TERACT

Paris, 17 October 2024

Consolidated annual results 2023-2024

Continuation and strengthening of TERACT's committed retail model amid persistent macroeconomic tensions, declining purchasing power and unfavourable weather conditions.

TERACT (Euronext Paris: TRACT, ISIN: FR001400BMH7) publishes its consolidated results for the financial year ended 30 June 2024[1] as approved by the Board of Directors at its meeting of 16 October 2024.

- Strong resilience with **revenue of €911.5 million**, in line with the announced target, with growth in Food Retail's share of sales to 16% compared to 10.4% at the end of June 2023.
- Sustained rollout of the new strategic model for the Garden Centre/Pet Retail business focusing on **exclusive own brands**, enhanced flexibility of store network and an omnichannel model.
- **Resilient adjusted EBITDA margin rate despite the impact on results and free cash flow from a challenging and sluggish market environment and particularly adverse weather conditions.**

On this occasion, the following **operational and financial objectives** were set for 2024-2025:

- in Food, opening of around fifteen Boulangerie Louise stores; in Garden Center-Pet Retail business, new penetration target for own brands at 26% of turnover of integrated stores, development of the franchise model and gradual roll-out of omnichannel to the entire network.
- objective of consolidated annual revenue for 2024-2025 of €900 to €950 million, in line with the past financial year; intensification of cost reduction measures and extension of the energy efficiency program to the Food sector.

Furthermore, the Board has acknowledged the departure of Ludovic Holinier, Deputy Chief Executive Officer, in office since March 1, 2024, for personal reasons.

[1] The consolidated financial statements have been audited. The auditor's report will be issued after approval of the management report and finalisation of the procedures for filing the Universal Registration Document.

Key figures in 2023-2024

Breakdown of revenue by segment

(in €m)	30/06/2024	30/06/2023	Change	
			Reported	Like-for-like[2]
Revenue	**911.5**	**902.1**	**1.0%**	**-2.9%**
Garden Centre/Pet Retail	766.0	808.6	-5.3%	-3.3%
Food Retail	145.4	93.5	+55.5%	-0.6%[3]

Financial indicators

(in €m)	30/06/2024	30/06/2023
Revenue	**911.5**	**902.1**
Adjusted EBITDA[4]	**56.4**	**67.5**
As a % of revenue	6.2%	7.5%
Current operating income	**(10.4)**	**2.1**
Group net income	**(68.9)**	**(106.6)**
Free cash flow[5]	**21.8**	**56.8** [6]

Analysis of 2023-2024 consolidated results

Revenue for the 2023-2024 financial year amounted to **€911.5 million**, an increase of +1.0% on a reported basis and a decrease of -2.9% like-for-like over 12 months versus 2022-2023.

The consolidated annual revenue of the **Garden Centre/Pet Retail** business, which includes the Jardiland, Gamm vert (and Frais d'ICI range), Delbard, Jardineries du Terroir and Noé, la maison des animaux banners, amounted to €766.0 million for the 2023-2024 financial year, down -5.3% on a reported basis and -3.3% like-for-like (of which -6.4% reported and -3.6% like-for-like in H2), marked by continuing macroeconomic tensions and particularly adverse weather conditions for the garden market.
While consumer confidence has struggled to recover to historical levels (confidence index of 89 in June 2024 compared to a long-term average of 100) in relation to the uncertainties mentioned regarding the consumption environment, TERACT has reached its goal of developing its **exclusive brands**, achieving a penetration rate of 24% (>+3 points) of integrated store sales at the end of June 2024.

[2] Constant scope restating all changes in the scope of consolidation.
[3] Like-for-like over a 7-month period, taking into account the integration of Boulangerie Louise and Grand Marché La Marnière within the scope on 1 December 2022.
[4] Defined as current operating income plus the elimination of expenses (or income) related to depreciation/amortisation or impairment (or reversals of depreciation/amortisation or impairment) of fixed assets.
[5] Based on net cash flow from operating activities, plus disposals and deductions of property, plant and equipment and intangible assets and after the deduction of investments in property, plant and equipment and intangible assets.
[6] Restated for the outflow of non-recurring expenses related to the combination transaction of InVivo Retail with the 2MX Organic SPAC in the amount of €11 million.

In addition, the Group accelerated its **network** management plan focused on franchising (22 stores concerned in H1 2023-2024), transfers and closures of consistently underperforming stores. Regarding franchise partners, six stores were closed at their own initiative and a group of 25 stores exited the store network in H2, with no significant impact on reported data.

In **e-commerce**, the two redesigned and renovated websites are now live following the launch of Jardiland.com in January 2023 and Gammvert.fr in October 2023 and the Marketplace has been active there since June 2024. The click & collect offer has been extended to 750 stores with 20,000 products available as of the end of June 2024.

The annual consolidated revenue of the **Food Retail** business, which includes the Bio&Co, Grand Marché La Marnière and Boulangerie Louise banners, amounted to **€145.4 million** for the 2023-2024 financial year, an increase of +55.5% on a reported basis (of which -0.6% in H2) and -0.6% like-for-like (of which -1.8% in H2). This primarily reflects the contribution from the full consolidation of the **Boulangerie Louise** and **Grand Marché La Marnière** banners acquired at the end of 2022 and consolidated over 7 months in the preceding financial year as well as adverse impacts from deflation and poor weather conditions on certain Fresh categories in H2. However, sales benefited from the strong performance of the **Organic** line and of Boulangerie Louise franchise stores, with a revamped offer (particularly in snacking) initiated since the banner's acquisition at the end of 2022, and the opening of Boulangerie Louise stores. Store openings continued, with two new openings (Lens and Cergy) in H2 following the opening, among others, of the Champs-Elysées location and the closure of four integrated stores in H1 and one franchise store in H2 with a view to consistently enhancing the network optimisation, which TERACT has chosen to focus on.

Adjusted EBITDA amounted to **€56.4 million** in 2023-2024. It was notably impacted by the ongoing inflationary environment, which affected all cost items (purchases, personnel and energy) and only began to stabilise at the end of the financial year. The continuation of the energy savings plan initiated within the Garden Centre/Pet Retail business in September 2022 once again partly offset energy costs, thanks in particular to improved management of electricity consumption, which was down -11.5% within the same scope compared to the previous year, i.e a cumulative decrease of -41.5% over two years. The first component of the savings plan (aimed at reducing costs by €15 million by 30 June 2025) also helped offset some of the increase in other costs. Against this backdrop, the **adjusted EBITDA margin rate** was resilient at 6.2% compared to 7.5% at 30 June 2023.

Current operating income amounted to **(€10.4 million)** at 30 June 2024, compared to €2.1 million at 30 June 2023, related to the effects seen on adjusted EBITDA.

Operating income was **(€29.5 million)** at 30 June 2024, compared to (€90.6 million) at 30 June 2023, a figure which included non-current expenses amounting to (€92.7 million), mainly attributable to the recognition in 2022-2023 of a non-cash listing service charge of (€91.4 million) in the context of the combination of InVivo Retail with the 2MX Organic SPAC. For the past financial year, it includes costs related to the rationalisation of the store network and the depreciation of goodwill on fresh food retail companies in the amount of €14 million.

Group net income amounted to **(€68.9 million)** at 30 June 2024 compared to (€106.6 million) at 30 June 2023, which was adversely affected by the aforementioned impact. In addition to these, Group net income for 2023-2024 includes a financial loss of (€26.2 million) compared to (€17.6 million) at 30 June 2023. This deterioration is attributable to an increase in debt, which is primarily related to the continued rise in interest rates and the financing of recent acquisitions in Food Retail. It also includes an increase in the tax expense to (€13.3 million) versus (€2.3 million) at 30 June 2023, related to the rise in deferred tax expenses.

Financial structure at 30 June 2024

Free cash flow

(in €m)	30/06/2024	30/06/2023
Net cash flow from activities	35.5	83.6[7]
Acquisition of property, plant and equipment and intangible assets	(38.9)	(29.0)
Disposals and deductions of property, plant and equipment and intangible assets	25.2	2.3
Free cash flow	**21.8**	**56.8**

The Group's **free cash flow** in 2023-2024 was **€21.8 million** compared to €56.8 million at 30 June 2023.

In an environment made more complex by macroeconomic factors and adverse weather conditions, net cash flow from activities amounted to €35.5 million compared to €83.6 million at 30 June 2023. It was impacted by the decrease in cash flow, related to the decline in adjusted EBITDA, and by the impact on working capital requirements from delayed payments by some clients. The €25.2 million in disposals primarily relate to a sale and leaseback disposal at Jardiland.

[7] Restated for the outflow of non-recurring expenses related to the combination transaction of InVivo Retail with the 2MX Organic SPAC in the amount of €11 million.

Net debt

(in €m)	30/06/2024	30/06/2023
Medium- and long-term debt	**524.5**	**468.8**
Of which debt in relation to InVivo Group, the parent company of TERACT	290.8	222.8
Of which rental liabilities (IFRS 16)	229.7	225.0
Net cash	**25.2**	**21.4**
Net debt	**499.2**	**447.4**

The Group had **net debt** of **€499.2 million** at 30 June 2024 (of which €290.8 million with its parent company InVivo Group and €229.7 million in rental liabilities). The change is mainly attributable to the impact from recent acquisitions.

Outlook

Commitments and outlook concerning CSR

After changing its status to "société à mission" (mission-led company) in 2023, with its purpose being "to help make the benefits of nature accessible to all", TERACT is more focused than ever on its CSR objectives for 2025 and 2030, which are as follows:[8]

- Between now and 2025:
  - 50% of managers to be hired through internal promotion (12.2% in 2023-2024)
  - 50% less workplace accidents compared with 2020
  - 90% of exclusive own-brand plant-based products of French origin (excluding greenhouse) (86% in 2023-2024) and 50% of plant products from sector commitments (44% in 2023-2024)
  - 80% of exclusive own brands with a positive impact (52% in 2023-2024)
- By 2030:
  - 10% less water consumption compared with 2022-2023
  - 100% of stores accredited an animal welfare label (23% in 2023-2024)
  - 70% of waste sorted and recycled (49% in 2023-2024)
  - 46% reduction in greenhouse gas emissions versus 2019-2020 (scopes 1 and 2). The target has already been achieved at constant scope for Garden Centre/Pet Retail thanks to the effectiveness of the multi-annual energy savings and efficiency plan. It is 32% lower in 2023-2024 compared to 2019-2020 following the new Food Retail subsidiaries' integration within the scope.

Operating and financial outlook

Amid continuing macroeconomic tensions and concerns about purchasing power, TERACT will continue to deploy its unique model and prioritise the gradual reduction of seasonality while intensifying the management of its costs and inventory.

The development of Food Retail business will continue, with a target of opening around 15 stores by 30 June 2025 in the bakery/snacks line (11 leases already signed), including five to six new stores by the first quarter of 2025, in a French market that remains buoyant and a segment that is projected to grow by more than 8% between 2022 and 2026.[9]

In the Garden Centre/Pet Retail business, TERACT will also accelerate its strategic development around its own brands, with a target penetration rate of 26% of integrated store revenues by 30 June 2025, optimise its store network by developing its franchise model and gradually implement omnichannel capabilities across its network. Regarding the latter, the Group now plans to host around 100 third-party vendors on its recently launched Marketplace by the end of June 2025 and aims to extend its click & collect offer across all its stores, including franchises.

[8] The scope of indicators for 2023-2024 include, for the first time, the entities integrated since 1 December 2022, namely Boulangerie Louise and Grand Marché La Marnière. The objectives for 2025 and 2030 are at constant scope: they are reviewed over the course of the financial year to incorporate the new entities.
[9] Revue Boulangerie-Pâtisserie (bakery market review) by Food Service Vision published in January 2024.

Taking into account these elements, and barring any further deterioration in the environment, TERACT estimates that it will generate annual consolidated revenue of between €900 million and €950 million in 2024-2025, in line with the results of the past financial year.

Cost reduction measures will be intensified, with the implementation of the second half of the savings plan initiated in 2023-2024 (aimed at reducing costs by €15 million by 30 June 2025), of which 50% has already been achieved as of the end of June 2024, across the entire Group. The energy savings plan, which continues to be implemented in the Garden Centre/Pet Retail business, will be expanded to Food Retail, particularly the Boulangerie Louise integrated stores. The plan will be adapted to the specific characteristics of this sector (optimised management of heating, ovens, refrigerated displays, lighting, etc.) and will include a franchisee awareness campaign.

Fine-tuned inventory management will be maintained to help protect free cash flow in a persistently constrained environment, and recurring operational and financial investments will be kept at an adequate level to ensure the successful implementation of the company's plans.

The Group, which continues to accelerate the deployment of its unique model, remains open to projects that make good sense.

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Appendix

1. Store network

	30/06/2023	30/06/2024
Garden Centre/Pet Retail	**1,576**	**1,545**
Jardiland	**172**	**173**
Integrated stores	105	107
Franchises/Affiliates	67	66
Gamm vert (including Frais d'Ici range)	**1,153**	**1,125**
Integrated stores	98	76
Franchises/Affiliates	1,055	1,049
Delbard/Jardineries du Terroir	**248**	**244**
Franchises/Affiliates	248	244
Noé, la maison des animaux	**3**	**3**
Integrated stores	3	3
Food Retail	**138**	**137**
Boulangerie Louise	**128**	**127**
Integrated stores	119	117
Franchises/Affiliates	9	10
Grand Marché La Marnière	**3**	**3**
Integrated stores	3	3
Bio&Co	**7**	**7**
Integrated stores	7	7
Group	**1,714**	**1,682**

2. Sales volume[10]

(in €m)	30/06/2024	30/06/2023	Change	
			Reported	Like-for-like[11]
Estimated annual gross sales under banner excluding VAT	**2,452.2**	**2,483.4**	**-1.3%**	**-2.7%**
Garden Centre/Pet Retail	2,297.9	2,388.4	-3.8%	-2.8%
Food Retail	154.2	95.0	62.4%	-0.3%

Unaudited figures

[10] Sales volume and revenue from the brands include the revenue generated by the integrated stores and by the franchised/affiliated stores.
[11] Constant scope restating all changes in the scope of consolidation. Excluding affiliates.

3. Reconciliation of non-IFRS financial indicators

Adjusted EBITDA

Adjusted EBITDA is defined as current operating income plus the elimination of expenses (or income) related to depreciation/amortisation or impairment (or reversals of depreciation/amortisation or impairment) of fixed assets.

The table below presents the reconciliation between current operating income and adjusted EBITDA for 2023/2024 and 2022/2023.

(in €m)	30/06/2024	30/06/2023
Current operating income	**(10.4)**	**2.1**
Elimination of expenses (or income) related to depreciation/amortisation or impairment (or reversals of depreciation/amortisation or impairment) of fixed assets	66.8	65.4
Adjusted EBITDA	**56.4**	**67.5**

4. Consolidated income statement

Consolidated income statement (in €m)	**30/06/2024**	**30/06/2023**
Revenue excluding tax	911.5	902.1
Total revenue	**911.5**	**902.1**
Purchase	(506.5)	(520.6)
Payroll costs	(199.8)	(183.5)
Taxes and duties	(14.0)	(13.3)
Other operating income and expenses	(134.1)	(120.3)
Depreciation, amortisation and impairment net of reversals	(67.5)	(62.3)
Current operating income	**(10.4)**	**2.1**
Other operating income and expenses	(19.1)	(92.7)
Operating income	**(29.5)**	**(90.6)**
Financial income/(loss)	(26.2)	(17.6)
Earnings before tax and net income of equity affiliates	**(55.7)**	**(108.2)**
Income tax	(13.3)	(2.3)
Share of net income/(loss) of equity affiliates	(1.0)	0.3
Net income/(loss) from operations	**(70.0)**	**(110.1)**
Net income from discontinued operations	**-**	**3.2**
Consolidated net income/(loss)	**(70.0)**	**(106.9)**
Non-controlling interests	1.1	(0.3)
Group net income	**(68.9)**	**(106.6)**

5. Consolidated statement of financial position

Assets (in €m)	**30/06/2024**	**30/06/2023**
Goodwill	262.9	272.3
Other intangible assets	137.3	127.0
Property, plant and equipment	101.7	124.9
Right-of-use assets	208.1	207.1
Investments in associates and joint ventures	11.2	12.2
Other non-current assets	7.4	7.4
Deferred tax assets	10.7	22.6
Non-current assets	**739.3**	**773.5**
Inventories	158.2	169.7
Trade receivables	168.5	155.8
Other current assets	70.2	82.0
Current tax liabilities	5.4	4.0
Cash and cash equivalents	26.1	22.8
Assets held for sale	-	13.4
Current assets	**428.4**	**447.8**
Total assets	**1,167.7**	**1,221.3**

Liabilities (in €m)	**30/06/2024**	**30/06/2023**
Share capital	0.7	0.7
Paid-in capital, treasury shares, other reserves and profits	261.2	329.0
Shareholders' equity attributable to the Group	**261.9**	**329.7**
Non-controlling interests	**7.7**	**9.2**
Shareholders' equity	**269.6**	**338.9**
Provisions for retirement plans and similar non-current commitments	9.6	9.5
Other non-current provisions	7.6	7.2
Non-current gross financial debt	210.0	73.9
Non-current rental liabilities	191.4	190.5
Non-current liabilities related to commitments to purchase non-controlling interests	9.9	9.9
Deferred tax liabilities	6.6	6.6
Non-current liabilities	**435.1**	**297.6**
Trade payables	246.0	259.4
Current gross financial debt	85.6	171.2
Current rental liabilities	38.3	34.5
Tax liabilities due	0.3	1.7
Other current liabilities	92.8	112.3
Liabilities related to assets held for sale	-	5.5
Current liabilities	**463.0**	**584.7**
Total liabilities and shareholders' equity	**1,167.7**	**1,221.3**

6. Consolidated statement of cash flows

Table of consolidated cash flows (in €m)	**30/06/2024**	**30/06/2023**
Net income/(loss) from operations	(70.0)	(110.1)
Net income/(loss) from discontinued operations	-	3.2
Consolidated net income/(loss)	**(70.0)**	**(106.9)**
Net income of equity affiliates	1.0	(0.3)
Dividends received from equity affiliates	-	0.1
Elimination of income and expenses with no impact on cash		
Depreciation, amortisation and provisions	86.8	67.4
Reversals of depreciation, amortisation and provisions	(4.2)	(5.1)
Gains/(losses) on fair value adjustments	-	0.3
Capital gains/losses on the sale of fixed assets	0.1	0.6
Listing expense	-	91.4
Other income and expenses with no impact on cash	-	(0.2)
Net cost of financial debt	16.5	8.2
Net financial interest paid on lease contracts	8.7	8.8
Net tax expense	12.6	2.3
Cash flow	**51.4**	**66.6**
Taxes paid	(3.6)	(5.7)
Change in working capital requirement related to operating activities	***(12.3)***	***11.7***
Inventory and work in progress	6.5	1.9
Trade receivables and related accounts	(13.3)	17.8
Trade payables and related accounts	(11.8)	(7.0)
Social security and tax liabilities	(5.2)	5.6
Other miscellaneous loans and receivables	11.6	(6.6)
Net cash flow from activities	**35.5**	**72.6**
Acquisition of fixed assets	***(39.8)***	***(30.7)***
Intangible assets	(19.3)	(17.1)
Property, plant and equipment	(19.7)	(11.9)
Financial fixed assets	(0.9)	(1.7)
Sale and reduction of fixed assets	***25.8***	***302.9***
Intangible assets	0.8	0.2
Property, plant and equipment	24.3	2.1
Financial fixed assets	0.6	0.6
Release of escrow account	-	300.0
Changes in scope	(6.3)	(153.5)
Net cash flow from (recorded under) investment activities	**(20.3)**	**118.7**
Capital increases (decreases)	(0.4)	12.0
Dividends paid by the parent company	-	-
Dividends paid to non-controlling interests of consolidated companies	(0.2)	(0.2)
Net sale (purchase) of treasury shares	(0.2)	0.4
Increase in financial debt	140.7	63.2
Repayment of financial debt	(91.3)	(6.6)
Non-subscription of associates	-	(210.1)
Repayment of rental liabilities	(35.3)	(35.4)
Net financial interest paid	(24.7)	(16.9)
Change in other financing flows	(0.1)	(1.2)
Net cash flow from (recorded under) financing activities	**(11.4)**	**(194.8)**
Change in cash	**3.9**	**(3.5)**
Opening cash	**21.5**	**25.1**
Of which net opening cash from operating activities	*21.5*	*25.1*
Of which net opening cash from activities held for sale	-	-
Closing cash	**25.3**	**21.5**
Of which net closing cash from operating activities	*25.3*	*21.5*
Of which net closing cash from activities held for sale	-	-

7. Provisional agenda of forthcoming events and financial publications

For the financial year ended 30 June 2024

Date	Event
16 December 2024	Annual General Meeting

For the financial year ended 30 June 2025

Date	Event
13 February 2025 (before market)	H1 revenue
26 March 2025 (before market)	H1 results
29 July 2025 (before market)	Annual revenue
8 October 2025 (before market)	Annual results

These dates are indicative and are subject to change.

Disclaimer

This press release may contain forward-looking statements.

Forward-looking statements are defined as opposed to historical facts and include, but are not limited to, all expectations regarding:

- *Future events such as trends, plans, expectations or objectives;*
- *Future business, such as the results, financial condition, performance or strategy of TERACT.*

Forward-looking statements are based on the expectations and assumptions anticipated by TERACT's management as of the date of this release and are only valid as of the date they are made. Investors and/or shareholders of TERACT are warned not to place undue reliance on these forward-looking statements, which are, by their nature, subject to risks and uncertainties that may or may not be identified and are beyond the control of TERACT. These risks include, among others, those set forth in the "Risk Factors" section of the 2022-2023 Universal Registration Document approved by the Autorité des Marchés Financiers on 26 October 2023 under the number R. 23-032 and available at www.teract.com (under the heading "Investors/Publications"). As a result, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

TERACT does not undertake any obligation to update such forward-looking statements, except as required by law and regulation. All forward-looking statements made by or on behalf of TERACT are qualified by this cautionary statement.

About TERACT

Since 29 July 2022, TERACT has combined the distribution activities of InVivo Group (formerly InVivo Retail) and those of the former SPAC 2MX Organic.

TERACT is a major responsible distribution player in the garden centre, pet retail and food distribution growth markets. Our ambition is to create a unique network of brands combining tradition and modernity, agricultural know-how and innovation and in-store and digital experiences. TERACT meets the demand for a new generation of consumption which is synonymous with quality, sustainability and traceability. TERACT groups together Garden Centre/Pet Retail brands Jardiland, Gamm vert, Delbard, Jardineries du Terroir and Noé, la maison des animaux as well as Food Retail brands Boulangerie Louise, Grand Marché La Marnière, Frais d'Ici and Bio&Co. TERACT's majority shareholder is InVivo, one of the leading agricultural and agri-food groups in Europe.

TERACT is listed on the professional segment of Euronext Paris (ticker code: TRACT, ISIN: FR001400BMH7). Further information is available at www.teract.com.

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