	10	+37%	+37%
Tereos Group	109	226	+108%	+102%

Recurring EBIT by division € m	21/22 Q1	22/23 Q1	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	4	62	+1581%	+1568%
Sugar International	19	(3)	-116%	-107%
Starch & Sweeteners	(4)	56	na	na
Others (incl. elim.)	6	10	+61%	+61%
Tereos Group	25	125	+405%	+408%

***Adjusted EBITDA** corresponds to net income (loss) before income tax, the share of income from equity affiliates, net financial income, depreciation, amortization and impairment, goodwill impairment, bargain purchase gains, and earn-out payments. It is also restated for changes in the fair value of financial instruments, inventories, and sale and purchase commitments, except for the portion of these items that relates to trading activities, changes in the fair value of biological assets, the seasonal effect, and non-recurring items. The seasonal effect corresponds to the temporary difference in the recognition of depreciation and amortization charges, and earn-out payments between the Group's financial statements under IFRS and the Group's management accounts. Adjusted EBITDA is not a financial indicator defined as a measure of financial performance under IFRS and may not be comparable to similar indicators referred to using the same term by other companies. Adjusted EBITDA is provided for additional information purposes and cannot be considered as a substitute for operating income or operating cash flow.*

B. MARKET TRENDS

WORLD SUGAR MARKET

The NY11 sugar price showed higher volatility during the period from April to June 2022. It peaked at $20.4 cts/lb in early April and ended June at $18.8 cts/lb. This trend was sparked by the regulatory changes underway in Brazil concerning fuel taxes, aimed at cutting the price of fuel at the pump. By the end of June, the markets had priced in the baseline scenario of ethanol becoming less competitive than gas, but the measures taken subsequently have proven positive for the ethanol market, as explained in the section of this press release on the ethanol market in Brazil.

SUGAR EUROPE

The war in Ukraine led to increased volatility of spot prices during Q1 22/23. According to the European Commission's reports, the ex-works sugar price was €452/metric ton in May 2022, an increase of €56/metric ton on the previous year. The steady uptrend continues into Q2 22/23 thanks to the post-Covid rebound in consumer spending and inflation in energy and raw material costs.

Planted surface areas are expected to decline for the fifth year in a row, with the reduction estimated at around 4%. Weather conditions over the summer will have a crucial impact on achieving a good yield given the low rainfall in the early crop development period.

ETHANOL BRAZIL

ESALQ ethanol prices averaged BRL3.36/liter in Q1 22/23, up 21% compared to last year. Prices were supported by the late start to the season in the Center-South region, caused by poor sugarcane crop development as a result of the unfavorable weather conditions in 2021.

By the end of Q1 22/23, talks concerning the changes to fuel taxes envisaged to lower fuel costs for vehicle users temporarily put prices under downward pressure. To date, following the various decisions actually made concerning fuel taxes, bioethanol is set to remain competitive compared to gas not just in the short term but also in the long term, through a measure that will maintain bioethanol's competitiveness for the next 20 years. This is the first time that the sector has received such support, placing bioethanol within a more competitive and robust regulatory framework than ever before.

ETHANOL EUROPE

T2 European ethanol prices averaged €1,196/m^3 in the first quarter of the financial year, up 94% compared to the same period of last year. This increase was supported by the surge in production costs as a result of the war in Ukraine and strong demand for biofuels given the end of pandemic-related restrictions. In addition, the European market continues to experience an ethanol shortage, while imports from Brazil and the United States are not high enough to make up for this scarcity.

The medium-term outlook for T2 remains positive, with the European market experiencing structural shortages and demand exceeding supply. Production costs are set to remain high given the war in Ukraine, which has pushed up energy and cereals markets to record highs.

CEREALS

Wheat: MATIF wheat prices averaged €394/metric ton in Q1 22/23, up 80% from their level in the previous year. The war in Ukraine remains one of the main factors behind these inflated prices, and a record high level of €438/metric ton was reached in May. The current situation has put the availability of wheat under threat given the substantial inventories blocked in the Black Sea region. Situation is evolving, as Ukraine made its first shipment of corn since Russia's invasion on August 1, 2022.

Corn: Corn prices averaged €338/metric ton in Q1 22/23, up 39% from their level in Q1 21/22. Difficulties exporting Ukrainian corn have reduced product availability. The outlook is for high prices given uncertainties concerning the meteorological situation in Europe and the United States.

GAS EUROPE

The gas market remains under pressure, with prices staying at high levels and experiencing greater volatility. The Forward Q4 22 prices are around the €150/MWh mark.

Since the end of 2021, the challenging geopolitical environment has fanned uncertainty concerning the supply of gas from Russia. This pressure has intensified with the war in Ukraine and introduction of sanctions against Russia by the European Union countries. Gas flows between Russia and the European Union have been highly volatile since the end of the first quarter of 2022, and volumes declined substantially in June, reducing the scope for inventories to be rebuilt in Europe ahead of the winter. The markets anticipate the possibility of gas rationing being introduced in several countries during winter 2022/23, pushing up prices to record levels. Developments in flows from Russia to the European Union countries and the ability of these countries to rebuild their gas inventories ahead of the winter will be crucial factors determining gas pricing trends over the next few months.