

REGISTERED NUMBER: 00088929

**Strategic Report, Directors' Report and
Financial Statements for the Year Ended 30 June 2021
for
Pauls Malt Limited**

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Pauls Malt Limited

**Contents of the Financial Statements
for the Year Ended 30 June 2021**

	Page
Company Information	1
Strategic Report	2
Directors' Report	6
Independent Auditors' Report	8
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

Pauls Malt Limited
Company Information
for the Year Ended 30 June 2021

DIRECTORS:

J Loiseau
C N G Tozer
Y Shaepman
D R Wilkes

SECRETARY:

Goodbody Secretarial Northern Ireland Limited

REGISTERED OFFICE:

24-25 Eastern Way
Bury St Edmunds
Suffolk
IP32 7AD

REGISTERED NUMBER:

00088929

INDEPENDENT AUDITORS :

Constantin
Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

Pauls Malt Limited
Strategic Report
for the Year Ended 30 June 2021

The directors present their strategic report for the year ended 30 June 2021.

INTRODUCTION

The principal purpose of Pauls Malt Ltd is the production and supply malt to breweries and distilleries. All our malt is made from UK grown Red Tractor assured barley. Our business is heavily focussed on cost and efficiency. As a group, Boortmalt continues to make long term commitments to sustainability by reducing its dependency on fossil fuels and cutting water consumption as well as by insisting on sustainability through the barley supply chain.

REVIEW OF BUSINESS

The fiscal year has been dominated by the effects of COVID-19 on the global market for beer and whisky. All four of our UK sites returned to full production from July and the first quarter saw strong sales into both sectors, encouraged by the Government "Eat out to Help out" Scheme in the UK and strong brewing demand following a reduction in stocks in the final quarter of last fiscal year. Brewing demand then dipped again as the second UK lockdown saw demand in the on-trade reduced and this slower pace of demand continued until the final quarter when the pace of UK vaccination gave increased confidence to our customers and consumers and demand recovered to pre-pandemic levels. Distilling demand proved to be more resilient through the year given the long-term nature of the whisky distilling business and the export markets remain challenging where the pace of vaccination is slower and international lock-downs continue to feature in many countries.

We are fortunate to have a committed and dedicated workforce who have continued to persevere through the challenging last 18 months and are grateful for their ongoing commitment to Boortmalt. The flexibility offered by hybrid working patterns for our office staff have enabled us to continue to service our customers without disruption.

The integration of the teams who joined the business with the acquisition of Cargill Malt halfway through the previous financial year has now been completed and we are fortunate to be part of the largest malting company in the world, with a complement of new and highly skilled team members who are able to bring their expertise to develop the business in all geographies.

Our business remains very committed to maintaining its cost leadership, but is also investing significant sums in Sustainability. This agenda is led globally by new colleagues at board level. We are developing Science based targets which will reduce our Scopes 1 and 2 Carbon footprint significantly by 2030 and beat the +1.5°C Paris agreement scenario. Given the complexity of our new global footprint, we anticipate the specific metrics will be announced very shortly. In addition, we have invested in Optisteep® water saving technology which will benefit malting plants globally, particularly in water-stressed areas.

With these Sustainability initiatives in mind, we continue to work closely with our customers and suppliers to develop rigorous methodologies for measuring the footprint of our maltings and barley growing. Together, these initiatives will allow our customers and the consumers of the finished product to be more informed about the sustainability of the finished product and the commitment of the entire supply chain to a better planet.

Pauls Malt Limited
Strategic Report
for the Year Ended 30 June 2021

STREAMLINED ENERGY CARBON REPORTING

We are investing £12m in our maltings in Buckie to expand capacity and reduce the per tonne carbon footprint of our malt. This is on track to be commissioned in late 2021. We are also in the late stages of studies to improve the energy efficiency of our other UK plants.

		2021	2020
		KWh	KWh
			Restated
Gas consumption	MWh	263,473	266,888
Electricity consumption	MWh	51,565	51,633
Intensity Metric	MWh/Employee	2,838	2,746
Co2 Emmissions	K Tonnes	48,258	49,607

Consumption is based on invoiced usage, emissions calculated using government conversion factors.

Section 172(1) Companies Act 2006 Statement

The directors of Pauls Malt Ltd consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members of staff, customers and suppliers, in the decisions taken during the year ended 30th June 2021

In particular, our business plan for the period was designed to have a long-term beneficial impact on the company and to contribute to its success in delivering a best-in-class service to customers.

We will continue to operate our business within tight budgetary controls and in line with our targets. The performance against these targets is reviewed with each Maltings Manager every month and more regular reviews are made when deemed necessary.

We continually assess malt performance with monthly reviews in place with many customers where we are also able to receive rapid feedback on our overall customer satisfaction.

Our employees are key to our business and to the delivery of our business plan. We are heavily committed to a zero-harm environment and look to leading and lagging safety indicators to track our performance. We aim to be a responsible employer in our approach to the pay and benefits our employees receive and the environment in which we work.

Our plan was informed by extensive engagement with customers, enabling us to gain an understanding of their views and priorities, purchasing plans and opportunities.

We also aim to act responsibly and fairly in how we engage with our suppliers; our credit providers; and our regulators; all of whom are integral to the successful delivery of our plan.

Our plan considered the impact of the company's operations on the community and environment and our wider societal responsibilities, and in particular how we impact the regions we serve. As the Board of Directors, our intention is to *behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan.*

We will continue to build our reputation, through considering and treating all stakeholders fairly and respectfully, ensuring wherever possible business plans and targets are aligned with stakeholder desires.

As the Board of Directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

OTHER STAKEHOLDER ENGAGEMENT

The directors of Pauls Malt Ltd Limited have regard to the need to foster the group's business relationships with suppliers, customers and others and this is further detailed in the S172(1) statement above. We continue to monitor developments regarding UK agriculture through our industry body, the Maltsters Association of Great Britain.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks and mitigating controls are managed and reviewed by the senior management team on a regular basis. Also, being part of a larger group (SCA Axereal or "Group"), these are also subject to review by the Group's financial audit programme. Accreditation under various quality, environmental, and health and safety standards ensures these areas are regularly reviewed for compliance to these standards.

The company faces a number of risks and uncertainties that can be summarised into four categories, as follows:

Pauls Malt Limited
Strategic Report
for the Year Ended 30 June 2021

COMMERCIAL

The loss of a manufacturing site through fire, natural catastrophe, act of vandalism or critical plant failure could potentially have a material impact.

These risks are mitigated through robust security and comprehensive disaster recovery plans. In addition *external insurance and risk management experts review all sites and discuss findings with senior management.*

A shortage of raw material supply could result in increased costs and loss of production.

The commercial team monitors exposures weekly and the senior management team reviews exposures on a monthly basis.

Fluctuating energy prices can have a significant impact on profitability.

There is a strong commercial focus on purchasing energy and diversifying risk.

OPERATIONAL

As part of the food and drink industry the company is subject to market related risks associated with food products.

The company has a strong technical function dealing with product quality and tractability. There are systems in place for hygiene, health and safety and environmental controls.

The systems are reviewed regularly by the senior management team who also review customer audits.

FINANCIAL

Through the group's treasury function, the company uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and purchases in foreign currencies.

The company policy is for all sales and purchase contracts to be hedged at the time the contract is made and therefore avoid the risks of speculation.

The company's defined benefit pension fund is exposed to the risk of changes in interest rates and the market values of investments as well as inflation and the increasing longevity of scheme members.

The risk is mitigated by paying appropriate contributions into the fund and through a balanced investment strategy to avoid a material worsening of the current deficit. The defined benefit scheme is closed to new members.

Further details on financial risk management objectives and policies are given below.

SYSTEMS

A significant IT failure could adversely impact on the business.

Robust IT disaster recovery plans and system backup processes are in place.

FINANCIAL KEY PERFORMANCE INDICATORS

The company uses two internal measures as its primary KPI's - Managerial EBITDA and Sales Volume. The directors consider both these measures to be commercially sensitive and cannot therefore publish absolute numbers but can confirm that the year on year performance of both was satisfactory.

FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES

The company is exposed to a variety of financial risks including interest rate, foreign currency, liquidity and credit risk. These financial risks are managed under policies approved by the ultimate holding company. The company uses forward currency contracts to manage the financial risk associated with selling and buying in currencies other than sterling. The company does not use derivative financial instruments for trading and speculative purposes.

INTEREST RATE RISK

Funding is provided by the ultimate holding company, which has policies in place to optimise the interest cost and reduce volatility in reporting earnings. This is managed by reviewing the debt profile regularly and by selectively using interest rate swaps to limit the level of floating interest rate exposure.

Pauls Malt Limited
Strategic Report
for the Year Ended 30 June 2021

FOREIGN CURRENCY RISK

The company trades internationally and uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and payments in foreign currencies.

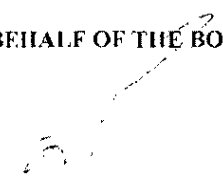
LIQUIDITY RISK

Funding is provided by the ultimate holding company, which has a policy to ensure that there is always sufficient long term and committed bank facilities in place to meet foreseeable peak borrowing requirements. There is also a prudent approach to liquidity risk management by spreading the maturities of debt from short-term to longterm.

CREDIT RISK

The company derives a significant proportion of its revenue from sales to a limited number of major customers. Sales to individual customers can be of significant value and the failure of any such customer to honour its debts could materially impact on the company's results. The company manages the risk by regularly reviewing the credit history and rating of all significant customers.

ON BEHALF OF THE BOARD:


.....
C N G Tozer - Director

Date: 29/11/2021

Pauls Malt Limited

**Directors' Report
for the Year Ended 30 June 2021**

The directors present their report with the financial statements of the company for the year ended 30 June 2021.

DIVIDENDS

The profit for the year, after taxation, amounted to £6,837,660.00 (30 June 2020 : £7,522,080.43)

The directors have paid dividends in the year of £6,977,589.00 (30 June 2020: £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2020 to the date of this report.

J Loiseau
C N G Tozer
Y Shapman
D R Wilkes

The directors and their spouses and minor children have no interest in the shares of the company. J-F Loiseau and Y. Shapman were also directors of the company's ultimate parent undertaking, Societe Cooperative Agricole Axercal, at 30 June 2021, and their interests are disclosed in that company's financial statements for the period ended 30 June 2021. There are no other interests requiring disclosure under the Companies Act 2006.

CHARITABLE CONTRIBUTIONS AND POLITICAL DONATIONS

The company made charitable donations in the financial period of £Nil (30 June 2020: £Nil). The company made no political donations in the financial period (30 June 2020: £Nil).

EMPLOYEES

During the financial period, the company gave full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes when related to any suitable opportunities available.

Company policy provides that existing employees who become disabled shall continue employment with the company if at all possible, subject to any appropriate retraining.

Training, career development and promotion apply equally to all employees, taking into consideration their aptitudes and abilities.

Matters of interest and concern are regularly circulated to employees. Meetings are held at various staff levels on a regular basis to discuss matters of mutual interest and the views of, employees are taken into account when making decisions that are likely to affect their interests.

GOING CONCERN

These financial statements have been prepared on a going concern basis. The Directors have considered the financial position of the Company for a period of at least twelve months from the date of signing these financial statements, and has no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern.

FUTURE DEVELOPMENTS

The directors do not foresee any significant developments in the business over the coming year.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the period and up to the date of this report, the company maintained liability insurance and third-party indemnification provisions for its directors, under which the company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the company.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

Pauls Malt Limited

**Directors' Report
for the Year Ended 30 June 2021**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Constantin, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
C.N.G Tozer - Director

Date: 29/11/2021

Independent Auditors' Report to the Members of Pauls Malt Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Pauls Malt Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30th June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the notes to the financial statements 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report to the Members of Pauls Malt Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Independent Auditors' Report to the Members of
Pauls Malt Limited**

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Bathgate

Mark Bathgate (Senior Statutory Auditor)
for and on behalf of Constantin
Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

Date: 29 novembre 2021.....

Pauls Malt Limited
Statement of Comprehensive
Income
for the Year Ended 30 June 2021

		2021	2020
	Notes	£'000	as restated £'000
TURNOVER	3	116,392	121,114
Cost of sales		(76,922)	(82,710)
GROSS PROFIT		39,470	38,404
Distribution costs		(7,206)	(6,783)
Administrative expenses		(21,897)	(21,206)
		10,367	10,415
Other operating income	4	40	74
OPERATING PROFIT	7	10,407	10,489
Interest receivable and similar income	9	708	445
		11,115	10,934
Interest payable and similar expenses	10	(967)	(1,059)
PROFIT BEFORE TAXATION		10,148	9,875
Tax on profit	11	(3,310)	(2,354)
PROFIT FOR THE FINANCIAL YEAR		6,838	7,521
OTHER COMPREHENSIVE INCOME			
Actuarial gains/Losses (Pension)		1,613	(713)
Movements of deferred tax (Pension)		118	233
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		1,731	(480)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,569	7,041

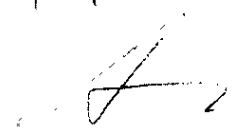
The notes form part of these financial statements

Pauls Malt Limited (Registered number: 00088929)

**Statement of Financial Position
30 June 2021**

		2021	2020
			as restated
	Notes	£'000	£'000
FIXED ASSETS			
Tangible assets	14	36,935	31,534
Investments	15	-	-
		<u>36,935</u>	<u>31,534</u>
CURRENT ASSETS			
Stocks	16	15,738	16,006
Debtors	17	52,215	46,619
Cash in hand		16,774	11,182
		<u>84,727</u>	<u>73,807</u>
CREDITORS			
Amounts falling due within one year	18	(63,136)	(47,422)
NET CURRENT ASSETS		<u>21,620</u>	<u>26,385</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>58,555</u>	<u>57,919</u>
PROVISIONS FOR LIABILITIES	20	(4,612)	(2,901)
PENSION LIABILITY	23	(210)	(2,694)
NET ASSETS		<u>53,914</u>	<u>52,324</u>
CAPITAL AND RESERVES			
Called up share capital	21	1,081	1,081
Share premium	22	988	988
Retained earnings	22	51,846	50,255
SHAREHOLDERS' FUNDS		<u>53,914</u>	<u>52,324</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29/11/2021 and were signed on its behalf by:


.....
C N G Tozer - Director

The notes form part of these financial statements

Pauls Malt Limited

**Statement of Changes in Equity
for the Year Ended 30 June 2021**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 July 2019	1,081	43,214	988	45,283
Changes in equity				
Total comprehensive income	-	7,521	-	7,521
Pension Deficit & Deferred Tax	-	(480)	-	(480)
Balance at 30 June 2020	1,081	50,255	988	52,324
Changes in equity				
Dividends	-	(6,978)	-	(6,978)
Total comprehensive income	-	6,838	-	6,838
Pension Deficit & Deferred Tax	-	1,731	-	1,731
Balance at 30 June 2021	1,081	51,846	988	53,914

The notes form part of these financial statements

Pauls Malt Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

1. STATUTORY INFORMATION

Pauls Malt Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office and principal place of business is located at 24/25 Eastern Way, Bury St Edmunds, Suffolk, IP32 7AD.

The principal activity of the company is that of supplying malt to the brewing and distilling industries, and the provision of barley and storage services.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Axereal Group as at 30 June 2020 and these financial statements may be obtained from SCA Axereal, 36 Rue de la Manufacture - CS 40639, 45166 Olivet Cedex, France.

Going concern

The company is part of the financial arrangements of the Societe Cooperative Agricole Axereal. The group manages its finance centrally and provides its trading subsidiaries with the necessary funds to meet its operational/business needs. The directors of the company have received confirmation from the group that it will provide them with the necessary funds to meet its operational/business needs after having considered the impact of Covid-19 and different scenarios which might arise as a result. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

2. ACCOUNTING POLICIES - continued

Critical judgements in applying the company's accounting policies

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Revenue recognition

In making the revenue recognition judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 section 23 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% per annum on cost
Plant & machinery	- 3.33%-25% per annum on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Freehold land and assets under construction are not depreciated. The company does not capitalise finance costs.

Provision for doubtful debts

The Financial Statements contains estimated figures that are based on assumptions made by the Company about the future or that are otherwise uncertain. These include useful lives, valuations and bad debt provisions. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty actual results could be different from the assumptions and estimates.

Pensions Liability for defined benefit pension scheme

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions.

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

2. ACCOUNTING POLICIES - continued

Impairment of intangible assets

Intangible assets are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. The impairment tests include examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset. If the actual results differ from the assumptions, the value of intangible assets will be over or understated. This would be adjusted when the assets were next revalued.

Defined benefit pension scheme

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 June 2021.

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'other finance cost'.

Stocks

Stocks are valued at the lower of cost and net realisable value. Where appropriate, costs include raw materials, freight and direct labour expenses, along with related production and other overheads. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

2. ACCOUNTING POLICIES - continued

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Foreign currencies

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, or where appropriate, the forward contract rate (the company uses forward contracts to hedge its foreign exchange exposure in respect of foreign customers).

Exchange gains and losses are recognised in the Statement of comprehensive income.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest income

Interest income is recognised in profit or loss using the effective interest method.

Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021	2020
		as restated
	£'000	£'000
Malt - manufacture and sale	116,378	118,020
Barley drying and storage service	14	3,094
	<u>116,392</u>	<u>121,114</u>

An analysis of turnover by geographical market is given below:

	2021	2020
		as restated
	£'000	£'000
United Kingdom	103,801	82,257
Europe	1,931	24,983
Asia	8,317	13,217
Rest of the world	906	477
Africa	1,437	180
	<u>116,392</u>	<u>121,114</u>

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

4. OTHER OPERATING INCOME

	2021	2020
		as restated
	£'000	£'000
Rents received	25	30
Other operating income	15	44
	<u>40</u>	<u>74</u>

5. EMPLOYEES AND DIRECTORS

	30.6.21	30.6.20
	£'000	£'000
Wages and salaries	4,550	4,735
Social security costs	515	507
Cost of defined benefit scheme	109	230
Cost of defined contribution scheme	419	217
	<u>5,593</u>	<u>5,689</u>

The average number of employees during the year was as follows:

	30.6.21	30.6.20
Production staff	74	76
Sales and administrative staff	38	40
	<u>112</u>	<u>116</u>

6. DIRECTORS' EMOLUMENTS

	30.6.21	30.6.20
	£'000	£'000
Directors' remuneration	219	215

The highest paid director received remuneration of £147,000 (2020 : £146,000).

During the year 1 director (2020 : 1) participated in money purchase schemes.

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£000	£000
Depreciation of tangible fixed assets - owned by the company	3,797	3,706
Exchange differences	(91)	199

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

8. AUDITORS' REMUNERATION

	2021	2020
	£'000	as restated £'000
Fees payable to the company's auditors for the audit of the company's financial statements	50	51
Other non- audit services	3	1

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£'000	as restated £'000
Interest receivable from group companies	31	37
Exchange difference	678	408

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	30.6.21	30.6.20
	£'000	£'000
Interest payable from group companies	381	452
Exchange difference	586	607
	<u>968</u>	<u>1,058</u>

11. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021	2020
	£'000	as restated £'000
Current tax:		
UK corporation tax	1,642	2,354
Adjustment in respect of previous periods	55	-
Total current tax	<u>1,697</u>	<u>2,354</u>
Deferred tax:		
Origination and reversal of timing differences	363	-
Adjustment in respect of previous periods	(56)	-
Effect of changes in tax rates	1,306	-
Total deferred tax	<u>1,613</u>	<u>-</u>
Tax on profit	<u>3,310</u>	<u>2,354</u>

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

11. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020 as restated
	£'000	£'000
Profit before tax	10,148	9,876
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 19%)	1,928	1,876
Effects of:		
Expenses not deductible for tax purposes	77	84
Adjustments to tax charge in respect of previous periods	(1)	(12)
Tax rate change	1,306	406
Total tax charge	3,310	2,354

Tax effects relating to effects of other comprehensive income

	Gross £'000	Tax £'000	2021 Net £'000
Actuarial gains/losses (Pension)	1,613	-	1,613
Movements of deferred tax (Pension)	118	-	118
	1,731	-	1,731
	Gross £'000	Tax £'000	2020 Net £'000
Actuarial gains/Losses (Pension)	(713)	-	(713)
Movements of deferred tax (Pension)	233	-	233
	(480)	-	(480)

The UK corporation tax rate was previously enacted to reduce to 17% from 1 April 2020. However, Finance Act 2020, which was substantively enacted on 11 March 2020, repealed this rate reduction and the corporation tax rate will remain at 19% from 1 April 2020.

The closing deferred tax assets and liabilities have been calculated at 19%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

Finance Act 2021 received Royal Assent on 10 June 2021 which has enacted an increase in the UK corporation tax rate to 25% from 1 April 2023. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods subject to this increased rate but as this had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

12. DIVIDENDS

	2021	2020
	£'000	as restated £'000
Authorised, allotted, called up fully paid shares of 1 each		
Interim	<u>6,978</u>	<u>-</u>

13. PRIOR YEAR ADJUSTMENT

During the year, the directors reviewed the company's classification of costs between costs of sales, distribution cost, administrative expenses and balance sheet items. The prior year comparatives have been restated to ensure the comparability of the figures reported.

14. TANGIBLE FIXED ASSETS

	Freehold property £'000	Plant and machinery £'000	Construction in progress £'000	Totals £'000
COST				
At 1 July 2020	6,733	92,016	1,568	100,317
Additions	-	-	9,199	9,199
Reclassification/transfer	-	1,533	(1,533)	-
At 30 June 2021	<u>6,733</u>	<u>93,549</u>	<u>9,234</u>	<u>109,516</u>
DEPRECIATION				
At 1 July 2020	2,845	65,938	-	68,783
Charge for year	108	3,690	-	3,798
At 30 June 2021	<u>2,953</u>	<u>69,628</u>	<u>-</u>	<u>72,581</u>
NET BOOK VALUE				
At 30 June 2021	<u>3,780</u>	<u>23,921</u>	<u>9,234</u>	<u>36,935</u>
At 30 June 2020	<u>3,888</u>	<u>26,078</u>	<u>1,568</u>	<u>31,534</u>

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

15. FIXED ASSET INVESTMENTS

	Investments in associates £000
Cost or valuation	
At 1 July 2020	187
At 30 June 2021	187
Impairment	
At 1 July 2020	187
At 30 June 2021	187
Net book value	
At 30 June 2021	-
At 30 June 2020	-
Associate undertakings	

The following were associate undertakings of the company:

Name	Class of shares	Holding	Principal activity
Multimalt Limited	1 Ordinary share	20%	Handling of cereals and other agricultural products for export and import.

16. STOCKS

	2021	2020 as restated
	£'000	£'000
Raw materials	9,131	8,368
Work-in-progress	1,189	1,077
Finished goods	5,418	6,561
	<u>15,738</u>	<u>16,006</u>

Stock recognised in cost of sales during the year as an expense was £65,584,967 (2020: £70,907,961).

There was no stock provision in either 2021 or 2020.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020 as restated
	£'000	£'000
Trade debtors	27,617	21,960
Amounts owed by group undertakings	22,871	18,840
Other debtors	809	4,910
Prepayments and accrued income	918	909
	<u>52,215</u>	<u>46,619</u>

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
		as restated
	£'000	£'000
Trade creditors	39,783	28,376
Amounts owed to group undertakings	2,753	411
Tax	886	992
Social security and other taxes	136	160
Other creditors	19,578	17,483
	<u>63,136</u>	<u>47,422</u>

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
		as restated
	£'000	£'000
Within one year	88	142
Between one and five years	47	73
	<u>135</u>	<u>215</u>

20. PROVISIONS FOR LIABILITIES

	2021	2020
		as restated
	£'000	£'000
Deferred tax		
Fixed asset timing differences	4,612	-
Short term timing differences	-	-
Deferred tax	-	2,901
	<u>4,612</u>	<u>2,901</u>

	Deferred tax
	£'000
Balance at 1 July 2020	2,901
Charge to Statement of Comprehensive Income during year	1,649
Deferred tax charge in OCI	118
Prior periods adjustments	(56)
	<u>4,612</u>
Balance at 30 June 2021	<u>4,612</u>

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £'000	2020 as restated £'000
1,081,000	Authorised, allotted, called up fully paid	1	<u>1,081</u>	<u>1,081</u>

Ordinary shares rank pari passu in terms of dividend income and voting rights.

22. RESERVES

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account

The profit and loss account comprises all current and prior period retained profits and losses, less dividends declared and paid.

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

23. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a funded, defined benefit scheme in the UK which is closed for future accrual of benefits. The scheme is comprised of approximately half office based and half manufacturing based employees, situated at various locations within the UK.

The most recent full valuation by a qualified independent actuary was at 30 June 2021.

The valuation has been updated to 30 June 2021 by the actuary.

The company operates a Defined Benefit Pension Scheme.

The assets of the schemes are held separately from those of the company.

Reconciliation of present value of plan liabilities:

	30.6.21	30.6.20
	£'000	£'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	21,913	20,024
Actuarial losses	(975)	2,161
Interest cost	308	491
Benefits paid	(2,786)	(763)
At the end of the year	18,460	21,913

Reconciliation of present value of plan assets:

	30.6.21	30.6.20
	£'000	£'000
At the beginning of the year	19,219	17,323
Contributions	950	950
Actuarial gains	668	1,448
Expected return on assets	274	426
Administrative expenses	(75)	(165)
Benefits paid	(2,786)	(763)
At the end of the year	18,250	19,219

	30.6.21	30.6.20
	£'000	£'000
Fair value of plan assets	18,250	19,219
Present value of plan liabilities	(18,460)	(21,913)
Net pension scheme liability	(210)	(2,694)

	30.6.21	30.6.20
	£'000	£'000
Interest on obligation	(34)	(65)
Total	(34)	(65)

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £19,581,000 (30.6.20: £21,224,000).

The company expects to contribute £950,000 (30.6.20: £950,000) to its Defined Benefit Pension Scheme in 2021.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	30.6.21	30.6.20
	£'000	£'000
Equities	3,904	4,635
Diversified	5,061	4,956
Cash	1,677	1,723
Liability driven investments	7,323	7,905
	<u>18,250</u>	<u>19,219</u>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	30.6.21	30.6.20
	%	%
Discount rate	1.85	1.50
Retail Price Inflation	3.15	3.00
Consumer Price Inflation	2.55	2.20
Pension increases - Pre October 2005	3.15	3.00
Pension increases - Post October 2005	2.50	2.50
Expected return on assets	1.85	1.50

Mortality rates

	30.6.21	30.6.20
	%	%
- for a male aged 65 now	21.8	21.7
- at 65 for a male aged 45 now	22.7	22.8
- for a female aged 65 now	24.1	24
- at 65 for a female member aged 45 now	25.3	25.2

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the asset distribution at the start of the period to develop the expected long-term rate of return on assets assumption for the portfolio.

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

Scheme assets are measured at market value. Pension liabilities are measured using the projected unit method discounted to present value.

Defined benefit pension schemes :

	30.6.21	30.6.20
	£'000	£'000
Defined benefit obligation	(18,460)	(21,913)
Scheme assets	18,250	19,219
	<u>(210)</u>	<u>(2,694)</u>
Experience adjustments on scheme liabilities	220	849
Experience adjustments on scheme assets	668	1,448
	<u>888</u>	<u>2,297</u>

The before tax gross deficit is shown above, however, a deferred tax asset has been recognised in note 20. This is a long-term balance and there is not expected to be any material reversal in the next 12 months.

24. CAPITAL COMMITMENTS

	2021	2020
	£'000	as restated £'000
Contracted but not provided for in the financial statements	<u>3,631</u>	<u>578</u>

25. COVID19

The global environment for the 2020-2021 fiscal year is deeply impacted by the Covid19 pandemic, which affects all companies. The Axéreal Group is mobilized to ensure the safety of its employees and continue to serve its customers in this context. The work environments and operating rules have been adapted to comply with the recommendations of the various health authorities, while ensuring business continuity.

At this stage of the epidemic, the impacts of the health crisis are mainly volume losses on our Malt activities. These volume losses are linked to the slowdown in the economic environment due to the containment measures taken in many countries. The duration of these measures and the pace at which they will be lifted will be decisive in measuring the short-term effect of this crisis on the Group's markets.

The company took these elements into account when closing the accounts and considers at this stage that the crisis has no effect on its medium-term outlook.

In addition, in order to strengthen the Group's liquidity and deal with the uncertainties of the health crisis, the following actions have been implemented:

- Drawdown in August 2020 of a loan guaranteed by the State for an amount of € 150m
- Deadlines negotiated with our financial partners
- Arbitration on investments and actions on non-essential operating expenses

On this basis, the going concern principle retained in the accounts is appropriate.

26. OTHER FINANCIAL COMMITMENTS

The company has no financial commitments apart from the foreign exchange contracts disclosed within financial instruments.

Pauls Malt Limited

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2021**

27 CONTROLLING PARTY

The immediate parent undertaking of this company is Boortmalt UK Limited, a company incorporated in the United Kingdom. This company does not prepare consolidated financial statements.

The ultimate parent undertaking is Societe Cooperative Agricole Axereal, a cooperative company incorporated in France. Societe Cooperative Agricole Axereal is the largest group of undertakings for which group accounts have been drawn up. Copies of the consolidated financial statements of Societe Cooperative Agricole Axereal may be obtained from SCA Axereal, 36 rue de la Manufacture - CS 40639, 45166 Olivet Cedex, France.

There is no overall controlling party.

AXEREAL MALT HOLDING

Société par actions simplifiée

36 rue de la Manufacture

45160 Olivet

STATUTORY AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

OF THE AXEREAL MALT HOLDING GROUP

Year ended June 30th, 2021

THESE ACCOUNTS
FORM PART OF THE
GROUP ACCOUNTS
OF COMPANY
No. 88929

Mazars

Société anonyme d'expertise comptable et de
commissariat aux comptes à directoire et
conseil de surveillance

Capital de 8 320 000 Euros
RCS Nanterre 784 824 153

Deloitte & Associés

S.A.S. au capital de 2 188 160 €

572 028 041 RCS Nanterre

Société de Commissariat aux Comptes inscrite à
la Compagnie Régionale de Versailles et du
Centre

AXEREAL MALT HOLDING

Société par actions simplifiée

36 rue de la Manufacture

45160 Olivet

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE AXEREAL MALT HOLDING GROUP

Year ended June 30th, 2021

To the President of AXEREAL MAL HOLDING,

As statutory auditors of Axereal Malt Holding and at your request, we have audited the accompanying
"consolidated financial statements" of AXEREAL MALT HOLDING for the period beginning in July 1st, 2020 and
ended in June 30th, 2021.

These “consolidated financial statements” have been approved by the board of Directors as of October 4, 2021. Our role is to express an opinion on these “consolidated financial statements”, based on our audit.

Due to the global crisis related to the Covid-19 pandemic, the “consolidated financial statements” have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as *travel restrictions and remote working*, have also had an impact on the companies' internal organization and the performance of the audits.

We conducted our audit in accordance with professional standards applicable in France and the guidance issued by the French Institute of statutory auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the “consolidated financial statements” are free of material misstatements. An audit includes examining, *using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the “consolidated financial statements”*. An audit also includes evaluating the appropriateness of accounting policies used and significant accounting estimates made, as well as evaluating the overall “consolidated financial statement” presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

In our opinion, the “consolidated financial statements” give a true and fair view of the assets and liabilities and of the financial position of AXEREA MALT HOLDING as of June 30th, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

Paris-la Défense et Puteaux, le 19 novembre 2021

The Statutory Auditors

Mazars



Jean-Maurice EL NOUCHI
Associé



Christophe PATOUILLERE
Associé

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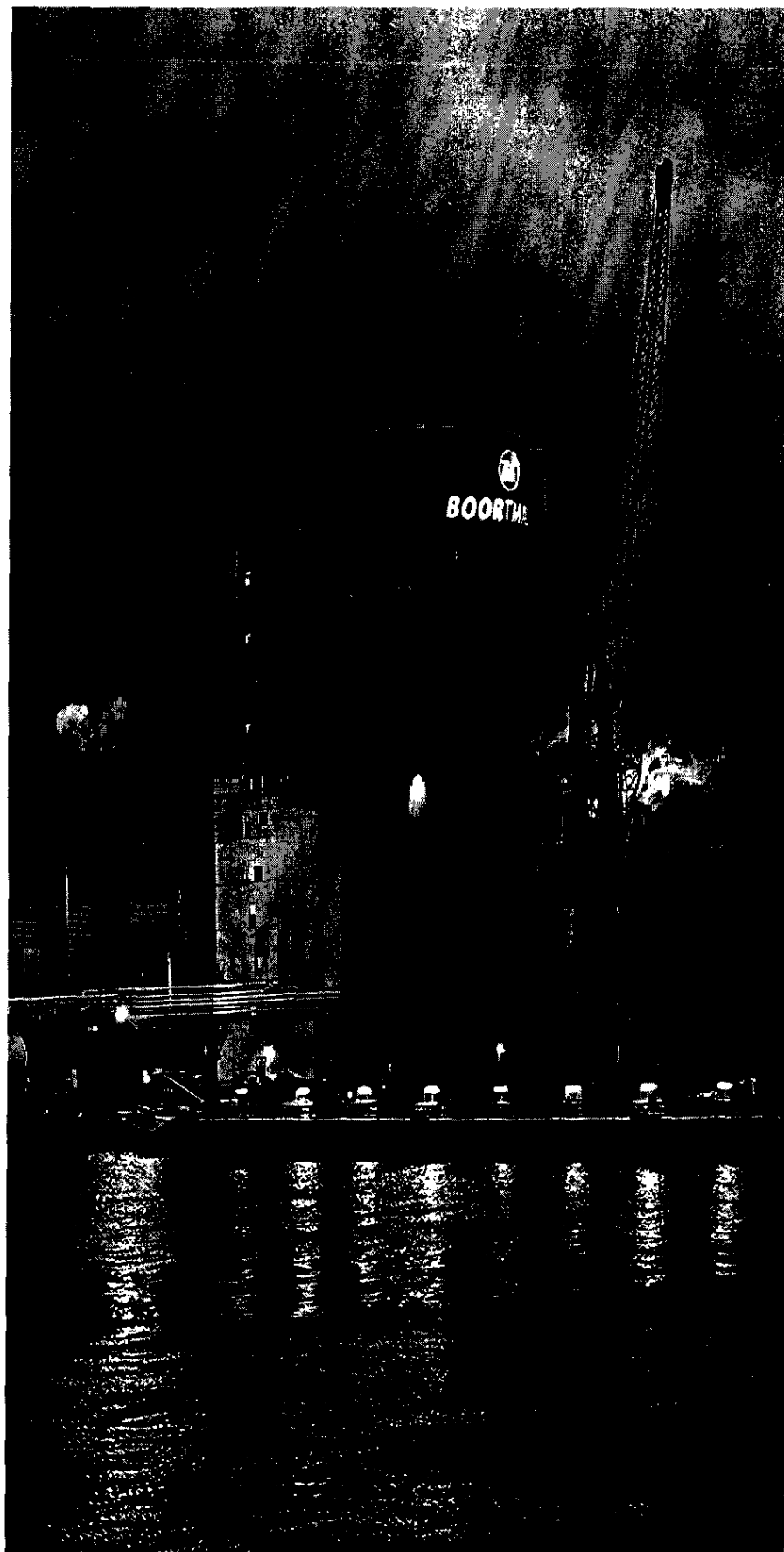
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**Consolidated
Financial
Statements**

**GROUP
AXEREAL MALT
HOLDING**

June 30th, 2021



SUMMARY

INTRODUCTION.....	3
A – CONSOLIDATED FINANCIAL STATEMENTS	4
B- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
I - HIGHLIGHTS OF THE YEAR AND	11
II - SCOPE OF GROUP CONSOLIDATION	12
III - ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION	14
IV - NOTES ON PROFIT AND LOSS.....	20
V - NOTES ON BALANCE SHEET	26

INTRODUCTION

This file has for object to present the consolidated financial statements of Axereal Malt Holding on June 30th, 2021.

This report contains:

- Consolidated financial statements
 - . *Balance sheet*
 - . *Profit and loss statement*
 - . *Cash Flow statement*
 - . *Changes in net equity*
- Notes to the consolidated financial statements
 - . *Highlights & post-closing events*
 - . *Scope of group consolidation*
 - . *Accounting policies and basis of consolidation*
 - . *Notes on accounting information and off-balance commitments*

Consolidated Financial Statements June 30th, 2021

CONSOLIDATED INCOME STATEMENT

in thousands of euros	Note	Period ended 30 Juin 2021	Period ended 30 Juin 2020
Net turnover	1	1 190 165	881 602
Operating income		-21 286	-21 119
Purchases of goods for resale		-28 470	-10 936
Change in inventory - goods for resale		24	-396
Purchase of commodities		-685 297	-553 945
Change in inventory - commodities		-8 193	16 043
Other external expenses		-240 455	-190 083
Staff cost	2	-69 912	-51 494
Taxes		-18 359	-11 963
EBITDA		118 217	57 710
Operating allowances	3	-61 243	-45 813
Write off amortization & provisions		1 894	1 040
Other expenses & incomes	4	-177	-199
Transfer of operating charges		0	43
EBIT		58 691	12 782
Net financing costs	5	-36 948	-23 783
Other financial income and expenses not related to financing	6	-3 544	-573
Result before income tax		18 199	-11 575
Extraordinary result	7	1 370	4 110
Deferred tax	8	-1 303	9 252
Income tax	8	-18 053	-11 672
Net result		214	9 886
Net result from equity method		0	0
Depreciation on goodwill		-1 322	-1 311
Consolidated net result		-1 108	11 497
Group net result		-993	9 734
Result attributable to non controlling interest		-116	-1 463

Earnings per share

The loss per share for this year is 0,10 euros by share. This corresponds to the Group result, divided by the number of share on June 30th, 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in thousands of euros	ASSETS	Note	Period ended 30 Jun 2021	Period ended 30 Jun 2020
Uncalled subscribed capital				
Goodwill		9	227 994	225 523
Intangible assets		10	70 576	57 196
Tangible assets		11	531 029	550 416
Financial assets		12	3 589	1 074
Investments in associates			0	0
Fixed assets			833 189	834 208
Inventories		13	153 496	184 574
Trade receivables		14	243 747	133 976
Tax & social receivables		15	38 811	24 515
Other receivables		16	21 253	21 013
Current Assets			457 307	364 078
Current accounts			68	52
Financial instruments assets		17	27	0
Marketable securities		18	312	3 882
Cash		19	117 334	104 141
Cash & cash equivalent			117 740	108 075
Prepaid expenses		20	5 198	1 807
Charges to be spread		21	7 587	9 264
Deferred tax - asset		22	19 214	24 218
Total assets			1 440 235	1 341 651

	EQUITY & LIABILITIES	Note	Period ended 30 Jun 2021	Period ended 30 Jun 2020
Share capital		23	103 690	103 690
Share premiums			289 815	289 815
Accumulated profits			46 881	57 812
Group translation reserves			-20 675	-13 389
Group net income			-993	-9 734
Shareholders' Equity			418 718	428 193
Minority Interest			67 264	70 029
Non controlling interest income			-115	-1 463
Shareholders' Equity - Minority interest			67 149	68 566
Equity			485 867	498 760
Other equity			0	0
Other equity			0	0
Provisions		24	4 139	7 228
Provisions for goodwill			0	0
Deferred tax - liability			28 443	31 616
PROVISIONS			32 582	38 844
Financial liabilities		25	658 915	605 985
Current account liabilities		26	0	32 195
Financial instruments liabilities		17	1 404	0
Bank overdrafts			5 289	238
FINANCIAL LIABILITIES			665 607	638 419
Trade payables		27	207 552	140 847
Social & fiscal debts		28	44 920	23 859
Other liabilities			3 688	2 891
CURRENT LIABILITIES			256 160	167 597
Deferred revenue			20	32
Total liabilities			1 440 235	1 341 651

CONSOLIDATED CASH FLOW STATEMENT

in thousands of euros

	<u>Period ended</u> <u>30 Juin 2021</u>	<u>Period ended</u> <u>30 Juin 2020</u>
Net consolidated result	-1 108	-11 197
Elimination of amortization and provision	56 474	46 332
Elimination of gain / loss on disposals	-418	758
Others revenues and expenses without effects on cash	8 070	0
Operating cash flow before changes in working capital	63 019	35 894
Elimination of financial result	40 492	24 357
Elimination of income tax	18 053	11 672
Removal of Deferred tax	1 301	-9 252
Operating cash flow before changes in working capital, net financial debts and income tax expenses	122 864	62 671
Changes in net working capital	-18 823	61 990
Income tax	-18 053	-11 672
A - NET CASH FROM OPERATING ACTIVITIES	85 989	112 988
Purchases of tangible & intangible assets	-62 223	-66 850
Proceeds on disposal of intangible & tangible assets	2 820	10
Purchases of consolidated companies (net of cash acquired)	-2 989	-763 593
Sales of consolidated companies (net of cash sold)	0	0
Other cash flows from investing activities	115	-40
B - NET CASH USED IN INVESTING ACTIVITIES	-62 278	-830 473
Increase/Decrease of capital	0	133 577
Dividends payable by group	0	-8 803
Dividends payable to minorities	0	-697
Loans issuances	62 116	594 908
Loans repayment	-10 636	-2 836
Financial expenses	-40 492	-24 357
Expenses to be amortized	-1 563	-5 804
C - NET CASH FROM FINANCING ACTIVITIES	9 426	685 987
Impact due to exchange rate changes	2 311	-2 005
Adjustments due to accounting principles changes	0	0
D - OTHER IMPACTS	2 312	-2 005
NET CASH FLOW FOR THE PERIOD	35 448	-33 503
Net opening cash position	75 645	109 148
Net Variation	35 448	-33 503
Net closing cash position	111 094	75 645

AMH - CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

in thousands of euros	Share & Share premium	Reserves & retained earnings	Consolidated net income	Translation reserves	Group net equity	Reserves	Net result	Translation reserves	Non controlling interests
Opening	393 504	57 812	-9 734	12 389	428 183	72 127	-1 463	-2 095	88 568
Net income Y-1 appropriation		-9 734	9 734		- 0	-1 463	1 463		-
Dividends					-				-
Capital increase/decrease	0	0			- 0	0			0
Net profit (loss) for the period			-993		- 993		-115		115
Scope effect & Other	0	-1 198	0	0	- 1 198	-173	0	0	173
Change in exchange rates	0	0	0	-7 285	- 7 285			-1 130	1 130
Closing	393 504	46 881	-993	-20 676	418 715	70 481	-115	-3 227	87 148

Notes to the Consolidated Financial Statements

GENERAL INFORMATION

The terms "AMH Group" and "the Group" refer to the parent company, Axereal Malt Holding and its consolidated subsidiaries and equity method affiliates. The term "the Company" refers solely to the parent company, Axereal Malt Holding. The Group's parent entity AXEREAL is the ultimate controlling entity, whose registered office is located at Olivet (45- France). AMH – the Group holding company – is a SAS company incorporated under French law, whose registered office is located at Olivet (45 – France). AMH is owned, in majority, by an intermediate holding: ARIANE. The consolidated financial statements are presented in thousands of euros unless otherwise specified. At 30 June 2021, the Company's share capital was composed of 10 368 953 shares (3 400 000 preferred shares and 6 968 953 Ordinary shares), with a par value of €10 each.

These notes compile additional information on balance sheet, with a total assets of 1 440 235 thousands of euros and a consolidated loss of 993 thousands of euros for the group net result.

Information are published only if they are significant. All figures are in thousands of euros.

I - HIGHLIGHTS OF THE YEAR AND POST-CLOSING EVENTS

Highlights

Covid

The global environment in the financial year has been deeply impacted by the Covid-19 pandemic, which affects all companies. Axereal Malt Holding Group is mobilized to ensure the safety of its employees and to continue to serve its customers in this context. The working environments and operating rules have been adapted to respect the recommendations of the various health authorities, while ensuring business continuity.

At this stage of the epidemic, the impacts of the sanitary crisis are mainly losses of volume. These volume losses are related to the slowdown in the economic environment due to the containment measures taken in many countries. The duration of these measures and the rate at which they will be lifted will be decisive in measuring the short-term impact of this crisis on the Group's markets.

The company has taken these factors into account when preparing its financial statements and considers at this stage that the crisis has no effect on its medium-term outlook.

In addition, in order to strengthen the Group's liquidity and to address the uncertainties of the health crisis, the following actions have been taken:

- Drawdown in August 2020 of a State-guaranteed loan
- Postponement of maturities negotiated with our financial partners
- Arbitration on CAPEXs and actions on non-essential OPEXs

On this basis, the going concern principle used in the financial statements is appropriate.

Ethiopia plant

On 2nd semester of 2020-21, production in the new plant in Ethiopia started. Volumes produced for a full year is expected at 58 kTons.

PPA adjustments

Goodwill (and/or fair value adjustments) are recorded when the Group takes control of a Company, but the purchase price allocation is definitive at the end of the fiscal year that follows the one of the acquisitions.

Therefore, at end of June 2021, we finalized the calculation of the PPA presented on the financial statements.

Post-closing events

None

II – SCOPE OF GROUP CONSOLIDATION

Following, the main changes that happened on the scope of group consolidation at June 30th, 2021.

1 - Exits from the scope of consolidation during the period

Boortmalt Japan has been excluded from the scope of consolidation, due to a liquidation on-going process.

2 - Addition to the scope of consolidation during the period

Boortmalt Africa has been created in October 2020.

3 - Merger, absorption, and other modification

Nil

4 - Changes in scope consolidation

Nil

	30/06/2021	30/06/2020
Full Consolidation	30	30
Proportional consolidation	1	1
Associate		
TOTAL	31	31

Company	Share Capital Currency	% Control	% Interest	Consolidation Methods
Malting				
Axéreal Malt Holding (Mother Company)	EUR	100,00%	100,00%	Gobale (IG)
ATO	EUR	50,00%	43,20%	Proportionnelle (IP)
Belgomalt	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt Ethiopie	BIRR	100,00%	86,41%	Gobale (IG)
Boortmalt Finance Ireland	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt Hongrie - Eur	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt India	INR	100,00%	86,41%	Gobale (IG)
Boortmalt International	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt Ireland	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt NV	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt UKen Euro	EUR	100,00%	86,41%	Gobale (IG)
Copagest	EUR	86,41%	86,41%	Gobale (IG)
Europar	EUR	100,00%	86,41%	Gobale (IG)
Global GMP Malting services	EUR	100,00%	86,41%	Gobale (IG)
Malteries Franco-Suisses	EUR	99,77%	86,21%	Gobale (IG)
Minch Malt	EUR	100,00%	86,41%	Gobale (IG)
Minch Sales	EUR	100,00%	86,41%	Gobale (IG)
Pauls Malt	GBP	100,00%	86,41%	Gobale (IG)
Slavonija Sad	HRK	100,00%	86,41%	Gobale (IG)
Boortmalt Australia	AUD	100,00%	86,41%	Gobale (IG)
Boortmalt Canada	CAD	100,00%	86,41%	Gobale (IG)
Boortmalt USA	USD	100,00%	86,41%	Gobale (IG)
Boortmalt Herent	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt Germany	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt Spain	EUR	100,00%	86,41%	Gobale (IG)
Prairie Malt Ltd	CAD	100,00%	86,41%	Gobale (IG)
Boortmalt Asia Pacific	AUD	100,00%	86,41%	Gobale (IG)
Agribrands SL	EUR	100,00%	86,41%	Gobale (IG)
Boortmalt Argentina	USD	100,00%	86,41%	Gobale (IG)
Standart SAS	EUR	100,00%	86,21%	Gobale (IG)
Boortmalt Africa	EUR	100,00%	86,41%	Gobale (IG)

III - ACCOUNTING POLICIES AND BASIS OF CONSOLIDATION

Consolidation Rules

1 - General principles

Axereal Malt Holding Group consolidated accounts have been prepared according to the French Commercial Code, and with the up-to-date accounting standards and accounting rules from "Autorité des Normes Comptables", in its by-law n° 2016-08 dated on December 2nd, 2016, amending the appendix of by-law n° 99-02.

Where required, balance sheets and income statements are restated to harmonize them with the Group's accounting policies.

Financial leases

The Group restates leasing arrangements as follows:

- The asset is capitalized on the balance sheet.
- The corresponding loan is recorded as a liability on the balance sheet.
- The fee recorded as an operating expense in the individual account is cancelled during the consolidation process and a financial charge and loan repayment are recorded.
- The asset is depreciated in accordance with group accounting policies.

2 - Use of estimates

The consolidated financial statements have been prepared according to the historical cost convention. The preparation of these consolidated financial statements required Group Management to use certain estimates and assumptions that may have an impact on the reported values of assets and liabilities at the balance sheet date, and on items of income and expense for the year. These estimates and assumptions are reviewed on a continuous basis by reference to past experience, as well as various other factors considered as reasonable which form the basis for assessing the carrying amount of assets and liabilities. Actual results could differ significantly from these estimates if different assumptions or circumstances apply. The estimates and assumptions that may have a significant impact on the assets and liabilities and income and expense items in the consolidated financial statements are as follows:

- Goodwill impairment testing

Goodwill is tested for impairment at least annually, at the same time each year. The recoverable number of cash-generating units (CGUs) is determined using DCF method and is based on estimates of future cash flows.

- PPA exercise and recognition on Cargill Goodwill (definitive calculation)

As part of PPA exercise, the calculation assets value required estimates (customers relationship...).

The purchase price was allocated by region using an economic approach based on DCF valuation (Enterprise Value).

- Provisions for pension and other long-term employee benefit obligations

The present value of the Group's pension and other long-term employee benefit obligations depends on the actuarial assumptions adopted at each reporting date, including the discount rate.

Changes in these assumptions affect the carrying amount of pension and other long-term employee benefit obligations. At each reporting date the Group determines the discount rate to be used for measuring these obligations by reference to market yields on bonds issued by companies with high credit ratings assigned by well-known rating agencies, and which are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the benefit obligations. The Group also uses other assumptions that notably depend on market conditions.

- Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to realize the related tax benefit, based on fiscal forecasts drawn up for each taxable entity or tax consolidation group.

- Other provisions

These provisions mainly concern provisions for legal risks and restructuring costs. A provision is recorded when the Group has a present obligation resulting from a past event, the amount of the obligation can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation. The provisions are determined and updated based on assumptions made by the Group at each reporting date and are discounted if the time value of money is material.

1 - Financial Year ended

The Group's companies have been consolidated based on their financial statements for the twelve-month period ended 30th June 2021. However, companies acquired during the financial year have only been included in the income statement as from the date on which the Group effectively acquired control. Similarly, companies disposed of during the financial year have only been included in the income statement until the date on which the Group effectively lost control.

All balance sheets and income statements are consolidated on the basis of financial statements or situations at 30th June 2021.

2 - Comparability of financial years

Following the acquisition of the Cargill Malt assets completed on 31 October 2019, the Group's consolidated financial statements for the 2019-20 financial year included the results of Cargill's malt business over an 8 month period. From financial year 2020-21, these businesses are included in the Group's consolidated accounts for a full 12 months.

3 - Consolidation methods

100% shares

The consolidated financial statements use full consolidation of all significant subsidiaries controlled exclusively by the group, either directly or indirectly.

Proportional integration companies

The accounts of companies that are controlled jointly by the parent company and other shareholders or partners are consolidated by proportionate integration. The main difference between this and full consolidation is that the assets and profit/loss of the company under joint control are only integrated into the consolidating company's accounts in proportion to the percentage of the company held with no treatment of direct minority interests.

Associated companies

Associated companies within which the Group, directly or indirectly, has a significant influence (which is taken as being the case when the group holds at least 20% of the voting rights) are accounted for using the equity method. Under the equity method, the carrying amount of held shares is replaced with the value of the percentage they represent of the shareholders' equity of the associated company, including current year results.

Non-consolidated companies

Companies which make a non-significant contribution to the Group's objective of providing a true representation of its position are not included.

Shares in companies are not included in the scope of consolidation because they are not significant are shown as non-consolidated investments. The consolidation of these companies would not have a significant effect on the consolidated financial statements.

7.1 Internal operations

All significant transactions between the consolidated companies and the profits or losses realized within the group (including dividends) are eliminated.

7 Translation of financial statements of foreign subsidiaries

The results and financial position of consolidated subsidiaries that have a functional currency other than euro are translated into euros as follows: (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet (except for equity which is translated at historical rates), and (ii) income and expenses and cash flow statement items are translated at average exchange rates for the year. All resulting exchange differences are recognized under "currency translation reserve".

The loans constituting in substance monetary items that are part of the net investment in foreign subsidiaries were analyzed in order to identify the loans whose payment is neither planned nor probable in the foreseeable future. Exchange differences relative to such loans are recognized in translation reserve (Equity) and must be reclassified later to profit or loss on disposal of the net investment.

Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are considered as assets and liabilities of the entity holding the shares. Consequently, they are converted into the currency of the company holding the shares at the historic rate.

When a foreign entity is disposed of, translation adjustments formally accounted for as shareholders' equity are recognized on the balance sheet.

Closing rate	30/06/2021	30/06/2020	Average rate	30/06/2021	30/06/2020
AUD Dollar australien	1,59	1,63	AUD Dollar australien	1,60	1,65
CAD Dollar canadien	1,47	1,53	CAD Dollar canadien	1,53	1,49
ETB Birr éthiopien	51,89	39,52	ETB Birr éthiopien	46,92	35,09
EUR Euro	1,00	1,00	EUR Euro	1,00	1,00
GBP Livre Sterling	0,86	0,91	GBP Livre Sterling	0,88	0,88
HRK Kuna	7,49	7,56	HRK Kuna	7,54	7,48
INR Roupie indienne	88,32	84,62	INR Roupie indienne	88,17	80,21
JPY Yen	131,43	120,66	JPY Yen	127,57	119,60
USD Dollar US	1,19	1,12	USD Dollar US	1,20	1,11

Majority of customers contracts in Argentina are negotiated in USD, so our subsidiary Boortmalt Argentina uses USD as functional currency instead of local currency (ARS).

Due to this currency, no hyper-inflation treatment is applied.

2 - Balance sheet's accounts of related parties

Malting business unit is in business and financial relationships with Axéreal group companies in particular.

The major relations within the Axéreal Group correspond to:

- Business relations: mainly related to the transfer of grain collected to the "Chaîne du Grain" Business Unit and Processing Business Unit.
- Financing: external financing of the Group Axéreal is primarily borne by SCA Axéreal and Axéreal Finances that push down financing to the different operating BU of the Group.

Transactions made with related parties are concluded on normal conditions of market.

Balance Sheet	30/06/2021	30/06/2020
Accounts Receivable	204	179
Current account receivable	0	0
Other receivables	0	91
Loans and financial debts	-578 903	-529 474
Credit current account	0	-32 120
Trade payables	-15 416	-15 386
Other debts	0	0
Profit and Loss		
Operating expenses	-118 692	-115 499
Operating income	7 959	1 801
Financial expenses	-26 988	-19 020
Financial income	0	0
Extraordinary expenses	-78	-80

IV - NOTES ON PROFIT AND LOSS

Due to the acquisition of Cargill the 31st October 2019, the figures below for June 2020 contain only 8 months for Cargill subsidiaries and 12 months for June 2021.

Note 1 – Turnover

	30/06/2020	30/06/2021
EMEA	589 395	720 147
North America	88 489	108 437
South America	114 892	177 831
APAC	88 541	163 088
Africa	285	20 663
Net turnover	881 602	1 190 165

Revenues amount to €1 190 million as of June 30th 2021.

The increase is mainly due to the acquisition of Cargill Malt (only 8 months on fiscal year 2019-20).

Table 2 Staff cost

Under regulation 99-02, employee profit sharing is treated as an operating expense under staff costs. This obligation has resulted in the reclassification of the expense recorded in the annual accounts

	30/06/2020	30/06/2021
Wages and salaries	-37 055	-51 116
Social Security ch./Employment tax	-6 893	-8 821
Other staff expenses	-7 591	-9 975
Employees' profit share	45	0
Staff cost	-51 494	-69 912

• Staff by area – end of period

	30/06/2020	30/06/2021
EMEA	480	452
North America	111	117
South America	177	169
APAC	119	113
Africa	0	66
TOTAL	887	917

The increase of Staff is mainly due to the plant Ethiopia starting.

Note 3 - Operating allowances

	30/06/2020	30/06/2021
Depreciation for intangible assets	-2 953	-5 151
Depreciation for tangible assets	-38 046	-53 060
Total	-41 000	-58 212
Contingency and loss provision	-421	-257
Provisions for inventories	-31	-31
Depreciation for receivables (current assets)	-2 622	-14
Total	-3 074	-302
Depreciation for expenses c/fwd	-1 739	-2 730
Operating allowances	-45 813	-61 243

Note 4 - Write off amortization & provision

	30/06/2020	30/06/2021
Write-back dep for intang assets	0	0
Write-back dep for tang assets	529	0
Total	529	0
Write-back operating prov	455	1 894
Write-back dep. on inventories	0	0
Write-back dep on receivables (current assets)	56	0
Total	511	1 894
Write off amortization & provisions	1 040	1 894

Note 5 - Net cost of financing

	30/06/2020	30/06/2021
Cost of financing	-25 664	-37 992
Product of interest	1 880	1 044
Net cost of financing	-23 783	-36 948

The costs of financing mainly correspond to the :

- Acquisition facility : 305m€
- Investment loan : 46m€
- Last Ranking Bonds : 141m€
- Other subordinated loan : 100m€

The product of interest is mainly due to marketable securities in Argentina

Note 6 - Other non-financial income and expenses

	30/06/2020	30/06/2021
Foreign exchange result	-564	-2 223
Fair value variance on financial activities hedging instruments	0	-1 352
Net allocations to provisions	-102	-47
Other	93	77
Other non-financial income and expenses	-573	-3 544

The main impact comes from unrealized foreign exchange losses.

6.4.7 - Extraordinary result

Extraordinary income or expenses on current capital correspond to selling price and net book value of assets disposals.

	30/06/2020	30/06/2021
On current business	332	1 207
On current capital	127	2 937
Write-back on provisions	11 740	5 200
Extraordinary income	12 199	9 344
On current business	-4 125	-5 470
On current capital	-1 104	-2 402
Extraordinary provisions	-2 860	-102
Extraordinary expenses	-8 090	-7 973
Extraordinary result	4 110	1 370

Extraordinary result for this year is mainly positively impacted by customer disputes in Croatia and Ireland, partially compensated by many miscellaneous items, included the sale of Bocs house.

June 2020 extraordinary result was mainly impacted by insurance proceeds received for the CAPEX rebuilt in Athy (+11.8 m€). Net book value of the asset was 1.0 m€, recorded under capital transactions.

Note 8 - Income tax & Deferred tax

Tax consolidations exist in Australia (Boortmalt Australia and Boortmalt Asia Pacific) and in Belgium (Copagest / Boortmalt NV and Boortmalt International / Belgomalt).

The Group calculates corporation tax based on current tax legislation in the countries where its profits are taxable.

	30/06/2020	30/06/2021
Income tax	-11 525	-17 635
Tax income/expense tied to fiscal integration	-147	225
Tax credit (research, sponsorship)	0	2 361
Tax assessment, abatement, fiscal control	0	132
Withholding tax	0	-3 137
Income tax	-11 672	-18 053

The main part of the income tax is due by Argentina.

	30/06/2020	30/06/2021
Deferred Tax	9 252	-1 303
Deferred tax	9 252	-1 303

As at 30 June 2020, deferred taxes were mainly due to loss activations.

Tax proof

	30/06/2020	30/06/2021
Net accounting income/loss	-11 197	-1 108
Income Tax	-2 420	-19 356
Net result before taxes	-8 777	18 248
<i>Group tax rate</i>	<i>31,00%</i>	<i>28,00%</i>
Current theoretical tax	2 721	-5 109
- Permanentes differences effects	1 046	-5 344
- Losses carried forward	294	398
- Consolidated restatement without deferred taxes	-42	-1 373
- Not activated losses effects	-9 341	-7 072
- Tax credit	678	2 042
- Taxation of foreign companies at different rates	2 236	2 941
- Goodwill amortization	-406	-595
- Others	396	-5 243
INCOMETAX (+) product / (-) charge	-2 420	-19 356

At 30 June 2021, the "Other" item consists mainly of withholding taxes (-€2.6 million).

V - NOTES ON BALANCE SHEET

Notes 9 – Goodwill

The excess of the purchase price of a subsidiary over the share of the net assets acquired is analyzed and allocated to the relevant tangible and intangible asset headings and depreciated or amortized over the relevant probable life span.

Goodwill (and/or fair value adjustments) are recorded when the Group takes control of a Company, but the purchase price allocation is definitive at the end of the fiscal year that follows the one of the acquisitions.

Therefore, at end of June 2021, we finalized the calculation of the PPA presented on the financial statements.

Recoverable amounts for goodwill are assessed at UGT level (North America, South America, Asia Pacific and Europe), each time the accounts are prepared. Goodwill is valued by discounting expected future cash flows for each business or using available economic or financial information (relating to present and/or future situations).

Impairment test of goodwill is recorded if the recoverable amount is found to be lower than the net carrying amount.

Negative goodwill is recorded as a provision for contingencies and liabilities. It is then written back if and when the events behind it occur.

	30/06/2020	Allocation for the year	Change in exchange rate	Change in scope of consolidation	30/06/2021
Goodwill on consolidation	239 174	0	122	3 660	242 956
Goodwill (gross)	239 174	0	122	3 660	242 956
Depreciation/impairment on goodwill	-13 651	-1 311	0	0	-14 962
Goodwill (dep.)	-13 651	-1 311	0	0	-14 962
Goodwill	225 523	-1 311	122	3 660	227 994

At end of June 2021 no impairment has been booked.

A 0.5 point increase in WACC as defined by UGT would reduce the headroom by between €4m and €93m, depending of UGT.

A 0.5 point decrease in the perpetual growth rate would reduce the headroom by between €2m and €59m, depending on the UGT.

An additional amount related to Cargill acquisition has been calculated due to a stamp duty payment in Australia and a correction of the net equity acquired in Prairie Malt.

Note 10 - Intangible assets

The ongoing business acquired by the group (customer relationships) is recorded as an intangible asset.

Customer relationships are recognized only on LTA contract and are amortized from 20 to 24 years.

An impairment is recorded when the value of this ongoing business shown on the balance sheet is higher than the recoverable amount, as defined above.

According to ANC 2015-06 & 07 rules, an annual impairment test is done at the end of the year. In case of any clue of value losses during the period, an impairment test has to be run.

Other intangible assets are mainly composed by customer relationship due to Cargill acquisition.

Other intangible assets and patents are analyzed according to their specific nature.

	30/06/2020	Purchases	Disposals	Net allocations	Scope effect, Fx effect & other	30/06/2021
Start-up costs (gross)	147	3	0	0	0	149
Research & development costs (gross)	0	0	0	0	0	0
Franchises/patents/similar rights (gross)	3 220	0	0	0	12	3 232
Local goodwill (gross)	597	0	0	0	3	600
Other intangible assets	62 906	3 779	0	0	14 814	81 499
Intangible assets in progress (gross)	60	10 156	0	0	-10 217	0
Intangible assets (gross)	66 930	13 938	0	0	4 613	85 481
Start-up costs (dep)	-147	0	0	0	0	-147
Research & development costs (dep)	0	0	0	0	0	0
Franchises/patents/similar rights (dep)	-3 191	0	0	-1	-6	-3 198
Local goodwill (dep)	-270	0	0	-120	0	-390
Amt/Dep other intangible assets	-6 127	0	0	-5 030	-13	-11 170
Intangible assets in progress (dep)	0	0	0	0	0	0
Intangible assets (dep)	-9 734	0	0	-5 151	-19	-14 905
Intangible assets	57 196	13 938	0	-5 151	4 594	70 576

The increase of intangible assets is due to Cargill IT integration.

At end of June 2021 no impairment has been booked.

Note 11 - Tangible assets

Tangible assets are recorded at their historic value or revalued if necessary.

In most cases, the depreciation method and the useful life of the asset selected when drawing up the individual accounts are retained for the purposes of the consolidated accounts.

However, depreciation is restated at the consolidation stage if companies have applied fiscal criteria to their individual accounts or if the principles of consistency defined below, in particular as regards the useful life of assets, have not been applied to the individual accounts.

Tangible assets are valued as follows:

- at acquisition cost, any discounts received together with acquisition expenses including finance costs,
- at production cost, if it is produced internally.

Assets are depreciated in the accounts based on their estimated useful lives:

Buildings:	10 to 50 years
Other tangible assets	
▪ Land improvement and landscaping:	5 to 30 years
▪ Constructions:	5 to 50 years
▪ Equipment and tooling:	4 to 30 years
▪ Fixtures, fittings and facilities:	4 to 20 years
▪ Vehicles:	3 to 10 years
▪ IT equipment:	2 to 5 years
▪ Office equipment and furniture:	4 to 10 years

The component approach is used when separate components are identified, and they are depreciated on the basis of the following useful lives:

	<u>Useful life</u>
♦ Structures that cannot be broken down into component parts	5 to 15 years
♦ Structures that can be broken down into component parts	20 to 40 years
♦ Components	7 to 15 years

Standard restatement procedures are followed up for any transfer of assets between Group companies if a significant gain is realized. In general, assets are transferred within the Group on the basis of their carrying amount.

Maintenance and repair costs are expensed except where they are incurred to extend the life of the asset, in which case they become components.

	30/06/2020	Purchases	Disposals	Net allocations	Scope effect, Fx effect & other	30/06/2021
Land (gross)	87 350	1 149	-769	0	-1 700	86 031
Buildings (gross)	282 524	562	-2 370	0	5 986	286 702
Technical plant, machinery & equipment (gross)	538 876	16 035	-3 888	0	56 151	607 174
Other tangible assets (gross)	28 483	1 275	-448	0	-873	28 437
Tangible assets in progress (gross)	76 964	28 462	75	0	-72 542	32 958
Advances & deposits (gross)	164	82	0	0	-164	82
Tangible assets (gross)	1 014 361	47 565	-7 400	0	-13 142	1 041 385
Land (dep)	-33 641	0	0	-3 348	2 019	-34 970
Buildings (dep)	-110 341	0	1 412	-12 900	-75	-121 904
Technical plant, machinery & equipment (dep)	-311 170	0	3 321	-35 034	-128	-343 010
Other tangible assets (dep)	-8 777	0	165	-1 760	38	-10 334
Tangible assets in progress (dep)	-17	0	0	-119	0	-136
Tangible assets (dep)	-463 945	0	4 898	-53 162	1 854	-610 355
Tangible assets	550 416	47 565	-2 502	-53 162	-11 288	531 029

56 million euros have been reclassified from tangible assets in progress to technical plant (of which 34 million for Boortmalt Ethiopia).

12 Financial assets

Non-consolidated investments are shown on the balance sheet at their acquisition cost, which is the purchase cost plus, where applicable, expenses net of tax incurred to complete the transaction. An impairment is recorded for these investments (equity securities and portfolio investments) if their value in use falls below their carrying amount on a long-term basis. Determination of the value in use is based on various criteria including market value, potential profitability and revalued shareholders' equity and, where relevant, the market capitalization of the companies in question.

Dividends received or receivable from non-consolidated companies are recorded as financial income.

Securities held by Group companies in non-consolidated companies are recorded in the "non-consolidated investments" section at their acquisition value, with an impairment recorded if applicable.

	30/06/2020	Purchases	Disposals	Net allocations	Scope effect, Fx effect & other	30/06/2021
Shares in subsidiary companies	3 514	0	0	0	-88	3 427
Loans, security & other receivables	1 079	35	-47	0	1 781	2 848
Financial assets (gross)	4 593	35	-150	0	2 563	7 041
Long term investment (dep)	-3 519	0	0	0	68	-3 451
Financial assets (dep)	-3 519	0	0	0	68	-3 451
Financial assets	1 074	35	-150	0	2 631	3 589

Pension fund for Pauls Malt is in an overcovered position, therefore it has been classified in the financial asset.

Note 13 – Inventories

In the malting plant business unit, inventories are valued on a FIFO basis using average monthly cost.

The gross value of product inventories includes the purchase price and additional fees.

Financial interests are always excluded when valuing inventories.

	30/06/2020	Variations	Net allocations	Scope effect, Fx effect & other	30/06/2021
Raw mat. and other consumables	86 420	-8 193	0	-2 779	75 448
Work-in-progress (gross)	9 249	7 415	0	122	16 785
finished/semi-finished goods	88 966	-27 110	0	-525	61 331
Inventory: goods for resale	279	24	0	1	303
Link elimination of inventories internal margins	-157	0	0	0	-157
Inventories (gross)	184 757	-27 865	0	-3 181	153 711
Provisions for purchases/ sales position	-152	0	-31	0	-183
Goods for resale (dep)	-32	0	0	0	-32
Inventories (dep)	-184	0	-31	0	-215
Inventories	184 574	-27 865	-31	-3 181	153 496

Note 14 - Trade receivables

Accounts receivable are recorded at historical value. A provision for impairment is recorded on a case-by-case basis when the probable recovery value is deemed to be less than the carrying value.

This provision is based on individual calculations of the risk of failure to collect payment.

	30/06/2020	Variations	Net allocations	Scope effect, Fx effect & other	30/06/2021
Trade notes and accounts receivable (gross)	136 753	110 897	0	-1 112	246 538
Trade notes and accounts receivable (dep)	-2 777	0	-14	-1	-2 792
Trade and other receivables	133 976	110 897	-14	-1 112	243 747

Note 15 - Tax and social receivables

	30/06/2020	Variations	Net allocations	Scope effect, Fx effect & other	30/06/2021
Social receivables	24	20	0	-1	43
State receivables (excepted income tax)	20 882	9 355	0	-750	29 486
Income tax receivables	3 610	6 742	0	-1 070	9 282
Tax and social receivables	24 515	16 117	0	-1 821	38 811

Note 16 - Other receivables

	30/06/2020	Variations	Net allocations	Scope effect, Fx effect & other	30/06/2021
Disposal fixed assets receivables	0	0	0	0	0
Accrued income & SNC net result	16 525	-13 840	0	979	3 663
Unrealized foreign exchange loss	0	0	0	0	0
Other receivables	4 489	11 998	0	2	16 489
Hedging instruments relating to operating activities (Fair Value hedging part)	0	1 112	0	-11	1 101
Other receivables (gross)	21 013	-730	0	969	21 253
Depreciation on other receivables	0	0	0	0	0
Other receivables (dep)	0	0	0	0	0
Other receivables	21 013	-730	0	969	21 253

Note 17 - Financial instruments

The operational financial instruments used by the Group to hedge and manage its currency exchange risks and/or rates and/or raw materials prices based on firm commitments or highly probable future transactions are presented as off-balance-sheet items.

Derivative instruments are assessed at their market value and treated in the same way as the items hedged. If the hedged item disappears, the hedging relationship is discontinued and only losses are recorded on the income statement, by creating a provision for risk equal to the potential loss.

For the trading subsidiary, these raw materials options and future contracts (on the exchange or over-the-counter markets) and currency exchange contracts held at year-end are used to build up an overall picture of the tonnages and values of homogeneous groups held by species and by harvest, which also takes into account physical inventories held at the year end. A provision for risk is calculated when the overall position on all current operations in the portfolio for a homogeneous group reveals an unrealized loss at year-end. However, if portfolio operations reveal an unrealized gain, this will not be recorded on the income statement and will remain an off-balance-sheet item.

The Group uses internal models representative of market practices to value financial instruments that are not quoted on active markets.

	30/06/2020	Variations	Dotation exercise	Scope effect, Fx effect & other	30/06/2021
Hedging instruments relating to financing transactions (Fair value Hedging part)	0	27	0	0	27
Financial instruments assets	0	27	0	0	27

	30/06/2020	Variations	Scope effect, Fx effect & other	30/06/2021
hedging instruments relating to financing transactions (Fair value Hedging part)	0	1 378	25	1 404
Financial instruments liabilities	0	1 378	25	1 404

Note 18 - Marketable securities

Marketable securities are generally used as a way to generate a return on excess cash at low risk.

Marketable securities are recorded on the balance sheet at their purchase price. Any impairment is determined by comparing this cost with the value at year-end for quoted securities or the expected market value at year-end, for unquoted securities.

In accordance with accounting principles, unrealized gains on marketable securities are not recorded.

	30/06/2020	Variations	Net allocations	Scope effect, Fx effect & other	30/06/2021
Cash equivalents	3 882	-3 323	0	-247	312
Marketable securities (gross)	3 882	-3 323	0	-247	312
Provision for investment securities	0	0	0	0	0
Marketable securities (dep)	0	0	0	0	0
Marketable securities	3 882	-3 323	0	-247	312

Note 19 - Cash

	30/06/2020	Variations	Net allocations	Scope effect, Fx effect & other	30/06/2021
Cash	104 141	12 299	0	894	117 334
Cash	104 141	12 299	0	894	117 334

Note 20 - Prepaid expenses

	30/06/2020	Variations	Net allocations	Scope effect, Fx effect & other	30/06/2021
Prepaid expenses	1 807	3 684	0	-294	5 198
Prepaid expenses	1 807	3 684	0	-294	5 198

Table 21 - Charges to be spread

	30/06/2020	Variations	Scope effect, Fx effect & other	30/06/2021
Expenses to be amortised	9 264	1 563	-510	7 587
Charges to be spread	9 264	1 563	-510	7 587

Charges to be spread correspond to expenses to be amortized on syndicated loan issuing costs amortized over 5 years and on issuing costs related to other borrowings linked to the acquisition amortized over the length of the borrowings.

Deferred charges reach a gross amount of €12.0 million, amortized for €4,5 million. They therefore amount to €7.6 million at June 30th 2021.

The increase is mainly due to the state guaranteed loan.

Table 22 - Deferred tax

Deferred taxation is calculated using the liability method.

Deferred taxation relating to temporary differences is systematically recorded.

The rate used at 30/06/2021 for entities are based on the current tax legislation in each country.

Deferred tax amounts are reviewed at the end of each fiscal year to take into account, in particular, the changes in tax legislation and the probable deferred tax on temporary differences.

Tax losses carried forward

– Holding companies :

Other than in precise special cases (tax consolidation for example), deficits of holding companies do not give rise to deferred tax.

Industrial and commercial companies:

• If the company shows a profit at the end of the year:

- Reportable losses give rise to a deferred tax asset as long as the expected profits will cover the losses within a reasonable time year. If this is not the case, the deferred tax asset is adjusted to reflect the expected situation.

• If the company shows a loss at the end of the year:

- No deferred tax asset is recorded unless there is a specific reason to expect the company to return to profit, and in particular if the situation causing the losses is exceptional and non-recurrent.

Temporary differences

Temporary differences between the carrying amounts for assets and liabilities in the consolidated accounts and their tax bases are used to record deferred tax amounts via the liability method.

Liability method

It corresponds to the tax calculated on temporary tax differences, on tax losses judged recoverable and on certain consolidation restatements. In addition, the determined value of the tax is affected by the variation in the receivable or debt caused by the effect of the change in corporation tax rates on profit from one year to another.

	30/06/2020	Variations	Net allocations	Scope effect, Fx effect & other	30/06/2021
Deferred tax receivables	24 218	2 605	0	-7 609	19 214
Deferred tax - asset	24 218	2 605	0	-7 609	19 214

Deferred tax receivables are mainly due to tax losses carry forward for almost an amount of 13 m€.

	30/06/2020	Variations	Scope effect, Fx effect & other	30/06/2021
Deferred tax payables	31 616	3 906	-7 080	28 443
Deferred tax - liability	31 616	3 906	-7 080	28 443

Deferred tax payables are mainly due to valuation gap regarding PPA adjustment, for an amount of almost 18 m€, and for 5 m€ regarding charges to be spread.

Note 23 – Capital

There is no change during this fiscal year.

Note 24 – Provisions

Pension fund obligations

AMH Group uses the preferential method described in French regulation 99-02, "méthode du corridor". Pursuant to this regulation, pension benefits acquired by employees are recorded in the income statement of the year.

The assumptions below are used for the purposes of calculating the retirement lump-sum payment due in French entities (with the exception of companies with specific pension schemes):

- ✓ Employees retirement age fixed when the employee is of full retirement age
- ✓ Discount rate: 0,75% (Taux iBoxx € Corporates AA 10+ au 30/04/2021)
- ✓ Turnover rate applied based on the age of the employee
- ✓ Mortality table ; INSEE 2016-2018
- ✓ Employee pay increases: 1,8%
- ✓ Employer's contribution rates are established for each business unit

In addition, the Group records accruals for "defined contribution" plans for foreign companies acquired, excluding 2 "defined benefit" pension plans in UK and Spain.

Length-of-service awards

If necessary, provisions are booked in respect of length-of-service awards, which AMH Group companies grant on an ongoing and systematic basis. An individual projection method is used to calculate these amounts, taking into consideration the average rate of employee revenue and average life expectancy, according to appropriate tables.

Provisions for contingencies and liabilities

When recording provisions for contingencies and liabilities, the group uses the rules on provisions laid out in regulation CRC no. 2000-06 on liabilities.

When the group acquires a company, it evaluates that company's liabilities taking into account all the contingencies and liabilities identified on the date the company enters the Group.

The Group can become involved in claims and disputes with third parties in the context of its operations. At year-end, the Group analyses, if necessary, with the assistance of its advisors, the contingencies and liabilities to which it could be exposed and estimates to the best of its knowledge the sum to be reserved for this purpose.

A provision for restructuring is recorded when the general criteria for recognizing a provision is fulfilled, when there is a detailed, formal plan and when the Group has given the people concerned a reason to believe that

the restructuring will occur, either by beginning to implement the plan or by announcing its principal characteristics to them.

	30/06/2020	Allocation for the year	Reversal for the year	Scope effect, Fx effect & other	30/06/2021
Provisions for supplier litigation	106	0	0	-106	0
Others provisions for contingencies	894	0	-1 000	106	0
Provisions for customers	4 175	0	-785	-31	3 360
Provisions for operational risks	1 841	0	-1 846	5	0
Provisions for risks	7 016	0	-3 630	-26	3 360
Provision for retirement	364	304	-2 448	2 559	779
Others Provisions for Charges	-153	0	0	153	0
Provisions for charges	211	304	-2 448	2 712	780
Provisions	7 228	304	-6 078	2 686	4 139

Pension fund for Pauls Malt is in an overcovered position, therefore it has been classified in the financial asset.

Page 27 - Financial liabilities

	30/06/2020	Increase	Refund	Scope effect, Fx effect & other	30/06/2021
Debtenture Loans	0	0	0	0	0
Debtenture Loans	0	0	0	0	0
Bank loans - acquisition loan	0	0	0	0	0
Bank loans	1 286	2 133	-131	-204	3 084
Accrued interest on bank loans	10	0	-10	0	0
Lease loans	12 917	197	-621	-535	11 957
Loans (incl. accrued interests)	14 213	2 330	-762	-739	15 042
Adjustment on intra-group LT debts	5	0	0	-253	-248
Other debts and liabilities	42 095	46 002	-54	54	88 097
Accrued interest on other loans	2 846	2 804	-2 848	0	2 801
Elimination of Inter-company LT loans	-133	913	-3 013	2 380	147
Others loans - subordinated loan OSL	100 000	0	0	0	100 000
Accrued interest on loans - PIK interest on BRS and OSL	0	0	0	0	0
Others loans - subordinated loan LRB	138 000	2 593	0	0	140 593
Others loans - neu CPl loan	0	0	0	0	0
Others loans - intra-group acquisition loan	305 000	0	0	0	305 000
Accrued interest on loans - PIK interest on LRB	3 959	7 483	-3 959	0	7 483
Loans - investment credit	0	0	0	0	0
Other loans	591 772	59 794	-9 874	2 181	643 873
Employees' profit share	0	0	0	0	0
Profit sharing	0	0	0	0	0
Long-Term Financial Debts	605 985	62 124	-10 636	1 441	658 915

Other financial debts include the existing intra-Group (Axereal) financing (88m€) and financing set up as part of Ex Cargill Malt entities acquisition:

- Intragroup acquisition facility : 305m€ granted by Axéréal Finances company
- Last Ranking Bonds : 141m€ (o/w 78m€ granted by Ariane company)
- Other subordinated loan : 100m€, granted by Ariane company

• Breakdown of medium-term bank debt by maturity

	< 1 Year	1 to 5 years	> 5 years	Total
Long-term financial debts	87 931	288 555	282 432	658 918

The financing maturities from Ariane have been modified in line with the changes made to external financing at the level of Axereal Finances.

In particular, the extension of the maturity of the EuroPP tranche from December 2020 to February 2022, and the syndicated loan maturities from September 2020 and March 2021 to February 2022.

Axéréal Group is currently working with its financial partners to restructure its financing structure with the dual objective of (i) securing its liquidity over a five-year horizon and (ii) simplifying its financing structure. This operation should be finalized during the 2021-2022 financial year.

- *Net Debt*

	30/06/2020	Increase	Refund	Scope effect, Fx effect & other	30/06/2021
Long-Term Financial Debts	605 985	62 124	-10 636	1 441	658 915
Current account - asset (gross)	2 363	0	0	-99	2 265
Current account - asset (dep)	-2 311	0	0	114	-2 197
Financial instruments assets	0	0	0	27	27
Marketable securities (gross)	3 882	0	0	-3 570	312
Marketable securities (dep)	0	0	0	0	0
Cash	104 141	0	0	13 193	117 334
Cash and cash equivalent	108 075	0	0	9 665	117 740
Current account - liabilities	32 195	0	-32 196	0	0
hedging instruments relating to financing transactions (Fair value Hedging part)	0	0	0	1 404	1 404
Bank loans (incl. accrued interests)	235	0	0	5 052	5 286
Passive treasury	32 430	0	-32 196	6 455	6 690
Net debt	530 340	62 124	-42 832	-1 768	547 864

Note 26 - Current account liabilities

	30/06/2020	Variations	Scope effect, Fx effect & other	30/06/2021
Current account - liabilities	32 195	-31 125	-1 071	0

The current account with Axereal finances has been refund during this FY.

Note 27 - Trade payable

	30/06/2020	Variations	Scope effect, Fx effect & other	30/06/2021
Accounts payable	142 557	38 223	2 557	183 337
Account payables on fixed assets	125	78	0	203
Intercompany elimination on operating working capital	-1 835	2 032	-77	120
Account payables - accruals	0	23 927	-35	23 892
Trade payables	140 847	64 260	2 445	207 552

At 30 June 2020, accounts payable line included accounts payables accruals.

Note 28 - Social & Fiscal debts

	30/06/2020	Variations	Scope effect, Fx effect & other	30/06/2021
Income tax payables	11 087	933	-192	11 828
Social payables	4 948	11 172	96	16 216
Tax payables	7 824	9 267	-214	16 876
Social & fiscal debts	23 859	21 371	-310	44 920

Note 29 - Off-balance sheet commitments

in k€	30/06/2020	30/06/2021
Given commitments (personal sureties)	54 751	62 419
Received commitments (personal sureties)	-	-
Factoring	113 765	80 186
Other commitments	4 529	2 667
Total	173 045	145 272

Note 30 - Liabilities and receivables secured by real sureties

in k€	30/06/2020	30/06/2021
Given real sureties (mortgage, pledge)	547 500	547 500

Given real sureties correspond to the pledge of actions and receivables given by Copagest to the banks of the syndicated loan facility.

Table 31 – Hedging coverage

- Currencies

In thousands of currency units	30/06/2020	30/06/2021
EUR forward buy (vs AUD)	5 570	36 141
EUR forward buy (vs CAD)	0	20 100
EUR forward buy (vs GBP)	0	438
EUR forward buy (vs USD)	0	4 975
EUR forward sell (vs AUD)	43 108	36 972
EUR forward sell (vs GBP)	8 071	4 630
EUR forward sell (vs CAD)	0	456
EUR forward sell (vs USD)	0	130
JPY forward sell (vs AUD)	852 629	84 455
JPY forward sell (vs GBP)	574 550	424 955
Swap B/ SEUR (vs AUD)	0	2 400
Swap B/ SJPY (vs AUD)	35 513	89 000
Swap B/ SJPY (vs EUR)	191 530	0
Swap B/ SJPY (vs USD)	273 296	0
Swap B/ SUSD (vs AUD)	3 370	58 440
Swap B/ SUSD (vs CAD)	71 366	2 000
Swap B/ SUSD (vs EUR)	3 400	0
Swap S/ BEUR (vs AUD)	0	5 793
Swap S/ BGBP (vs EUR)	18 920	0
Swap S/ BJPY (vs AUD)	0	381 845
Swap S/ BUSD (vs AUD)	0	89 311
Swap S/ BUSD (vs EUR)	4 000	0
USD forward buy (vs AUD)	9 500	3 784
USD forward sell (vs HRK)	0	9 081
USD forward sell (vs AUD)	100 470	118 672
USD forward sell (vs CAD)	0	72 212
USD forward sell (vs EUR)	288	2 628
USD forward sell (vs GBP)	55	115

(*) B/S= Type of swap (USD spot buy / USD forward sale)

In tons (buy (+); sell (-))	30/06/2020	30/06/2021
Milling wheat buy	47 750	1 402
Barley buy	718 808	1 102 594
Milling wheat sell	-92 200	0
Barley sell	-34 397	0
Malt sell	-2 453 400	-2 209 934
Other cereal sell	-125	0
By product sell	-17 963	0
Total future or forward cereals contracts	-1 831 527	-1 105 938