Release

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2022/23 Annual Results

Strong annual results confirming the positive trend

(April 2022 – March 2023)

- Revenues for the financial year amounted to €6,557 million, up by 29%, driven by higher prices across all segments.
- EBITDA of €1,108 million, up 62%, thanks to the good execution of our sales and hedging strategies which optimized margins despite the strong increase in energy prices and raw materials.
- Recurring EBIT of €664 million, compared to €302 million in financial year 21/22.
- Positive net income of €161 million, mainly impacted by €252 million in assets depreciation.
- As anticipated in the Group's results announcements since Q4 21/22, the sharp rise in raw materials and energy prices has mechanically led to an increase in working capital and thus in the level of net debt in 2022/23. For this reason, net debt, totalling €2,700 million, was up by €313 million compared to March 31, 2022. Leverage improved and stood at 2.4x, compared to 3.5x at the end of March 2022 and 2.8x at the end of December 2022.
- Structural debt – debt excluding the amount of working capital – continued to improve and decreased to €1,280 million at the end of March 2023, an improvement of €398 million compared to the end of March 2022 and of €77 million compared to the end of December 2022.
- Appointment of Jorge Boucas on April 20, 2023 as Managing Director of Tereos.

Gérard Clay, Chairman of Tereos' Board of Directors, commented:

"Tereos is enjoying a return to strong growth momentum. The performance seen during the 22/23 financial year is the fruit of efforts made by our cooperative members and our employees and is in line with Tereos' mission to unlock the full potential of plant-based resources to create value with the goal of achieving customer satisfaction. We must continue to be cautious in a market which remains challenging, but we have also provided ourselves with the means to dare and to look together, once again, to the future with confidence! We are delighted to welcome Jorge Boucas as Managing Director of Tereos. He will be able to draw on the work already done by our team to continue to steer our recovery strategy and achieve our decarbonization objectives."

Jorge Boucas, Managing Director of Tereos commented:

"The Management Committee will continue the ongoing transformation and accelerate the decarbonization of our activities in order to meet the challenges presented by the environmental transition. We have been committed to the SBTi's FLAG guidance since the end of 2022, and are currently focusing on precisely defining each action in order to achieve net zero greenhouse gas emissions by 2050 at the latest both at the global Group scale and throughout our entire value chain. I am proud to be able to address this challenge alongside the teams at Tereos and in the best interests of our cooperative members."

1. GROUP RESULTS

Key figures € m	21/22 Q4	22/23 Q4	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	21/22 12m	22/23 12m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Revenues	1,542	**1,778**	15%	15%	5,086	**6,557**	29%	26%
Adjusted EBITDA (1)	258	**339**	31%	30%	682	**1,108**	62%	57%
Adjusted EBITDA margin (1)	*16.8%*	*19.0%*			*13.4%*	*16.9%*		
Recurring EBIT (2)	160	**217**	36%	36%	302	**664**	119%	115%
EBIT margin (2)	*10.4%*	*12.2%*			*5.9%*	*10.1%*		
Net income (loss)	133	**(66)**			172	**161**		

Consolidated **revenues** rose to €6,557 million in financial year (FY) 22/23, up by 29% at current exchange rates and by 26% at constant exchange rates from €5,086 million in FY 21/22.

Consolidated **adjusted EBITDA**[1] was €1,108 million at the end of March 2023, up by 62% at current exchange rates and by 57% at constant exchange rates from €682 million in FY 21/22.

Consolidated **recurring EBIT**[2] amounted to €664 million at the end of March 2023 versus €302 million in FY 21/22.

This improvement in results was driven by the combined impact of the increase in selling prices (sugar, alcohol, ethanol, sweeteners and electricity), strict cost control and the good execution of the hedging strategy. These factors protected the Group's margins against a backdrop of significant raw material and energy price increases.

At the end of the 22/23 financial year, a goodwill depreciation (following impairment tests) was booked in the Sugar and Renewables International division. In addition, on March 8, 2023, the Group announced its intention to halt operations at the Escaudœuvres sugar factory and the Morains distillery (two assets in the Sugar and Renewables Europe division) and to divest the Haussimont starch manufacture facility (Starch, Sweeteners and Renewables division), leading to impairments being recorded on intangible assets. The adjustment of -€252 million on the Group's EBIT (including non-recurring effects) in 2022/23 is predominantly due to these factors.

[1] *Please see the definition of adjusted EBITDA in the appendix.*
[2] *EBIT excluding non-recurring items (€81 million in financial year (FY) 21/22 and -€252 million in FY 22/23).*

2. RESULTS BY DIVISION

SUGAR AND RENEWABLES EUROPE

In **France**, yields in the 2022 crop were below the average for the past five years. Beet volumes were therefore down -11% compared to the 2021 campaign, at 14.7 million tonnes.

Revenues for the Sugar and Renewables Europe division amounted to €2,503 million at the end of March 2023, up 32% at current exchange rates from €1,896 million in FY 21/22.

The division's **adjusted EBITDA** was €336 million at the end of March 2023, up 34% at current exchange rates from €252 million in FY 21/22.

The division's **recurring EBIT** totalled €201 million at the end of March 2023, compared to €117 million in FY 21/22.

The division's results were driven by the combined impact of increased sugar, ethanol and alcohol prices and the good execution of the hedging strategy, against a backdrop of strong pressure and volatility on energy and raw material costs. Regarding the selling prices, the 22/23 B2B sugar contracting campaign, concluded at an average price of around €900 per tonne, only began to have a full impact on results as of Q4 22/23. This quarter also saw a decrease in volumes and significant effects of energy costs, consistent with the increase in sales prices.

SUGAR AND RENEWABLES INTERNATIONAL

In Brazil, the sugar crop ended with a processed sugarcane volume of 17.3 million tonnes, an increase compared to the 15.6 million tonnes recorded in the 2021 crop, but still below the average for the past five years.

The Sugar and Renewables International division's **revenues** reached €1,282 million at the end of March 2023, up by 28% at current exchange rates and by 15% at constant exchange rates, versus €1,004 million in FY 21/22.

The division's **adjusted EBITDA** amounted to €341 million at the end of March 2023, up by 52% at current exchange rates and by 36% at constant exchange rates from €225 million in FY 21/22.

The division's **recurring EBIT** totalled €130 million at the end of March 2023, compared to €73 million in FY 21/22.

In Brazil, an increase in yields, good control of the sugar/ethanol production mix and a robust operating performance led to an increase in sugar volumes sold over the financial year compared to FY 21/22, with sugar benefiting from more favourable price levels over the period than ethanol.

The marked improvement in the division's results was mainly due to the increase in the selling prices of sugar and ethanol, which was a result of both the market context and the good execution of the hedging strategy.

STARCH, SWEETENERS AND RENEWABLES

Revenues from the Starch, Sweeteners and Renewables division amounted to €2,499 million at the end of March 2023, up 28% at current exchange rates from €1,953 million in FY 21/22.

The division's **adjusted EBITDA** came to €405 million at the end of March 2023, up 165% at current exchange rates from €153 million in FY 21/22.

The division's **recurring EBIT** totalled €311 million at the end of March 2023, compared to €62 million in FY 21/22.

The improvement in the division's results continues to reflect the rise in selling prices compared to the previous year. The good execution of the sales strategy and production optimization (starches, sweeteners, alcohol and ethanol) allowed the division to secure margins despite the increase in production costs and the slight decrease in volumes.

3. NET DEBT

Net debt at March 31, 2023 stood at €2,700 million compared to €2,387 million at March 31, 2022, an increase of €313 million. Excluding Readily Marketable Inventories (€754 million that can be converted into cash at any time), the Group's adjusted net debt totalled €1,946 million.

The increase in debt compared to March 31, 2022 has been anticipated by the Group in all of its results publications since Q4 21/22 and is due to the marked increase in working capital:

- Operational cash flow before investments rose sharply to €814 million (+39% compared to 21/22) and largely covers CAPEX (€387 million, up 4% compared to 21/22);
- Cash flow after CAPEX therefore stood at €427 million, up 98% compared to 21/22;
- However, this was not enough to absorb the very substantial increase in working capital (+€711 million) due to the combined effect of the change in market value of the Group's hedges (margin calls) and the increase in the unitary value of our inventory (as a result of the increase in energy and raw material prices). In FY 21/22, the impact of margin calls on cash flow was very positive whereas in FY 22/23 a major negative impact was recorded. To a lesser extent, the change in accounts payable had a positive impact on FY 22/23 cash flow.

The Group's debt leverage at the end of March 2023 stood at 2.4x, representing an improvement compared to the end of March 2022 (3.5x).

The Group maintains the trend of reducing structural debt (debt excluding working capital).

At the end of March 2023, the Group's financial security reached €893 million, consisting of €553 million in cash and cash equivalents and €340 million in undrawn confirmed long-term credit lines.

Net debt at March 31, 2023 breaks down as follows:

Net debt € m	March 31, 2022	March 31, 2023	Current	Non-current	Cash and cash equivalents
Net debt	2,387	**2,700**	656	2,597	(553)
Net debt/EBITDA ratio	3.5x	**2.4x**			
Net debt/EBITDA ratio excl. RMI*	2.8x	**1.8x**			

**Readily Marketable Inventories: €466 million at the end of March 2022 and €754 million at the end of March 2023.*

Net debt excluding working capital decreased by €398 million from its level at the end of March 2022.

Net debt € m	March 31, 2022	March 31, 2023
Net debt	2,387	**2,700**
Working capital (WC)	709	**1,420**
Structural debt (excluding working capital)	1,678	**1,280**

4. POST-CLOSING EVENTS

APPOINTMENT OF THE NEW MANAGING DIRECTOR, JORGE BOUCAS

Jorge Boucas was appointed, as of April 20, 2023, Managing Director of the Tereos cooperative. As such, he will be responsible for leading the Management Committee. Jorge Boucas' mission will be to carry out Tereos Group's strategic project, defined by the Board of Directors in June 2021.

PERSPECTIVES ON THE 23/24 CHANGE IN WORKING CAPITAL

Although the recent drop in the gas spot price compared to the high levels seen in 22/23 reduces the pressure on Tereos' cost structure, the Group's effective energy cost also depends on hedging. When prices show an upward trend, hedging is on average below the spot price and the reverse is true when prices show a downward trend. For this reason, the magnitude of the change in the effective energy cost (and in general of the hedged inputs) within the cost structure may be smaller than that observed for spot prices. In addition, the price of agricultural raw materials has a significant impact within the Group's cost structure and on the unitary value of its inventories. If these prices remain high, this component will not be a factor in the reduction of working capital. For example, the high global sugar price (NY11) automatically leads to a higher sugarcane price in Brazil (Consecana index). Our working capital is also still affected by the widespread inflation that has now lasted for several quarters in all our geographies.

As a result, working capital could be at a similar level at the end of March 2024 compared to the end of March 2023.

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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 Tereos cooperative group, a union of 11,200 cooperative members, has a recognized know-how in the processing of beet, sugarcane, cereals and potatoes. Through 43 industrial sites, a presence in 15 countries and the commitment of its 15,800 employees (figures as of end of March 2023), Tereos supports its customers close to their markets with a broad and complementary range of products. In 2022/23, the Group posted revenues of €6.6 billion.

APPENDIX

A. GROUP'S RESULTS IN DETAIL

Volumes sold	21/22 Q4	22/23 Q4	% chg.	21/22 12m	22/23 12m	% chg.
Sugar and Sweeteners (k. tco)	1,482	**1,144**	*-23%*	5,819	**5,706**	*-2%*
Alcohol and Ethanol (k. m3.)	490	**317**	*-35%*	1,549	**1,420**	*-8%*
Starch and Protein (k. tco)	235	**195**	*-17%*	1,117	**1,017**	*-9%*
Energy (GWh)	133	**131**	*-2%*	1,303	**1,381**	*6%*

Income statement € m	21/22 12m	22/23 12m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Revenues	5,086	**6,557**	29%	26%
Adjusted EBITDA	682	**1,108**	62%	57%
EBITDA margin	*13.4%*	*16.9%*		
Seasonality adjustment	1	(3)		
Depreciation, amortization	(396)	(431)		
Other	15	(10)		
Recurring EBIT	302	**664**		
Recurring EBIT margin	*5.9%*	*10.1%*		
Non-recurring items	81	(252)		
Financial result	(214)	(213)		
Corporate income tax	(15)	(55)		
Share of profit of associates	17	18		
Net result	172	**161**		

***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 price supplements. 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.*

Change in net debt € m	21/22 12m	22/23 12m
Net Debt (opening position) excl. IFRS 16	(2,421)	(2,236)
Adjusted EBITDA	682	1,108
Other operating cash flows	89	(100)
Net financial charges	(164)	(164)
Income tax paid	(21)	(29)
Cash flows	586	814
Maintenance & renewals	(255)	(299)
Other CAPEX	(116)	(89)
Cash flow after CAPEX	215	427
Change in working capital	35	(712)
Cash flow from operating activities	251	(285)
Financial investments	(36)	(26)
Disposals of assets	129	10
Dividends received	12	14
Cash flow from (used in) investing activities	105	(2)
Cash flow after investing activities	356	(287)
Dividends paid & price supplement	(23)	(8)
Capital increases/other capital movements	(1)	(12)
Cash flow from (used in) capital transactions	(23)	(19)
Free cash flow	333	(306)
Other (incl. forex effects)	(148)	(23)
Net debt excluding IFRS 16 impact	(2,236)	(2,566)
IFRS 16 impact	(151)	(135)
Net debt – closing position	(2,387)	(2,700)

B. RESULTS BY DIVISION

Revenues by division € m	21/22 Q4	22/23 Q4	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	21/22 12m	22/23 12m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	587	743	26%	26%	1,896	2,503	32%	31%
Sugar International	342	231	-32%	-33%	1,004	1,282	28%	15%
Starch and Sweeteners	590	707	20%	20%	1,953	2,499	28%	27%
Others (incl. elim.)	23	97	321%	310%	233	273	17%	34%
Tereos Group	1,542	1,778	15%	15%	5,086	6,557	29%	26%

Adjusted EBITDA by division € m	21/22 Q4	22/23 Q4	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	21/22 12m	22/23 12m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	81	75	-8%	-8%	252	336	34%	33%
Sugar International	99	69	-30%	-33%	225	341	52%	36%
Starch and Sweeteners	68	167	147%	147%	153	405	165%	164%
Others (incl. elim.)	11	28	157%	159%	53	26	-52%	-51%
Tereos Group	258	339	31%	30%	682	1,108	62%	57%

Recurring EBIT by division € m	21/22 Q4	22/23 Q4	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	21/22 12m	22/23 12m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	44	40	-8%	-9%	117	201	72%	70%
Sugar International	57	10	-82%	-80%	73	130	78%	61%
Starch and Sweeteners	47	141	199%	198%	62	311	402%	402%
Others (incl. elim.)	12	25	119%	122%	51	22	-57%	-56%
Tereos Group	160	217	36%	36%	302	664	119%	115%

C. MARKET DEVELOPMENTS

WORLD SUGAR MARKET

The NY11 sugar price started at 19.4 USDcts/lb as of April 1, 2022 and ended the fiscal year at 22.2 USDcts/lb of March 31, 2023, i.e. a 15% increase. The possibility of excess production led to an initial period of decline from April to September, with the price falling to a low of 17.4 USDcts/lb. The market has since downgraded production in several countries such as India, Thailand, Pakistan and China, as well as in regions such as Europe and NAFTA countries – a sign of a fourth consecutive year of supply shortfalls. This change in perspective led to significant price increases between September and the end of FY 22/23. From April 2023, the upward trend in prices was bolstered by prospects of another harvest resulting in a deficit, due to climate risk projections (increased probability of the El Niño phenomenon) and the price reached 26 USDcts/lb.

SUGAR EUROPE

During the financial year 22/23, available surface area for the European sugar market shrank (c. 4% vs. 21/22), which affected production levels. At the same time, the war in Ukraine created a tense and uncertain environment that led to increases in commodity prices and production costs. In terms of demand, the European market has shown good resilience, with a sustained level of consumption despite the difficult macroeconomic environment. This aggravated the production deficit in Europe and led to very sharp price hikes, which reached an average of €802 per tonne in February 2023 (ex-works), an increase of €361 per tonne compared to the same period in 2022. Looking ahead, no major increase in production volume is expected compared to 22/23.

ETHANOL BRAZIL

ESALQ ethanol prices averaged R$2.86 per litre in 22/23, a decrease of 8% compared to 21/22. The price drop was driven by changes made to fuel tax policy in an attempt to control inflation driven by fuel prices, as a result of the rise in international oil prices.

One year after these duty changes, there is still some uncertainty regarding the fuel tax policy. New measures that have been approved and are due to take effect from June 2023 may lead to an increase in petrol prices of R$0.26 per litre, which would have a positive effect on the price of ethanol. Other government fuel taxes may also be reinstated from July and this could further increase the competitiveness of ethanol.

ETHANOL EUROPE

The price of Ethanol T2 Rotterdam fell by 14% over the course of FY 22/23 to reach €950/m^3 on March 31, 2023. In the fourth quarter, it fell to its lowest level of €684/m^3 in January 2023 before rebounding to a level of €950/m^3 (an increase of 39%). Grain and energy costs fell during the quarter, allowing European producers to maintain a high level of production with positive margins. Looking ahead, the T2 price trend is expected to remain positive in the medium-term, mainly driven by the structural production deficit on the European market, while demand remains strong.

CEREALS

The cereal market began FY 22/23 with increased volatility and historically high prices due to the war in Ukraine.

Wheat: MATIF wheat was €365 per tonne on April 1, 2022, up 33% on pre-war prices in January 2022. Since July 2022, the Black Sea Grain Initiative has allowed cereals to be exported from Ukraine across the Black Sea, driving a drop in the MATIF price to €260 per tonne on March 31, 2023, a decrease of 29% compared to April 1, 2022. Production is currently good in Australia and Russia and stock levels are high in Europe.

Corn: The price of MATIF corn followed a downward trend as well, due to low production levels by its main exporters, especially Europe where yields have been impacted by a dry climate. MATIF corn ended FY 22/23 at €258 per tonne, down 18% versus April 1, 2022.

GAS EUROPE

The PEG index for gas prices in France continued to be very volatile during FY 22/23. The market tension was high during 2022 with several events affecting the supply/demand balance: (i) the war in Ukraine, which began in February 2022, (ii) the replenishment of German stock in the summer of 2022 and (iii) the explosion rupturing Nord Stream gas pipelines in September 2022. The price exceeded the €200/MWh threshold and reached a record high of €340/MWh in August 2022. It then remained above €100/MWh for most of the rest of 2022, however, in 2023 prices fell sharply, reaching €40/MWh on March 31, 2023.

Europe was able to partially offset the loss of Nord Stream Russian flows with an increase in LNG imports from the United States and Qatar, while in terms of demand, energy consumption sobriety was observed in several sectors, all of which has reduced the pressure on the supply/demand balance.

Europe ended the winter of 22/23 with historically high stock levels, at 56% capacity, and with good replenishment prospects during the summer of 2023, leading to lower prices.