Press Release

Greenyard posts positive H1 net result on back of continued profitable growth

Sint-Katelijne-Waver, Belgium, 16 November 2021

- Greenyard realises further profitable growth, on top of last year's double-digit growth.
- Adjusted EBITDA increases by 8% to € 82,6m for the first half of the year, with the adjusted EBITDA margin improving by 24bps.
- Net result positive at € 8,5m versus €1,1m for the same period last year.
- Net debt (excluding lease accounting) and leverage decreasing significantly versus H1 last year resp. to € 338,1m and 2,8x.
- Adjusted EBITDA Guidance of € 165,0m for AY 2021/2022 and ambition for € 190,0m by AY 2024/2025 re-confirmed.

Highlights

- Further to last year's already double-digit H1 increase in sales (+10,3%), Greenyard added another € 38,1m like-for-like sales, reaching € 2 151,6m (+1,8% versus the same period last year). This sales growth reflects positive trends in both Fresh and Long Fresh segments.
- The adjusted EBITDA for H1 continued to increase from € 76,9m last year to € 82,6m this year (+7,5%). This resulted in an improved margin by 24bps to 3,8%, mainly driven by the integrated customer relationships and further profit improvement plans. Sales from integrated customer relationships represent 74% of sales in the Fresh segment (versus 71% last year) and therefore provide stability to the margin.
- Net result from continuous operations for the first half of the year increased from € 1,1m last year to € 8,5m thanks to a stronger EBIT and reduced financial costs post the March 2021 refinancing.
- Alongside the increase in operational results, the recent divestments and further working capital improvements, have led to a decrease in nominal financial debt (excluding lease accounting) from € 407,4m in September 2020 to € 338,1m (-17,0%) for the first half of this year. As compared to March 2021, a debt reduction of € -1,8m has been achieved while over summer inventories are built up (i.e. +€ 71,2m versus year-end).
- Leverage decreases from 3,9x H1 last year to 2,8x in H1 of this year. Greenyard is well on track to meet the earlier guidance of around 2,5x by the end of the financial year.
- Working capital improvements resulting in a better cash conversion cycle, and a decrease in factoring usage, which dropped € 50,4m from € 282,5m at the end of September last year to € 232,1m for H1 of this financial year.
- Greenyard re-confirms its earlier adjusted EBITDA guidance of € 165,0m for the full financial year ending 31 March 2022, and its ambition to grow to € 190,0m by 2024/2025.
- Greenyard will host its virtual Capital Markets Days on 7, 8 and 9 December 2021, for which more information is available through https://capitalmarketsdays.greenyard.group/

- On the H1 financials, a live webcast will be hosted today. This can be accessed by visiting the following link or via telephone: +32 2 588 50 96, Passcode: 44019026#. The call begins promptly at 2:00pm (CET).

Hein Deprez, co-CEO: *"The financial results of this first half year underpin the successful roll-out of our strategy. We will continue to build and leverage our unique position in the healthy food ecosystem. Greenyard is in both segments right at the heart of the current transition towards more-plant-based diets. Our integrative commercial strategy is the way of the future, and combined with our permanent efficiency improvement programs, leads to stable financial performances. Going forward, we truly have a unique opportunity to contribute to an enhanced health for current and future generations, and for the planet."*

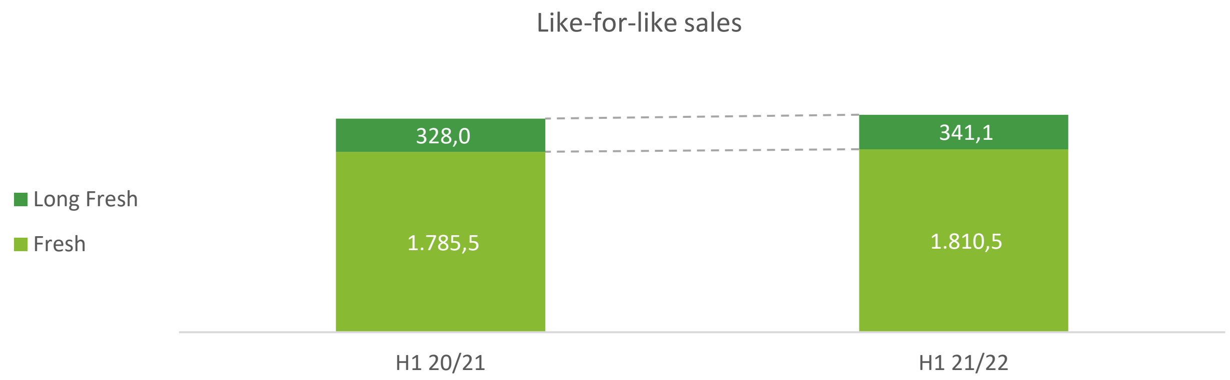
Marc Zwaaneveld, co-CEO: *"This first half year, we continued the same path of sustainable and profitable growth, further building on last year's double-digit growth. We demonstrated strong cost leadership, and at the same time we committed to impactful investments to ensure long-term and relevant growth for our company. We will accelerate investing in further digitisation and automation, fully embedding it into our operations. Greenyard is well-positioned to add value in the entire value chain, and to further unlock the power of plant-based food. We are set to reach our earlier guidance of adjusted EBITDA, for the current accounting year, of €165,0m, and stable growth in the years to come."*

1. Key financials – continuing progress

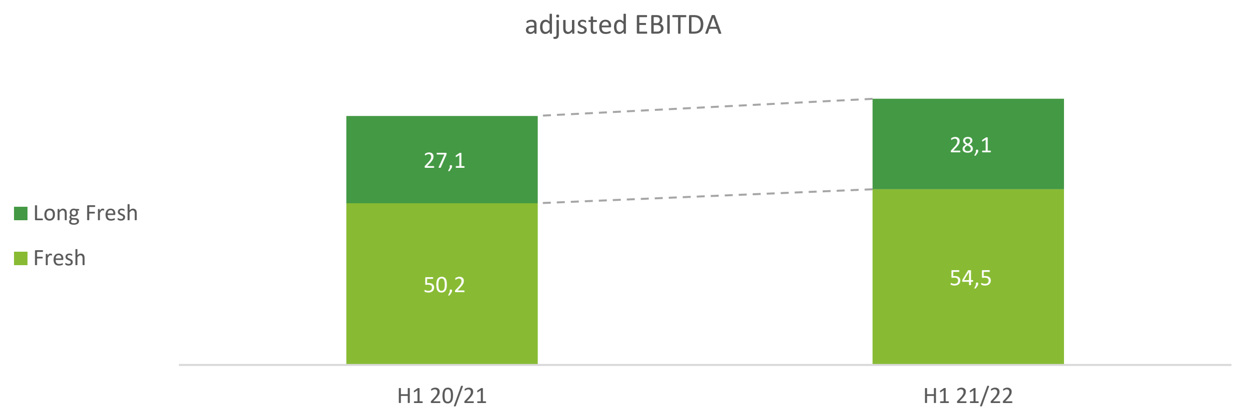
Figure 1 – Key financials

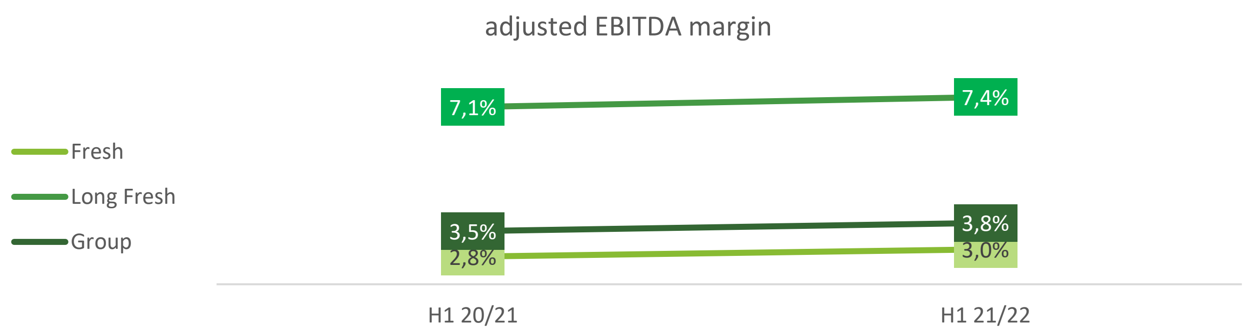
Key financials (in €'000 000)	H1 21/22	H1 20/21	Difference
Sales (reported)	2 190,5	2 172,6	0,8%
Sales (like-for-like)	2 151,6	2 113,5	1,8%
Adjusted EBITDA	82,6	76,9	7,5%
Adjusted EBITDA-margin %	3,8%	3,5%	
Net result continuing operations	8,5	1,1	
EPS continuing operations (in €)	0,16	0,02	
NFD (excl. lease accounting)	338,1	407,4	-17,0%
Leverage	2,8	3,9	

Sales. Greenyard achieved a 1,8% increase in sales (on a like-for-like basis) after last year's double-digit sales growth. Group sales increased year-on-year by € 38,1m, up from € 2 113,5m to € 2 151,6m.



Adjusted EBITDA. As a result of growth in sales, particularly arising from integrated customer relationships, and a continued focus on profit improvement initiatives, the adjusted EBITDA increased beyond the level of sales growth by 7,5%, up from € 76,9m to € 82,6m. Consequently, the adjusted EBITDA margin increased from 3,5% in the same period last year to 3,8% for the first six months of the financial year.

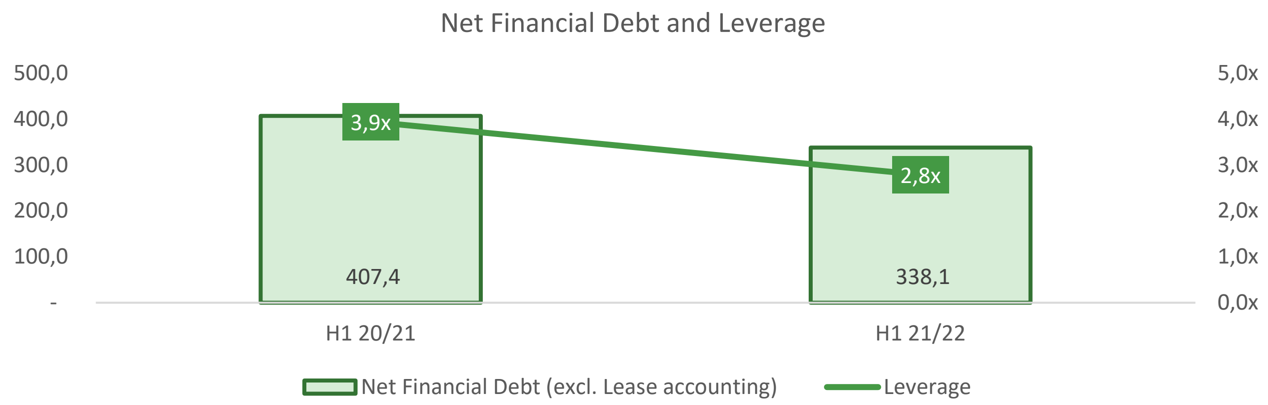




EBIT. EBIT amounts to € 32,0m, indicating an improvement of € 4,9m compared with the same period last year, driven by the increase in adjusted EBITDA, while depreciation and amortisation are slightly above the level of the first six months of last year (+€ 0,8m) following an increased investment level. Net adjustments are almost 'nil' i.e. limited reorganisation and claim costs are compensated by the gain on disposals as well this year as in the first half of previous financial year.

Net result. Greenyard reports a net result from continuing operations of € 8,5m for the first half of the financial year, compared to € 1,1m for the same period last year. In addition to a higher EBIT, interest expenses have been considerably reduced (-€ 6,2m) as interest margins decreased because of the refinancing at the end of last accounting year and decreasing debt levels. However, income taxes have increased in line with the increase of profit before tax and depleted carried forward tax losses in some entities.

Leverage. Excluding lease accounting and in line with the definitions in Greenyard's credit facilities, net financial debt (NFD) was significantly reduced by € 69,3m compared to September 2020, to € 338,1m on 30 September 2021. This translates into a leverage of 2,8x, down from 3,9x in September 2020. Apart from the higher operational cash generation, the improvement is driven by the successful execution of a capital increase in March 2021 and non-core disposals of Greenyard Prepared Netherlands and Bardsley Fruit Enterprises in July 2021. These steps accelerated Greenyard's deleveraging path towards a sustainable leverage between 2,0x and 2,5x, with around 2,5x already achievable by March 2022.



CAPEX. In H1, we have committed € 36,4m of the € 60,0m group capex program in the current accounting year.

This includes the next step in the roll-out of ERP/Infor, automation of packing and sorting lines and additional ripening and assembly capacity in the Fresh segment, with a new 'state-of-the-art' citrus sorting line in the Ridderkerk DC as the main project go-live.

In the Long Fresh segment the planned investments comprise a packing line, mixing and light coating line, sorting line and freezing tunnel, with packing automation in Poland and a new engine room in France with 100% heat recovery being the main project go-lives.

However, the capex paid amounting to € 23,9m in H1, is slightly delayed a.o. due to focus on the operational business. There will be a capex catch-up towards the end of the accounting year.

By segment

1 – Fresh

Figure 2 – Evolution in sales and adjusted EBITDA

Key segment figures - FRESH in €'000 000	H1 21/22	H1 20/21	Difference
Sales (reported)	1 811,8	1 792,2	1,1%
Sales (like-for-like)	1 810,5	1 785,5	1,4%
Adjusted EBITDA	54,5	50,2	8,6%
Adjusted EBITDA-margin %	3,0%	2,8%	

The Fresh segment achieved a sales growth of 1,4% on a like-for-like basis (or 1,1% on reported basis), generating an additional € 24,9m in sales in the first six months of the financial year. The sales increase was mainly attributable to an expansion of the product and service offering within the integrated customer relationships which continues the growth path after the double-digit growth realised last year and which currently represents 74% of sales of the Fresh segment.

The adjusted EBITDA increased by € 4,3m over the same period in the previous year, up by 8,6%, a considerable uptick resulting in a margin improvement of 21bps. Besides the stable and profitable growth with long term integrated customer relationships, a continued focus on profit improvement initiatives in sourcing, transport and operational efficiency is driving this margin improvement. The growing share of sales in the Fresh segment earned from long-term integrated customer relationships results in a robust adjusted EBITDA margin with reduced volatility.

2 – Long Fresh

Figure 3 – Evolution in sales and adjusted EBITDA

Key segment figures - LONG FRESH in €'000 000	H1 21/22	H1 20/21	Difference
Sales (reported)	378,7	380,4	-0,4%
Sales (like-for-like)	341,1	328,0	4,0%
Adjusted EBITDA	28,1	27,1	3,5%
Adjusted EBITDA-margin %	7,4%	7,1%	

Sales in the Long Fresh segment have increased by € 13,2m, compared with the same period last year, a 4,0% increase on a like-for-like basis (or -0,4% on a reported basis). The sales are growing steadily, due to a partial revival of food service (from 13% to 17% of Long Fresh sales), further growth with higher-end convenience and fruit categories and additional business unlocked by convenience investments. Nevertheless, sales in the UK were slowed down due to important post-Covid disruptions in the economy, and more specifically within supply chains.

Adjusted EBITDA increased by 3,5% versus the same period last year. Moreover, the adjusted EBITDA margin improved by 29bps to the level of 7,4%, thanks to the continued focus on operating efficiency, which was helped by better vegetable crop availability and leading to higher production volumes, despite some shortages in certain fruit categories.

Net finance income/(costs)

Figure 4 – Net finance income/(costs)

Net finance income/cost (-)	H1 21/22 €'000	H1 20/21 €'000
Interest expense	**-15 870**	**-22 025**
Interest income	**61**	**121**
Foreign exchange gains/losses (-)	-1 258	-789
Bank and other financial income/cost (-)	-782	-789
Other finance result	**-2 039**	**-1 572**
TOTAL	**-17 848**	**-23 476**

Net finance cost decreased by -€ 5,6m to € 17,8m for the first half of the accounting year. This is driven by a considerable reduction in interest expenses, thanks to decreased interest margins following the refinancing in March 2021 and lower leverage levels, combined with decreasing debt usage.

Income taxes

Figure 5 – Income taxes

Income tax expense (-)/income	H1 21/22 €'000	H1 20/21 €'000
Current tax on profits for the year	-7 778	-5 216
Adjustments in respect of prior years	-285	227
Current tax	**-8 064**	**-4 989**
Origination and reversal (-) of temporary differences	2 755	314
Recognition and reversal (-) Deferred tax assets on tax losses and forfeited losses	-393	2 147
Deferred tax	**2 363**	**2 461**
TOTAL	**-5 701**	**-2 528**

The current tax for the first half of the accounting year increased by € 3,2m compared to the first six months of prior year. The difference is predominantly driven by increased profit before tax in a number of jurisdictions. A net deferred tax profit was included in the income statement mainly as a result of the recognition of additional deferred tax assets on timing differences while, in the prior year, deferred taxes on tax losses carried forward were the main driver.

Cash flow

Figure 6 – Cash flow statement for the six-month period ending 30 September 2021

Consolidated statement of cash flows	Note	H1 21/22 €'000	H1 20/21 €'000
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS, OPENING BALANCE		**79 341**	**131 631**
CASH FLOW FROM OPERATING ACTIVITIES (A)		**35 013**	**69 620**
EBIT from continuing operations		**32 044**	**27 106**
EBIT from discontinued operations		-	-
Income taxes paid		**-4 147**	**-1 928**
Adjustments		**48 252**	**46 310**
Amortisation of intangible assets		10 391	9 963
Depreciation of property, plant & equipment and right-of-use assets		39 448	39 081
Impairment on property, plant & equipment		216	-
Write-off on stock/trade receivables		1 084	785
Increase/decrease (-) in provisions and employee benefit liabilities		-437	155
Gain (-)/loss on disposal of property, plant & equipment		-297	-975
Result on change in control of subsidiaries and equity accounted investments		-2 715	-3 014
Share based payments and other		705	482
Share of profit/loss (-) of equity accounted investments		-141	-168
Increase (-) /decrease in working capital		**-41 135**	**-1 868**
Increase (-)/decrease in inventories		-71 213	-70 851
Increase (-)/decrease in trade and other receivables		69 893	62 171
Increase/decrease (-) in trade and other payables		-39 815	6 812
CASH FLOW FROM INVESTING ACTIVITIES (B)		**-3 723**	**-15 891**
Acquisitions (-)		**-23 922**	**-21 632**
Acquisition of intangible assets and property, plant & equipment		-23 890	-21 632
Acquisition of subsidiaries		-32	-
Disposals		**20 199**	**5 742**
Disposal of intangible assets and property, plant & equipment		826	905
Disposal of subsidiaries	4.2.	19 373	4 836
CASH FLOW FROM FINANCING ACTIVITIES (C)		**-24 921**	**-60 121**
Capital increase, net of transaction costs		-4	-
Dividend payment		-	-
Acquisition treasury shares		-1 134	-
Proceeds from borrowings, net of transaction costs		12 074	-
Repayment of borrowings		-5 357	-24 857
Payment of principal portion of lease liabilities		-15 737	-14 436
Net interests paid		-13 220	-20 000
Other financial expenses		-1 543	-828
Transfer from restricted cash		-	
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**6 369**	**-6 392**

Effect of exchange rate fluctuations	-134	-337
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS, CLOSING BALANCE	**85 575**	**124 902**
Of which:		
Cash and cash equivalents	86 117	126 296
Bank overdrafts	542	1 394

Key elements:

- Excluding working capital, cash flow from operating activities increased from € 71,5m to € 76,1m, driven by the improvement of EBIT from continuing operations by € 4,9m, partially offset by income taxes paid increasing by € 2,2m.
- Working capital amounted to -€ 41,1m as compared to -€ 1,9m last year. In the first half of prior year, Greenyard was able to mitigate its seasonal inventory build-up effect in Long Fresh thanks to active working capital management and strengthening of its financial position. The step-up in current year is still important but less prominent.
- Cash flow from investment activities is -€ 3,7m, as compared to -€ 15,9m last year, as a result of disposal proceeds of Greenyard Prepared Netherlands and Bardsley Fruit Enterprises (for € 19,4m combined, net of deal costs). Capex investments are € 2,3m above last year and in line with our € 60,0m annual investment program with limited backlog.
- Cash flow from financing activities amounted to -€ 24,9m as compared to -€ 60,1m last year, resulting largely from a more stable financing and reduced interests paid. Moreover, this year a € 15,0m bank repayment is only due at year-end, while in the first half of last year we had a semi-annual term loan repayment and a gradual repayment of the then outstanding accordion facilities. In H1 of this year, € 1,1m has been paid for the acquisition of Treasury shares.

Outlook statement

Based on current projections and forecasts, both the Board and management believe that Greenyard remains well positioned to deliver profitable growth and unlock the potential of the business combination in the future. Despite global inflationary pressure, Greenyard reconfirms its guidance for the adjusted EBITDA for the accounting year ending 31 March 2022 of € 165,0m and repeats its ambition for an adjusted EBITDA of € 190,0m by accounting year 2024/2025.

Subsequent events

There are no events subsequent to the balance sheet date which have a major impact on the further evolution of the company.

Changes in consolidation perimeter

The parent company of the Group is Greenyard NV, Sint-Katelijne-Waver, Belgium. The subsidiaries, associates, joint ventures and investments recorded at cost of the Group as per 30 September 2021 are the same as presented in the annual report as per 31 March 2021, apart from:

- Greenyard Prepared Netherlands, for a consideration of € 17,0m. After deduction of transaction related expenses, a loss was accounted for on this transaction ad € 0,2m.

- Bardsley Fruit Enterprises, for a consideration of £ 4,2m. After deduction of transaction related expenses, a gain was realised for an amount of € 3,0m.

Declaration of the statutory auditor

The statutory auditor has completed the limited review, for which we refer to the half year financial report.

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About Greenyard

Greenyard (Euronext Brussels: GREEN) is a global market leader in fresh, frozen and prepared fruit and vegetables, flowers and plants. Counting Europe's leading retailers amongst its customer base, Greenyard offers efficient and sustainable solutions to customers and suppliers through best-in-class products, market leading innovation, operational excellence and outstanding service.

Our vision is to make lives healthier by helping people enjoy fruit and vegetables at any moment, easily, quickly and pleasurably, whilst fostering nature.

With around 9.000 employees operating in 19 countries worldwide, Greenyard identifies its people, and customer and supplier relationships, as the key assets which enable it to deliver goods and services worth around €4,4 billion per annum.

www.greenyard.group

CAPEX	Capital expenditures
EBIT	Operating result
EPS	Earnings per share
IRS	Interest rate swap
Liquidity	Current assets (including assets classified as held for sale)/Current liabilities (including liabilities related to assets classified as held for sale)
Leverage	NFD (for leverage) / LTM adjusted EBITDA (for leverage)
Net financial debt (NFD)	Interest-bearing debt (at nominal value) after the impact of lease accounting (IFRS 16), less derivatives, bank deposits, cash and cash equivalents and restricted cash
Net financial debt (NFD) excl. lease accounting	Interest-bearing debt (at nominal value) before the impact of lease accounting (IFRS 16), less derivatives, bank deposits, cash and cash equivalents and restricted cash
NFD (for leverage)	Net financial debt (NFD) excl. lease accounting
Net result	Profit/loss (-) for the period
Adjusting items	Adjusting items are one-off expenses and income that in management's judgement need to be disclosed by virtue of their size or incidence. Such items are included in the consolidated income statement in their relevant cost category, but separately disclosed in the chapter Key financial information reconciling EBIT to adjusted EBITDA. Transactions which may give rise to adjusting items are principally restructuring and reorganisation activities, impairments, disposal of assets and investments, claims, IFRS 3 acquisition accounting and merger & acquisition projects and the effect of the accelerated repayment of certain financial indebtedness
Adjusted EBITDA	EBIT corrected for depreciation, amortisation and impairments excluding adjusting items, excluding EBIT corrected for depreciation, amortisation and impairments from minor divested operations (not within the scope of IFRS 5)
LTM	Last twelve months
LTM adjusted EBITDA	Last twelve months adjusted EBITDA, corrected for acquisitions and disposals on a like-for-like basis
LTM adjusted EBITDA (for leverage)	Last twelve months adjusted EBITDA, corrected for acquisitions and disposals on a like-for-like basis and excluding the impact of lease accounting (IFRS 16)
Working capital	Working capital is the sum of the inventories, trade and other receivables (non-current and current) and trade and other payables (current). In this respect trade and other receivables are corrected for long-term (financing) receivables and accrued interest income and trade and other payables exclude accrued interest expenses and dividend payable.
Sales (like-for like)	Reported sales of the period adjusted for disposals of subsidiaries
AY 21/22	Accounting year ending 31 March 2022
AY 20/21	Accounting year ended 31 March 2021
H1 21/22	First half year of accounting year ending 31 March 2022
H1 20/21	First half year of accounting year ended 31 March 2021

APPENDIX 1: Consolidated Income Statement

Consolidated income statement	Note	H1 21/22 €'000	H1 20/21 €'000
CONTINUING OPERATIONS			
Sales		2 190 492	2 172 628
Cost of sales	4.1.	-2 041 578	-2 028 664
Gross profit/loss (-)		**148 913**	**143 964**
Selling, marketing and distribution expenses	4.1.	-49 210	-47 354
General and administrative expenses	4.1.	-74 994	-76 189
Impairment property, plant & equipment	4.1.	-216	-
Other operating income/expense (-)	4.2.	7 410	6 517
Share of profit/loss (-) of equity accounted investments		141	168
EBIT		**32 044**	**27 106**
Interest expense	4.3.	-15 870	-22 025
Interest income	4.3.	61	121
Other finance result	4.3.	-2 039	-1 572
Net finance income/cost (-)		**-17 848**	**-23 476**
Profit/loss (-) before income tax		**14 196**	**3 630**
Income tax expense (-)/income	4.4.	-5 701	-2 528
Profit/loss (-) for the period from continuing operations		**8 495**	**1 101**
DISCONTINUED OPERATIONS			
Profit/loss (-) for the period from discontinued operations		-	-
PROFIT/LOSS (-) FOR THE PERIOD		8 495	1 101
Attributable to:			
The shareholders of the Group		8 259	755
Non-controlling interests		235	347

APPENDIX 2: Consolidated Statement of Financial Position

Assets	Note	30 September 2021 €'000	31 March 2021 €'000
NON-CURRENT ASSETS		**1 218 974**	**1 255 142**
Property, plant & equipment	5.1.	310 237	328 738
Goodwill	5.2.	477 502	477 504
Other intangible assets	5.3.	190 259	198 797
Right-of-use assets	5.4.	212 737	220 286
Investments accounted for using equity method		7 855	7 679
Other financial assets		3	5
Deferred tax assets		18 678	18 061
Trade and other receivables		1 703	4 071
CURRENT ASSETS		**673 002**	**686 991**
Inventories		357 722	309 447
Trade and other receivables		228 636	295 774
Other financial assets		527	519
Cash and cash equivalents		86 117	81 250
TOTAL ASSETS		**1 891 977**	**1 942 133**

Equity and liabilities	Note	30 September 2021 €'000	31 March 2021 €'000
EQUITY		**459 801**	**451 118**
Issued capital		337 692	337 696
Share premium and other capital instruments		317 882	317 882
Consolidated reserves	5.5.	-204 155	-213 177
Cumulative translation adjustments		-5 522	-6 498
Non-controlling interests		13 904	15 214
NON-CURRENT LIABILITIES		**542 535**	**553 972**
Employee benefit liabilities		18 972	19 131
Provisions		9 856	10 310
Interest-bearing loans	5.7.	276 708	281 661
Lease liabilities		201 757	206 949
Trade and other payables		4 217	3 653
Deferred tax liabilities		31 026	32 268
CURRENT LIABILITIES		**889 640**	**937 043**
Provisions		3 664	4 417
Interest-bearing loans	5.7.	141 601	132 131
Lease liabilities		27 633	28 496
Other financial liabilities		566	2 408
Trade and other payables		716 176	769 591
TOTAL EQUITY AND LIABILITIES		**1 891 977**	**1 942 133**

APPENDIX 3: Reconciliation of net financial debt

Reconciliation net financial debt	30 September 2021 €'000	31 March 2021 €'000
Cash and cash equivalents	-86 117	-81 250
Restricted cash	-	-
Interest-bearing loans (non-current/current)	418 309	413 792
Lease liabilities (non-current/current)	229 390	235 445
As reported	**561 582**	**567 986**
Net capitalised transaction costs related to the refinancing	2 241	2 864
Net value of the conversion option at inception after amortisation	669	2 008
Net financial debt	**564 492**	**572 857**
Lease accounting (IFRS 16)	-226 356	-232 911
Net financial debt (excl lease accounting)	**338 136**	**339 946**