

Origin Enterprises plc

PRELIMINARY RESULTS STATEMENT

*Adjusted diluted EPS of 25.69 cent in line with guidance
Strong cash generation in the year
Resilient performance through unprecedented operational challenges*

Dublin, London, 23 September 2020: Origin Enterprises plc ('Origin' or 'the Group'), the international Agri-Services group, providing specialist agronomy advice, crop inputs and digital agricultural solutions to farmers, growers and amenity professionals, today announces its full year results for the year ended 31 July 2020.

Overview

- Group revenue decrease of 11.6% to €1,589.1 million, and 11.7% on an underlying basis
- Operating profit¹ of €44.1 million, a decrease of 46.4% and 44.6% on an underlying basis
- Group operating margin of 2.8% (2019: 4.6%)
- Adjusted diluted earnings per share³ of 25.69 cent in line with guidance
- Strong cash generation with free cash flow of €64.3 million (2019: €54.0 million)
- Reduction in net debt⁴ to €53.2 million (2019: €75.6 million)
- Working capital inflow of €30.3 million (2019: Outflow of €12.7 million)
- Suspension of final dividend with total dividend of 3.15 cent (2019: 21.32 cent)
- Strong performance in LATAM, delivering underlying volume and revenue growth
- Disposal of the Group's 20% stake in Ferrari Zagatto, Brazil
- Continuity of service to the agricultural community maintained through COVID-19
- Appointment of Sean Coyle as Chief Executive Officer and TJ Kelly as Chief Financial Officer
- Appointment of Alex Steel as Group Commercial Director and Brendan Kent as Managing Director of Agri-Inputs division post year end

Results Summary

| | 2020 | 2019 | Change | Constant |
|-------------------------------------------------|---------------|---------------|----------------|----------------|
| | €'000 | €'000 | % | Currency |
| | | | | % |
| Group revenue | 1,589,142 | 1,798,197 | (11.6%) | (11.6%) |
| Operating profit ¹ | 44,099 | 82,263 | (46.4%) | (44.5%) |
| Associates and joint venture ² | 6,154 | 6,717 | (8.4%) | (8.6%) |
| Total group operating profit¹ | 50,253 | 88,980 | (43.5%) | (41.7%) |
| Finance expense, net | (11,250) | (11,808) | (4.7%) | (6.0%) |
| Profit before tax¹ | 39,003 | 77,172 | (49.5%) | (47.2%) |
| Basic EPS (cent) | 15.81 | 41.98 | (62.3%) | (59.6%) |
| Adjusted diluted EPS (cent)³ | 25.69 | 52.65 | (51.2%) | (49.2%) |
| Return on capital employed | 7.3% | 13.2% | (590bps) | |
| Group net debt ⁴ (€'000) | (53,213) | (75,596) | 22,383 | |
| Operating margin ¹ | 2.8% | 4.6% | (180bps) | |
| Free cash flow | 64,288 | 54,039 | 10,249 | |
| Dividend per ordinary share (cent) | 3.15 | 21.32 | (85.2%) | |

¹ Before amortisation of non-ERP intangible assets and exceptional items

² Profit after interest and tax before exceptional items

³ Before amortisation of non-ERP intangible assets, net of related deferred tax (2020: €7.7m, 2019: €7.1m) and exceptional items, net of tax (2020: €5.2m, 2019: €7.0m)

⁴ Group net debt as defined for banking covenant purposes, before impact of IFRS 16 Lease transition

Commenting on the results, Origin's Chief Executive Officer, Sean Coyle said:

"FY20 was a challenging year for the Group, with prolonged unseasonal weather conditions, particularly in the UK and Ireland, reducing demand for agronomy services and crop input investment spend. COVID-19 presented further operational challenges for the business, however thanks to the collective efforts of all of our people and our contingency actions we continued to serve our customers, delivering solid profitability and strong operating cash flow.

Despite Group revenue decreasing by 11.6% to €1,589.1 million and Group operating profit falling by 46.4% to €44.1 million, we delivered free cash flow of €64.3 million, a working capital inflow of €30.3 million and reduced net debt of €53.2 million.

FY20 was defined by extreme weather challenges, with the wettest autumn winter planting season in 30 years, followed by extremely dry conditions in the third quarter, which persisted into June, further lowering the intensity of crop input investment spend. Given the extreme nature of these weather conditions, we would expect crop plantings to normalise in FY21, which will increase market demand for agronomy services and crop inputs and return the Group to growth.

With the possibility of Brexit without a trade deal on 31 December 2020 and the ongoing COVID-19 pandemic, FY21 will bring challenges for our business. Consequently, we will continue to implement our prudent risk management approach and capital allocation strategy. With our resilient, integrated crop services business model, scalable and diversified market positions, and strong leadership team in place, I am confident we will successfully overcome these challenges and deliver on the Group's 2023 strategic and financial growth ambitions."

ENDS

The preliminary results statement is available on the company website www.originenterprises.com. There will be a live conference call at 8.30am (UK/Ireland time) today. To listen to this conference call, please dial the number below. Participants are requested to dial in 5 to 10 minutes prior to the scheduled start time.

Conference Call:

Confirmation Code: 8188332

Participant access number:

Dublin: Tel: +353 (0)1 5060650
UK/International: Tel: +44 (0)844 481 9752

Replay:

A replay of this call will be available for seven days.

Replay Access Code: 8188332

Replay Access Numbers:

Dublin: Tel: +353 (0)1 553 8777
UK/International: Tel: +44 (0)844 571 8951

Enquiries

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About Origin Enterprises plc

Origin Enterprises plc is an international Agri-Services group, providing specialist agronomy advice, crop inputs and digital agricultural solutions to farmers, growers and amenity professionals. The Group has leading market positions in Ireland, the United Kingdom, Belgium, Brazil, Poland, Romania and Ukraine. Origin is listed on the Euronext Growth (Dublin) and AIM markets of the Irish and London Stock Exchanges.

| | |
|-----------------------------------------|--------------------------------------------------------------------------|
| Euronext Growth (Dublin) ticker symbol: | OIZ |
| AIM ticker symbol | OGN |
| Website: | www.originenterprises.com |

Financial Review - Summary

| | 2020 €'000 | 2019 €'000 |
|----------------------------------------------------------|----------------------|----------------------|
| Group revenue | <u>1,589,142</u> | <u>1,798,197</u> |
| Operating profit ¹ | 44,099 | 82,263 |
| Associates and joint venture, net ² | <u>6,154</u> | <u>6,717</u> |
| Group operating profit¹ | 50,253 | 88,980 |
| Finance costs, net | <u>(11,250)</u> | <u>(11,808)</u> |
| Profit before tax¹ | 39,003 | 77,172 |
| Income tax | <u>(6,157)</u> | <u>(10,439)</u> |
| Adjusted net profit | <u>32,846</u> | <u>66,733</u> |
| Adjusted diluted EPS (cent)³ | 25.69c | 52.65c |
| Adjusted net profit reconciliation | | |
| Reported net profit | 19,859 | 52,720 |
| Amortisation of non-ERP intangible assets | 9,381 | 8,769 |
| Tax on amortisation of non-ERP related intangible assets | (1,638) | (1,709) |
| Exceptional items (net of tax) | <u>5,244</u> | <u>6,953</u> |
| Adjusted net profit | <u>32,846</u> | <u>66,733</u> |
| Adjusted diluted EPS (cent)³ | 25.69c | 52.65c |
| Operating margin¹ | 2.8% | 4.6% |
| Return on capital employed | 7.3% | 13.2% |
| Free cash flow (€'m) | €64.3m | €54.0m |

Adjusted diluted earnings per share³ decreased by 51.2% to 25.69 cent. On a constant currency basis, adjusted diluted earnings per share decreased by 49.2% when compared to the prior year.

Group revenue

Group revenue decreased by 11.6% from €1,798.2 million in the prior year to €1,589.1 million. On an underlying basis revenue decreased by 11.7% driven by reduced demand for crop protection, seed and fertiliser, particularly in the UK.

Underlying reduction in agronomy services and crop input volumes, excluding crop marketing volumes, was 10.7% for FY20.

Operating profit¹

Operating profit¹ decreased by 46.4% to €44.1 million compared to €82.3 million in the previous year. On an underlying basis, operating profit¹ decreased by €36.7 million (44.6%), primarily driven by decreased volumes and margins in Ireland and the UK.

Group operating margin decreased from 4.6% to 2.8% in FY20. This was principally driven by the Ireland and UK segment, which saw its operating margin fall from 5.2% in FY19 to 2.4% in FY20.

Associates and joint venture²

Origin's share of the profit after interest and taxation from associates and joint venture amounted to €6.2 million in the period (2019: €6.7million). This was a solid performance set against challenging conditions. The 2020 figure reflects the contribution from our 20% stake in Ferrari Zagatto which was acquired on 12 June 2019 and disposed of prior to the year end.

Finance costs and net debt⁴

Net debt⁴ at 31 July 2020 was €53.2 million (€93.9 million including IFRS 16 lease debt) compared to net debt of €75.6 million at the end of the prior year. The movement was driven by an inflow in working capital in the period, following a sustained focus on working capital management across the Group.

Net finance costs amounted to €11.3 million, which represents a decrease of €0.6 million on the prior year. Excluding the impact of IFRS 16, there was a reduction in net finance costs of €2.3 million reflecting lower local debt levels in our Continental European businesses and lower interest rates, year-on-year, across the Group.

At 31 July 2020, the Group had unsecured committed banking facilities of €430.0 million (2019: €430.0 million), of which €30.0 million will expire in September 2021, €100.0 million will expire in May 2022 and €300.0 million will expire in June 2024.

At year end the Group's key banking covenants were as follows:

| | Banking Covenant | 2020 | 2019 |
|------------------------|---------------------|------|------|
| Net debt to EBITDA | Maximum 3.5 | 1.18 | 0.87 |
| EBITDA to net interest | Minimum 3.0 | 5.76 | 8.06 |

Working capital

For the year ended 31 July 2020, there was a working capital inflow of €30.3 million following a sustained focus on working capital management across the Group during the year. €14.6m of the inflow relates to UK COVID-19 VAT deferrals which will reverse in the second half of FY21. Working capital allocation remains a key priority for the Group. The year end represents the low point in the working capital cycle for the Group reflecting the seasonality of the business.

Adjusted diluted earnings per share ('EPS')³

Adjusted diluted EPS³ amounted to 25.69 cent per share, a decrease of 51.2% from FY19. This was driven by a decrease in like-for-like underlying profits of 50.3%, along with the positive impact of acquisitions of 1.1% and a reduction of 2.0% as a result of foreign currency translation.

Free cash flow

| | 2020 €'m | 2019 €'m |
|---------------------------------|-------------|-------------|
| Free cash flow | 64.3 | 54.0 |
| Free cash flow conversion ratio | 240.9% | 90.0% |

The Group generated free cash flow in the year of €64.3 million (2019: €54.0 million).

Free cash flow means the total of earnings before interest, tax, depreciation (excluding depreciation of IFRS16 Right of Use leased assets), amortisation of non-ERP related intangible assets and exceptional items of wholly owned businesses ('EBITDA') adjusted to take account of interest, tax, routine capital expenditure, working capital cash flows and dividends received.

Free cash flow conversion ratio means free cash flow as a percentage of profit after tax of wholly owned businesses, excluding exceptional items and amortisation of non-ERP related intangible assets.

Return on capital employed

| | 2020 | 2019 |
|----------------------------|------|-------|
| Return on capital employed | 7.3% | 13.2% |

Return on capital employed is a key performance indicator for the Group and represents Group earnings before interest, tax and amortisation of non-ERP related intangible assets from continuing operations ('EBITA') taken as a percentage of the Group Net Assets. For the purposes of this calculation:

- (i) EBITA includes the net profit contribution from associates and joint venture (after interest and tax) and excludes the impact of exceptional and non-recurring items; and
- (ii) Group Net Assets means total assets less total liabilities as shown in the annual report excluding net debt, derivative financial instruments, put option liabilities, accumulated amortisation of non-ERP related intangible assets and taxation related balances. Net Assets are also adjusted to reflect the average level of acquisition investment spend and the average level of working capital for the accounting period.

Exceptional items

Exceptional items net of tax amounted to €5.2 million in the year. These principally relate to the non-cash write down of intangible assets due to rebranding, fair value adjustment on the Group's investment properties and transaction related costs. Exceptional items are summarised in the table below:

| Exceptional items | 2020 €'m | 2019 €'m |
|---------------------------------------------------------------------------------|-------------------|-------------------|
| Write down of intangible assets due to rebranding | 5.7 | - |
| Arising on disposal of associates and joint venture | 0.5 | 0.4 |
| Pension and rationalisation related costs | 0.2 | 0.3 |
| Fair value adjustment and related costs on investment properties | (0.7) | (5.4) |
| Transaction, other related costs and movements in contingent consideration, net | (0.5) | 0.3 |
| Impairment of investment in Ukraine, net of put option gain | - | 7.3 |
| Impairment of property, plant and equipment | <u>-</u> | <u>4.1</u> |
| Total exceptional items, net of tax | <u>5.2</u> | <u>7.0</u> |

Dividends

In light of market conditions and uncertainty relating to the COVID-19 pandemic, in June 2020 the Board determined that it would be prudent to suspend the final dividend for FY20. As a result, the total dividend for the year will be 3.15 cent per ordinary share following the payment of the interim dividend in April 2020. Acknowledging the decision to suspend the final dividend, the Executive Directors voluntarily waived their entitlement to any unvested share options.

Management changes

On 11 June 2020 the Group announced the retirement of Tom O'Mahony after 35 years of service. Tom was Group CEO for 13 years and his dedication, commitment and leadership of Origin over this time has resulted in the development of the Group into the leading international agri-services provider it is today. Sean Coyle was appointed as Tom's successor, effective 1 July 2020.

The Company has appointed TJ Kelly as Group Chief Financial Officer. TJ will join Origin no later than March 2021 and will be appointed as a Director of the Company at that time.

Investor relations

Our strategy aims to create long-term shareholder value and we support this strategy through regular and open communication with all capital market participants. We engage with institutional investors in numerous one-on-one meetings, as well as at roadshows and conferences worldwide. In the second half of the financial year, all engagement was facilitated remotely through the use of virtual conferences and video calls.

Contact with institutional shareholders is the responsibility of the executive management team including the Chief Executive Officer, the Chief Financial Officer and the Head of Investor Relations.

During the year there were 152 meetings / conference calls with institutional investors across 8 financial centres.

Brexit

The Group continues to monitor the trade negotiations between the European Union and the United Kingdom, following the United Kingdom's formal exit from the EU on 31 January 2020. The Group is progressing its plans should no trade deal be concluded by the end of the transition period on 31 December 2020. All appropriate steps have been taken, and scenario planning completed, to ensure the Group is adequately prepared in the event of a no deal scenario.

COVID-19

The rapid outbreak of COVID-19 in the second half of the Group's financial year required prompt planning, communication and implementation of safety protocols across the Group's operations to protect our team, mitigate the risk of the virus spreading and ensure continuity of service to our customers. Agriculture is identified as a key sector and the services we provide are deemed essential to the maintenance and continuity of the food supply chain.

Our number one priority is the health of our people, trading partners, customers and the communities where we operate. The Group continuously monitors the advice and guidance of governments and health authorities across our markets, with ongoing audits at all our operating facilities to ensure we adhere to safe social distancing and all other health and safety guidance. Thanks to the professionalism and dedication of our team, key logistics and warehousing activities have been maintained and agronomy advice delivered, despite farm visits being limited in accordance with social distancing protocols. All employees in a position to work from home have been supported to do so. We are grateful to all our colleagues for their efforts in maintaining our operational capability which is enabling us to deliver continuity of service to the agricultural community during this crisis.

While our agricultural supply chain businesses are essential to food production, our amenity business faced the challenge of a large proportion of its customer base having to temporarily close. Consequently, our amenity businesses furloughed members of the team, on a rotating basis, from late March onwards. Availing of that support and acknowledging the impact of COVID-19 on our stakeholders, the Board and Executive Directors considered it appropriate to take a voluntary 20% reduction in respective fees and base salaries, for the period 1 April to 31 July 2020.

The Group continues to monitor developments closely across our locations and is taking appropriate actions to ensure we provide the safest environment we can for our stakeholders, while continuing to serve the needs of the agricultural community in a responsible manner.

Annual General Meeting (AGM)

The AGM is scheduled to be held on 18 November 2020 at 11.00am (UK/Ireland time) in the Merrion Hotel, Upper Merrion Street, Dublin 2. Any changes to the AGM required to reflect the evolving COVID-19 situation will be published in advance.

¹ Before amortisation of non-ERP intangible assets and exceptional items

² Profit after interest and tax before exceptional items

³ Before amortisation of non-ERP intangible assets, net of related deferred tax (2020: €7.7m, 2019: €7.1m) and exceptional items, net of tax (2020: €5.2m, 2019: €7.0m)

⁴ Group net debt as defined for banking covenant purposes, before impact of IFRS 16 Lease transition

Review of Operations

Group Overview

| | 2020 €'m | 2019 €'m | Change on prior year | | |
|------------------------------------------|-------------|-------------|----------------------|------------------------------|----------------------------------------|
| | | | Change % | Underlying ³ % | Constant Currency ⁴ % |
| Revenue | 1,589.1 | 1,798.2 | (11.6%) | (11.7%) | (11.6%) |
| Operating profit ¹ | 44.1 | 82.3 | (46.4%) | (44.6%) | (44.5%) |
| Operating margin ¹ | 2.8% | 4.6% | (180bps) | (170bps) | (170bps) |
| Adjusted diluted EPS (cent) ² | 25.69 | 52.65 | (51.2%) | (50.3%) | (49.2%) |

¹ Before amortisation of non-ERP intangible assets and exceptional items
² Before amortisation of non-ERP intangible assets, net of related deferred tax (2020: €7.7m, 2019: €7.1m) and exceptional items, net of tax (2020: €5.2m, 2019: €7.0m)
³ Excluding currency movements and the impact of acquisitions
⁴ Excluding currency movements

FY20 was a challenging year for Origin with decreases in Group revenue, operating profit and adjusted fully diluted earnings per share of 11.6%, 44.5% and 49.2% respectively on a constant currency basis. Operating margin decreased to 2.8% from 4.6% primarily due to challenges in the Ireland and UK segment resulting from the impact of adverse weather conditions and the COVID-19 pandemic.

The underlying reduction in agronomy services and crop input volumes, excluding crop marketing volumes, was 10.7% for FY20.

Ireland and the United Kingdom

| | 2020 €'m | 2019 €'m | Change on prior year | | |
|-------------------------------------------|-------------|-------------|----------------------|------------------------------|----------------------------------------|
| | | | Change % | Underlying ³ % | Constant Currency ⁴ % |
| Revenue | 967.9 | 1,159.4 | (16.5%) | (17.0%) | (16.8%) |
| Operating profit ¹ | 23.3 | 60.0 | (61.1%) | (61.4%) | (61.3%) |
| Operating margin ¹ | 2.4% | 5.2% | (280bps) | (280bps) | (280bps) |
| Associates and joint venture ² | 5.8 | 6.7 | (13.4%) | (13.9%) | (13.7%) |

¹ Before amortisation of non-ERP intangible assets and exceptional items
² Profit after interest and tax before exceptional items
³ Excluding currency movements and the impact of acquisitions
⁴ Excluding currency movements

Ireland and the UK delivered a disappointing performance as a result of extremely challenging conditions, recording a 17.0% decrease in underlying revenue and a 61.4% decrease in underlying operating profit.

The underlying volume reduction for agronomy services and crop inputs was 14.4% in the period.

Prolonged unseasonal weather conditions in Ireland and the UK resulted in lower volumes and margins across the segment. Volume development in the UK was impacted by a 10.7% reduction in total plantings, and importantly, a significant shift from winter cropping to spring cropping within the year. Despite spring planting ultimately progressing well, a prolonged dry period from March to early June resulted in reduced crop yield expectations, in addition to limited pest and disease pressure, which resulted in a 20.3% reduction in crop protection volumes.

Operating margin decreased to 2.4% from 5.2% driven by a lower intensity of crop input spend by farmers and growers as a result of the change in cropping mix.

Integrated Agronomy and On-Farm Services

Integrated Agronomy and On-Farm Services delivered a disappointing result during the year, recording lower volumes, revenues and margins across its service and input portfolios.

Demand for agronomy services and inputs was impacted by negative on-farm sentiment driven by extremely challenging operating conditions as a result of sustained unfavourable weather and the impact of COVID-19 restrictions. Intense and prolonged rainfall in the first half of the year was followed by unseasonably dry conditions which impacted overall crop potential and curtailed on-farm investment.

Despite these challenges, Integrated Agronomy and On-Farm Services delivered an excellent operational performance against a backdrop of COVID-19 related restrictions and the implementation of a range of measures to ensure continuity of service to farmers and growers. The volumes delivered on-farm in the third and fourth quarter demonstrated the robustness of the Group's operational capabilities.

Digital Agricultural Services

During the year, the Group's digital agronomy and precision farming operation, Rhiza, which has developed a suite of agronomist-farmer enabled digital applications, designed to optimise crop performance and input utilisation, continued to add increased functionality for farmers.

The development and roll-out of Origin's digital offering continued at pace during the year, with over 1.4 million active hectares on-boarded to date, including significant growth in Continental Europe, and is firmly on track to deliver our target of 4.0 million hectares by 2023.

Business-to-Business Agri-Inputs

Business-to-Business Agri-Inputs had a challenging financial year, impacted by prolonged unseasonal weather resulting in lower volumes and margins for fertiliser and animal feed ingredients albeit set against a strong comparable prior year.

Fertiliser

Despite a solid operating performance, fertiliser recorded lower volumes and profits in the period. The adverse weather resulted in a reduced cropping profile in the UK which impacted demand. Although activity levels on-farm were more favourable in the second half of the financial year, full year demand was behind that achieved in the prior year. Downward movement in global fertiliser markets as the year progressed was also a factor in revenue and margin performance in the period.

The development and promotion of enhanced efficiency fertiliser and bespoke nutrition ranges will continue to be a significant focus in FY21. During the year the Group developed the UK's first independently validated carbon footprint calculator, NUTRI-CO₂OL, which will enable us to quantify the carbon footprint for each of the 13,000+ fertiliser blends we offer.

Amenity

Amenity recorded lower volumes, revenues and profits in the period. The closure of all sporting venues along with the significant reduction in landscaping and local authority channels at the height of the COVID-19 restrictions significantly curtailed demand during the year.

With a large proportion of its customer base having to temporarily close, our amenity businesses furloughed members of their teams, on a rotating basis, from late March onwards.

Feed Ingredients

Feed Ingredients delivered a reasonable result in the year reflecting a good operational performance despite a reduction in volumes.

The Group's animal feed manufacturing associate, John Thompson & Sons Limited, in which the Group has a 50% shareholding, delivered a satisfactory performance in the period.

Continental Europe¹

| | 2020 €'m | 2019 €'m | Change on prior year | | |
|-------------------------------|-------------|-------------|----------------------|------------------------------|----------------------------------------|
| | | | Change % | Underlying ³ % | Constant Currency ⁴ % |
| Revenue | 417.5 | 440.1 | (5.1%) | (5.9%) | (5.9%) |
| Operating profit ² | 13.2 | 13.9 | (4.7%) | (2.3%) | (2.3%) |
| Operating margin ² | 3.2% | 3.2% | - | 10bps | 10bps |

¹ Excluding crop marketing. While crop marketing has a significant impact on revenue, its impact on operating profit is insignificant. For the year ending 31 July 2020 crop marketing revenues and profits attributable to Continental Europe amounted to €172.7 million and €0.4 million respectively (2019: €165.1 million and €0.3million respectively). An analysis of revenues, profits and margins attributable to agronomy services and inputs more accurately reflects the underlying drivers of business performance.

² Before amortisation of non-ERP intangible assets and exceptional items

³ Excluding currency movements and the impact of acquisitions

⁴ Excluding currency movements

Continental Europe delivered a satisfactory performance despite a challenging operating environment during the year. Our Romanian and Ukrainian businesses adopted the Group's single brand identity, Agrii, in common with Origin's direct farm customer facing business operations in the UK and Poland. The common Agrii identity supports the Group-wide framework for technically led and integrated agronomy services. Underlying business volumes declined by 1.9% in the period, with operating margins in line with FY19 at 3.2%.

The Group is pleased the sustained focus during the year on working capital and operating margin improvement in our Continental European businesses delivered a comparable operating margin year-on-year.

Belgium

Belgium delivered a reduced result for the year, encountering volume and price challenges primarily driven by weather related challenges and global raw material price movements throughout the year.

Poland

Poland delivered an improved performance on the prior year.

There was positive volume development across all market channels supported by a solid cropping area broadly in line with the prior year. Performance benefited from the ongoing enhancement of Origin's seed and speciality nutrition portfolios and an excellent operational performance, including improved operating margin and working capital management.

Romania

Romania delivered a satisfactory result during the year, in line with the performance of FY19.

Romania's contribution was impacted by sustained periods of dry weather from early spring which impacted on-farm investment decisions and resulted in lower volumes recorded year-on-year.

Operational performance continues to improve, with enhanced commercial effectiveness during the period resulting in improved operating margins and lower working capital in the business. The move to amalgamate our Romanian businesses was accelerated with the rebranding of the Group's operations in Romania as Agrii, in line with the rest of the Group's direct farm facing businesses in the UK and Poland.

Ukraine

Ukraine delivered a disappointing result for the year, recording a reduction in profitability, driven by a challenging operational backdrop characterised by highly competitive trading conditions and volatile currency movements.

The Group continues to prioritise operational and working capital efficiencies in Ukraine along with the further development of high service agronomy channels and precision digital offerings. In common with our Romanian businesses, our operations in Ukraine also rebranded as Agrii during the year.

Latin America

| | | | Change on prior period | | |
|-------------------------------------------|-------|-------|------------------------|-------------------------|-----------------------|
| | 2020 | 2019 | Change | Underlying ³ | Constant |
| | €'m | €'m | % | % | Currency ⁴ |
| | | | | | % |
| Revenue | 31.1 | 33.6 | (7.4%) | 6.4% | 7.6% |
| Operating profit ¹ | 7.1 | 8.1 | (11.9%) | 4.8% | 4.9% |
| Operating margin ¹ | 22.9% | 24.1% | (120bps) | (40bps) | (60bps) |
| Associates and Joint venture ² | 0.4 | - | 100.0% | - | 100.0% |

¹ Before amortisation of non-ERP intangible assets and exceptional items

² Profit after interest and tax before exceptional items

³ Excluding currency movements and the impact of acquisitions

⁴ Excluding currency movements

The Latin American ('LATAM') reporting segment incorporates the Group's subsidiary and associate operations in Brazil.

The Group completed the acquisition of a 20% shareholding in Ferrari Zagatto E Cia. Ltda. ('Ferrari'), a leading provider of agronomy services, inputs, crop handling and marketing services in June 2019. Following a review of the Group's M&A priorities, the Board decided not to increase the shareholding in Ferrari, and consequently to divest of the Group's 20% shareholding in Ferrari to its existing shareholders, a transaction that completed in July 2020.

LATAM delivered an excellent operating performance with the volume development and underlying growth delivered against a delayed season and start to in-field operations for Brazil's principal crop, soya.

Underlying business volumes increased by 4.3% in the period with revenues increasing by 6.4% on an underlying basis and by 7.6% at constant currency. The weakening of the Brazilian Real in the second half of the year has impacted earnings in the LATAM segment. Reported operating profit has decreased by 11.9% despite an increase in operating profit of 4.9% on a constant currency basis.

Outlook

Following a year of extreme and unprecedented weather conditions, the Group expects crop plantings to normalise in FY21 which, in turn, will improve agronomy services and crop inputs and return the Group to growth. With the possibility of Brexit without a trade deal on 31 December 2020 and the ongoing COVID-19 pandemic, FY21 will bring challenges for the Group. Given the macro environment, Origin will continue to implement a prudent risk management approach and capital allocation strategy.

With a resilient, integrated crop services business model, scalable and diversified market positions, and strong leadership team in place, Origin is positioned to successfully overcome these challenges and deliver on the Group's 2023 strategic and financial growth ambitions.

Consistent with prior years, the Group will provide a Q1 Trading Update for FY21 on 18 November 2020.

ENDS

Origin Enterprises plc

Consolidated Income Statement For the financial year ended 31 July 2020

| | Notes | Pre- exceptional 2020 €'000 | Exceptional 2020 €'000 (Note 3) | Total 2020 €'000 | Pre- exceptional 2019 €'000 | Exceptional 2019 €'000 (Note 3) | Total 2019 €'000 | |
|-------------------------------------------------------|-------|--------------------------------------|------------------------------------------|------------------------|--------------------------------------|------------------------------------------|------------------------|--|
| Revenue | 2 | 1,589,142 | - | 1,589,142 | 1,798,197 | - | 1,798,197 | |
| Cost of sales | | (1,359,547) | - | (1,359,547) | (1,527,363) | - | (1,527,363) | |
| Gross profit | | 229,595 | - | 229,595 | 270,834 | - | 270,834 | |
| Operating costs | | (194,877) | (6,505) | (201,382) | (197,340) | (6,574) | (203,914) | |
| Share of profit of associates and joint venture | | 6,154 | - | 6,154 | 6,717 | (423) | 6,294 | |
| Operating profit | | 40,872 | (6,505) | 34,367 | 80,211 | (6,997) | 73,214 | |
| Finance income | | 954 | - | 954 | 1,519 | - | 1,519 | |
| Finance expense | | (12,204) | - | (12,204) | (13,327) | - | (13,327) | |
| Profit before income tax | | 29,622 | (6,505) | 23,117 | 68,403 | (6,997) | 61,406 | |
| Income tax (expense)/credit | | (4,519) | 1,261 | (3,258) | (8,730) | 44 | (8,686) | |
| Profit for the year | | 25,103 | (5,244) | 19,859 | 59,673 | (6,953) | 52,720 | |
| | | | | 2020 | | | | |
| | | | | | 2019 | | | |
| Earnings per share for the year | | | | | | | | |
| Basic earnings per share | 4 | | | <u>15.81c</u> | | | <u>41.98c</u> | |
| Diluted earnings per share | 4 | | | <u>15.53c</u> | | | <u>41.60c</u> | |

Origin Enterprises plc

Consolidated Statement of Comprehensive Income

For the financial year ended 31 July 2020

| | 2020 | 2019 |
|------------------------------------------------------------------------------------------------|-----------------|----------------|
| | €'000 | €'000 |
| Profit for the year | 19,859 | 52,720 |
| Other comprehensive (expense)/income | | |
| Items that are not reclassified subsequently to the Group income statement: | | |
| <i>Group/Associate defined benefit pension obligations</i> | | |
| -remeasurements on Group's defined benefit pension schemes | 553 | (3,599) |
| -deferred tax effect of remeasurements | (70) | 450 |
| -share of remeasurements on associate's defined benefit pension schemes | (1,001) | (1,668) |
| -share of deferred tax effect of remeasurements - associates | 190 | 284 |
| Items that may be reclassified subsequently to the Group income statement: | | |
| <i>Group foreign exchange translation details</i> | | |
| -exchange difference on translation of foreign operations | (17,350) | (3,507) |
| <i>Group/Associate cash flow hedges</i> | | |
| -effective portion of changes in fair value of cash flow hedges | (1,976) | 100 |
| -fair value of cash flow hedges transferred to operating costs and other income | (58) | (2,783) |
| -deferred tax effect of cash flow hedges | 311 | 369 |
| -share of associates and joint venture cash flow hedges | (5,508) | 727 |
| -deferred tax effect of share of associates and joint venture cash flow hedges | 689 | (91) |
| Other comprehensive expense for the year, net of tax | (24,220) | (9,718) |
| Total comprehensive (expense) / income for the year attributable to equity shareholders | (4,361) | 43,002 |

Origin Enterprises plc

Consolidated Statement of Financial Position

As at 31 July 2020

| | Notes | 2020 €'000 | 2019 €'000 |
|---------------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 109,363 | 108,411 |
| Right of use asset | 10 | 39,824 | - |
| Investment properties | | 2,270 | 4,221 |
| Goodwill and intangible assets | 6 | 235,949 | 271,085 |
| Investments in associates and joint venture | 7 | 40,597 | 47,140 |
| Other financial assets | | 575 | 607 |
| Deferred tax assets | | 6,890 | 3,620 |
| Post employment benefit surplus | 9 | 403 | - |
| Total non-current assets | | 435,871 | 435,084 |
| Current assets | | | |
| Properties held for sale | | 27,100 | 24,135 |
| Inventory | | 188,775 | 202,806 |
| Trade and other receivables | | 406,857 | 529,328 |
| Derivative financial instruments | | 1,460 | 2,345 |
| Cash and cash equivalents | 11 | 172,309 | 111,830 |
| Total current assets | | 796,501 | 870,444 |
| TOTAL ASSETS | | 1,232,372 | 1,305,528 |

Origin Enterprises plc

Consolidated Statement of Financial Position (continued) As at 31 July 2020

| | Notes | 2020 €'000 | 2019 €'000 |
|---------------------------------------------|-------|------------------|------------------|
| EQUITY | | | |
| Called up share capital presented as equity | 12 | 1,264 | 1,264 |
| Share premium | | 160,498 | 160,498 |
| Retained earnings and other reserves | | 150,564 | 184,077 |
| TOTAL EQUITY | | 312,326 | 345,839 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Interest-bearing borrowings | 11 | 205,889 | 163,236 |
| Lease liabilities | 10 | 31,961 | - |
| Deferred tax liabilities | | 19,785 | 23,143 |
| Put option liability | | 22,073 | 29,607 |
| Provision for liabilities | 8 | 1,649 | 4,166 |
| Post employment benefit obligations | 9 | - | 1,476 |
| Derivative financial instruments | | 1,262 | 912 |
| Total non-current liabilities | | 282,619 | 222,540 |
| Current liabilities | | | |
| Interest-bearing borrowings | 11 | 19,633 | 24,190 |
| Lease liabilities | 10 | 8,775 | - |
| Trade and other payables | | 590,182 | 686,175 |
| Corporation tax payable | | 11,976 | 11,845 |
| Provision for liabilities | 8 | 4,393 | 14,452 |
| Derivative financial instruments | | 2,468 | 487 |
| Total current liabilities | | 637,427 | 737,149 |
| TOTAL LIABILITIES | | 920,046 | 959,689 |
| TOTAL EQUITY AND LIABILITIES | | 1,232,372 | 1,305,528 |

Origin Enterprises plc

Consolidated Statement of Changes in Equity

For the financial year ended 31 July 2020

| | Share capital €'000 | Share Premium €'000 | Treasury shares €'000 | Capital redemption reserve €'000 | Cash flow hedge reserve €'000 | Revaluation reserve €'000 | Share-based payment reserve €'000 | Re-organisation reserve €'000 | Foreign currency translation reserve €'000 | Retained earnings €'000 | Total €'000 |
|------------------------------------------------------------|------------------------|------------------------|--------------------------|-------------------------------------|----------------------------------|------------------------------|--------------------------------------|----------------------------------|-----------------------------------------------|----------------------------|----------------|
| At 1 August 2019 | 1,264 | 160,498 | (8) | 134 | 1,832 | 12,843 | 1,537 | (196,884) | (42,826) | 407,449 | 345,839 |
| Profit for the year | - | - | - | - | - | - | - | - | - | 19,859 | 19,859 |
| Other comprehensive expense for the year | - | - | - | - | (6,542) | - | - | - | (17,350) | (328) | (24,220) |
| Total comprehensive (expense) / income for the year | - | - | - | - | (6,542) | - | - | - | (17,350) | 19,531 | (4,361) |
| Share-based payment credit | - | - | - | - | - | - | (406) | - | - | - | (406) |
| Change in fair value of put option | - | - | - | - | - | - | - | - | - | (1,966) | (1,966) |
| Dividend paid to shareholders | - | - | - | - | - | - | - | - | - | (26,780) | (26,780) |
| At 31 July 2020 | 1,264 | 160,498 | (8) | 134 | (4,710) | 12,843 | 1,131 | (196,884) | (60,176) | 398,234 | 312,326 |

Origin Enterprises plc

Consolidated Statement of Cash Flows

For the financial year ended 31 July 2020

| | 2020 | 2019 |
|--------------------------------------------------------------|----------|----------|
| | €'000 | €'000 |
| Cash flows from operating activities | | |
| Profit before tax | 23,117 | 61,406 |
| Exceptional items | 6,505 | 6,997 |
| Finance income | (954) | (1,519) |
| Finance expense | 12,204 | 13,327 |
| Profit on disposal of property, plant and equipment | (533) | (292) |
| Share of profit of associates and joint venture | (6,154) | (6,717) |
| Depreciation of property, plant and equipment | 8,564 | 8,300 |
| Depreciation of right of use assets | 10,184 | - |
| Amortisation of intangible assets | 12,301 | 11,059 |
| Employee share-based payment (credit)/ charge | (406) | 999 |
| Pension contributions in excess of service costs | (1,007) | (741) |
| Payment of exceptional rationalisation costs | (726) | (1,342) |
| Payment of exceptional acquisition costs | (1,439) | (1,775) |
| | <hr/> | <hr/> |
| Operating cash flow before changes in working capital | 61,656 | 89,702 |
| Movement in inventory | 6,622 | (2,408) |
| Movement in trade and other receivables | 104,366 | (50,450) |
| Movement in trade and other payables | (80,663) | 40,118 |
| | <hr/> | <hr/> |
| Cash generated from operating activities | 91,981 | 76,962 |
| Interest paid | (8,628) | (11,349) |
| Income tax paid | (7,947) | (12,572) |
| | <hr/> | <hr/> |
| Cash inflow from operating activities | 75,406 | 53,041 |
| | <hr/> | <hr/> |

Origin Enterprises plc

Consolidated Statement of Cash Flows (continued) For the financial year ended 31 July 2020

| | 2020 | 2019 |
|-----------------------------------------------------------|-----------------|-----------------|
| | €'000 | €'000 |
| Cash flows from investing activities | | |
| Proceeds from sale of investment property | - | 750 |
| Proceeds from disposal of investment in associate | 904 | - |
| Proceeds from sale of property, plant and equipment | 991 | 1,005 |
| Purchase of property, plant and equipment | (12,056) | (12,049) |
| Additions to intangible assets | (3,670) | (4,346) |
| Arising on acquisition | - | (36,554) |
| Payment of contingent acquisition consideration | (7,386) | (1,705) |
| Payment of put option liability | - | (3,594) |
| Restricted cash | - | 500 |
| Disposal / loan to equity investment | 113 | (4,671) |
| Dividends received from associates | 5,776 | 7,037 |
| | <hr/> | <hr/> |
| Cash outflow from investing activities | (15,328) | (53,627) |
| | <hr/> | <hr/> |
| Cash flows from financing activities | | |
| Drawdown of bank loans | 250,025 | 228,996 |
| Repayment of bank loans | (209,528) | (238,491) |
| Lease liability payments | (11,422) | - |
| Shares issued | - | 76 |
| Payment of dividends to equity shareholders | (26,780) | (26,371) |
| | <hr/> | <hr/> |
| Cash inflow/ (outflow) from financing activities | 2,295 | (35,790) |
| | <hr/> | <hr/> |
| Net increase / (decrease) in cash and cash equivalents | 62,373 | (36,376) |
| Translation adjustment | 2,418 | (2,298) |
| Cash and cash equivalents at start of year | 87,885 | 126,559 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of year (Note 11) | 152,676 | 87,885 |
| | <hr/> | <hr/> |

Origin Enterprises plc

Notes to the preliminary results statement

For the financial year ended 31 July 2020

1 Basis of preparation

The financial information included on pages 15 to 35 of this preliminary results statement has been extracted from the Group financial statements for the year ended 31 July 2020 on which the auditor has issued an unqualified audit opinion.

The financial information has been prepared in accordance with the accounting policies set out in the Group's consolidated financial statements for the year ended 31 July 2020, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The consolidated financial information is presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent.

2 Segment information

IFRS 8, 'Operating Segments' requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker ('CODM') in order to allocate resources to the segments and to assess their performance.

The Group has three operating segments as follows:

Ireland and the United Kingdom

This segment includes the Group's wholly owned Irish and UK based Business-to-Business Agri-Inputs operations, Integrated Agronomy and On-Farm Services operations and Digital Agricultural Services business. In addition, this segment includes the Group's associates and joint venture undertakings.

Continental Europe

This segment includes the Group's Business-to-Business Agri-Inputs operations, Integrated Agronomy and On-Farm Services operations in Belgium, Poland, Romania and the Ukraine.

Latin America

This segment includes the Group's 65% controlling interest in Fortgreen Commercial Agricola Ltda ("Fortgreen"). Origin entered the Latin American market in August 2018 through the acquisition of Fortgreen, a business which is focused on the development and marketing of value added crop nutrition and speciality inputs and which is headquartered in Paraná State in southern Brazil.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's CODM, being the Origin Executive Directors. Segment operating profit is used to measure performance, as this information is the most relevant in evaluating the results of the Group's segments. Segment results include all items directly attributable to a segment.

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

2 Segment information (continued)

(i) Segment revenue and results

| | Ireland & the UK | | Continental Europe | | Latin America | | Total Group | |
|--------------------------------------------------------|------------------|------------------|--------------------|----------------|---------------|---------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Total revenue | 1,284,946 | 1,563,259 | 590,181 | 605,204 | 50,435 | 33,556 | 1,925,562 | 2,202,019 |
| Less revenue from associates & joint venture | (317,057) | (403,822) | - | - | (19,363) | - | (336,420) | (403,822) |
| Revenue | 967,889 | 1,159,437 | 590,181 | 605,204 | 31,072 | 33,556 | 1,589,142 | 1,798,197 |
| Segment result | 23,302 | 59,976 | 13,686 | 14,212 | 7,111 | 8,075 | 44,099 | 82,263 |
| Profit from associates and joint venture | 5,808 | 6,717 | - | - | 346 | - | 6,154 | 6,717 |
| Amortisation of non-ERP intangible assets | (5,035) | (4,328) | (2,145) | (1,884) | (2,201) | (2,557) | (9,381) | (8,769) |
| Total operating profit before exceptional items | 24,075 | 62,365 | 11,541 | 12,328 | 5,256 | 5,518 | 40,872 | 80,211 |
| Exceptional items | (2,670) | 1,509 | (3,555) | (7,604) | (280) | (902) | (6,505) | (6,997) |
| Operating profit | 21,405 | 63,874 | 7,986 | 4,724 | 4,976 | 4,616 | 34,367 | 73,214 |

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

2 Segment information (continued)

(ii) Segment earnings before financing costs and tax is reconciled to reported profit before tax and profit after tax as follows:

| | 2020 €'000 | 2019 €'000 |
|-------------------------------------------------|---------------|---------------|
| Segment earnings before financing costs and tax | 34,367 | 73,214 |
| Finance income | 954 | 1,519 |
| Finance expense | (12,204) | (13,327) |
| Reported profit before tax | 23,117 | 61,406 |
| Income tax expense | (3,258) | (8,686) |
| Reported profit after tax | 19,859 | 52,720 |

3 Exceptional items

Exceptional items are those that, in management's judgement, should be separately presented and disclosed by virtue of their nature or amount. Such items are included within the Consolidated Income Statement caption to which they relate. The following exceptional items arose during the year:

| | 2020 €'000 | 2019 €'000 |
|-----------------------------------------------------------------------------------|----------------|----------------|
| Write down of intangible assets arising from re-branding (i) | (6,853) | - |
| Transaction related credit / (costs) (ii) | 379 | (273) |
| Fair value adjustment on investment properties and properties held for sale (iii) | 730 | 5,680 |
| Pension and rationalisation related costs (iv) | (202) | (426) |
| Loss on disposal of associate (v) | (559) | - |
| Impairment in Ukraine investment, net of put option settlement (vi) | - | (7,455) |
| Write down on property, plant and equipment (iii) | - | (4,100) |
| Total exceptional charge before tax | (6,505) | (6,574) |
| Arising in associates and joint venture (vii) | - | (423) |
| Total exceptional charge before tax including associates and joint venture | (6,505) | (6,997) |
| Tax credit on exceptional items | 1,261 | 44 |
| Total exceptional charge after tax | (5,244) | (6,953) |

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

3 Exceptional items (continued)

(i) Write down in intangible assets arising from re-branding

During the year, the Group completed a re-branding of the businesses in Continental Europe. As a result, legacy intangible assets relating to the branding of these businesses were written down by €3.6 million and charged to the Consolidated Income Statement as an exceptional item. In addition legacy brands within the Ireland/UK segment attributable to bolt on acquisitions were also written down by €3.3 million as the business is now fully integrated under the Origin brand. The tax impact of this in the current year was a tax credit of €1.2 million (2019: €Nil).

(ii) Transaction related credit / (costs)

The transaction related credit arose on the movement in contingent consideration for both Fortgreen and Resterra, and is net of transaction related costs incurred in relation to the acquisitions completed during the prior year and potential acquisitions in the current year. The tax impact in the current year was a tax credit of €0.1 million (2019: €Nil).

(iii) Fair value adjustment of investment properties and properties held-for-sale

During the year, investment properties valued at €2.9 million were reclassified as held for sale as it is expected these properties will be sold within 12 months. There was a fair value uplift on these properties of €1.0 million. Also included are costs relating to the disposal of the properties. The tax impact of this exceptional item in the current year is a charge of €Nil (2019: €0.4 million).

In the prior year, a credit of €5.7 million was recognised comprising €5.5 million of an uplift in the value of the Group's Cork properties and investment properties, an exceptional gain of €0.5 million arising from the disposal of six acres of an investment property during 2019, partially offset by property re-organisation costs. In the prior year a write-down of €4.1 million was also reflected in the value of the Group's property, plant and equipment.

(iv) Pension and rationalisation related costs

Rationalisation costs relate to termination payments from restructuring programmes across the Group. This exceptional charge also includes past service costs in respect of the defined benefit pension scheme. The tax impact of this exceptional item in the current year is a tax credit of €Nil (2019: €0.1 million).

(v) Loss on disposal of associate

On 31 July 2020, the Group disposed of its 20% shareholding in Ferrari Zagatto E Cia Ltda, a Brazilian based agronomy services and crop input distribution business. A loss of €0.6 million arose on the disposal as follows:

| | |
|-----------------------------------------------------------------------|---------------------|
| | €'000 |
| Consideration received from disposal of interest in Ferrari Zagatto | 904 |
| Carrying value of investment (Note 7) | (1,308) |
| Foreign exchange differences previously taken to comprehensive income | (155) |
| Loss arising on disposal of associate | <u>(559)</u> |

(vi) Impairment in Ukraine investment, net of put option settlement

In the prior year, the Directors re-assessed the valuation of goodwill and intangible assets based on the trading results for the financial year and the forecasted trading environment for the Ukrainian business. Following the re-assessment, an impairment of €7.9 million was booked against the carrying value of the Ukraine investment and a write down of €1.5 million of part of the Agroscope brand was recorded. Also included was a credit arising on the settlement of the Agroscope put option liability of €1.9 million. This resulted in a total charge of €7.5 million being recorded. The net tax impact of this exceptional item in the prior year was a tax credit of €0.2million.

(vii) Arising in associates and joint venture

The exceptional charge in the prior year relates to past service costs in respect of the defined benefit pension scheme of associates and joint venture. The net tax impact of this exceptional item in the prior year was a credit of €0.1 million.

Origin Enterprises plc

Notes to the preliminary results statement (continued) For the financial year ended 31 July 2020

4 Earnings per share

| Basic earnings per share | 2020 €'000 | 2019 €'000 |
|----------------------------------------------------------------------|---------------------|---------------------|
| Profit for the financial year attributable to equity shareholders | <u>19,859</u> | <u>52,720</u> |
| Weighted average number of ordinary shares for the year | <u>125,595</u> | <u>125,583</u> |
| | Cent | Cent |
| Basic earnings per share | <u>15.81</u> | <u>41.98</u> |
| | | |
| Diluted earnings per share | 2020 €'000 | 2019 €'000 |
| Profit for the financial year attributable to equity shareholders | <u>19,859</u> | <u>52,720</u> |
| Weighted average number of ordinary shares used in basic calculation | 125,595 | 125,583 |
| Impact of shares with a dilutive effect | 373 | 478 |
| Impact of the SAYE scheme | <u>1,901</u> | <u>677</u> |
| Weighted average number of ordinary shares (diluted) for the year | <u>127,869</u> | <u>126,738</u> |
| | Cent | Cent |
| Diluted earnings per share | <u>15.53</u> | <u>41.60</u> |

Origin Enterprises plc

Notes to the preliminary results statement (continued) For the financial year ended 31 July 2020

4 Earnings per share (continued)

| | 2020 '000 | 2019 '000 |
|----------------------------------------------------------------------|----------------|----------------|
| Adjusted basic earnings per share | | |
| Weighted average number of ordinary shares for the year | <u>125,595</u> | <u>125,583</u> |
| | 2020 €'000 | 2019 €'000 |
| Profit for the financial year | 19,859 | 52,720 |
| Adjustments: | | |
| Amortisation of non-ERP related intangible assets (Note 6) | 9,381 | 8,769 |
| Tax on amortisation of non-ERP related intangible assets | (1,638) | (1,709) |
| Exceptional items, net of tax | <u>5,244</u> | <u>6,953</u> |
| Adjusted earnings | <u>32,846</u> | <u>66,733</u> |
| | Cent | Cent |
| Adjusted basic earnings per share | <u>26.15</u> | <u>53.14</u> |
| Adjusted diluted earnings per share | | |
| | 2020 '000 | 2019 '000 |
| Weighted average number of ordinary shares used in basic calculation | 125,595 | 125,583 |
| Impact of shares with a dilutive effect | 373 | 478 |
| Impact of the SAYE scheme | <u>1,901</u> | <u>677</u> |
| Weighted average number of ordinary shares (diluted) for the year | <u>127,869</u> | <u>126,738</u> |
| | 2020 €'000 | 2019 €'000 |
| Adjusted earnings (as above) | <u>32,846</u> | <u>66,733</u> |
| | Cent | Cent |
| Adjusted diluted earnings per share | <u>25.69</u> | <u>52.65</u> |

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

5 Property, plant and equipment

| | 2020 €'000 | 2019 €'000 |
|---------------------------------------------|----------------|----------------|
| At 1 August | 108,411 | 117,929 |
| Leased asset transfer on IFRS 16 adoption | (1,230) | - |
| Arising on acquisition | - | 4,471 |
| Additions | 14,055 | 11,938 |
| Disposals | (424) | (712) |
| Transfers to properties held for sale | - | (11,215) |
| Write down of property, plant and equipment | - | (4,100) |
| Depreciation charge for the year | (8,564) | (8,300) |
| Translation adjustments | (2,885) | (1,600) |
| At 31 July | 109,363 | 108,411 |

6 Goodwill and intangible assets

| | 2020 €'000 | 2019 €'000 |
|-------------------------------------------|----------------|----------------|
| At 1 August | 271,085 | 216,334 |
| Arising on acquisition | - | 73,283 |
| Additions | 3,684 | 4,346 |
| Impairment of goodwill and intangibles | (6,853) | (9,429) |
| Amortisation of non-ERP intangible assets | (9,381) | (8,769) |
| ERP intangible amortisation | (2,920) | (2,290) |
| Translation adjustments | (19,666) | (2,390) |
| At 31 July | 235,949 | 271,085 |

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

7 Investments in associates and joint venture

| | 2020 €'000 | 2019 €'000 |
|------------------------------------------------------|---------------|---------------|
| At 1 August | 47,140 | 48,171 |
| Share of profits after tax, before exceptional items | 6,154 | 6,717 |
| Share of exceptional items, net of tax | - | (423) |
| Dividends received | (5,776) | (7,037) |
| Share of other comprehensive expense | (5,630) | (748) |
| Disposal of interest in Ferrari Zagatto (Note 3) (i) | (1,308) | - |
| (Disposal)/ acquisition of equity investment | (113) | 1,117 |
| Translation adjustment | 130 | (657) |
| At 31 July | 40,597 | 47,140 |
| Split as follows: | | |
| Total associates | 21,194 | 22,961 |
| Total joint venture | 19,403 | 24,179 |
| | 40,597 | 47,140 |

(i) On 31 July 2020, the Group disposed of its 20% shareholding in Ferrari Zagatto E Cia Ltda, a Brazilian based agronomy services and crop input distribution business

8 Provision for liabilities

The estimate of provisions is a key judgement in the preparation of the financial statements.

| | 2020 €'000 | 2019 €'000 |
|---------------------------------|---------------|---------------|
| At 1 August | 18,618 | 13,512 |
| Arising on acquisition | - | 8,508 |
| Provided in year | 144 | 1,120 |
| Paid in year | (9,750) | (3,271) |
| Released in year | (2,000) | (1,374) |
| Currency translation adjustment | (970) | 123 |
| At 31 July | 6,042 | 18,618 |
| Split as follows: | | |
| Current liabilities | 4,393 | 14,452 |
| Non-current liabilities | 1,649 | 4,166 |
| | 6,042 | 18,618 |

Provisions primarily relate to contingent acquisition consideration arising on a number of acquisitions completed during prior years.

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

9 Post employment benefit obligations

The Group operates a number of defined benefit pension schemes and defined contribution schemes with assets held in separate trustee administered funds. All of the defined benefit schemes are closed to new members.

The valuations of the defined benefit schemes used for the purposes of the following disclosures are those of the most recent actuarial valuations carried out at 31 July 2020 by an independent, qualified actuary. The valuations have been performed using the projected unit method.

Movement in net asset/ (liability) recognised in the Consolidated Statement of Financial Position

| | 2020 €'000 | 2019 €'000 |
|----------------------------------|---------------|----------------|
| At 1 August | (1,476) | 725 |
| Current service cost | (624) | (527) |
| Past service (credit)/ costs | 151 | (30) |
| Settlement gain | 387 | 548 |
| Contributions | 1,480 | 1,298 |
| Other finance (expense) / income | (9) | 24 |
| Remeasurements | 553 | (3,599) |
| Translation adjustments | (59) | 85 |
| At 31 July | 403 | (1,476) |

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

10 Transition to IFRS 16 'Leases'

The Group has adopted IFRS 16 Leases with effect from 1 August 2019. IFRS 16 introduces a single lessee accounting model, and the majority of all lease agreements will now result in the recognition of a right of use asset and a lease liability on the balance sheet. The income statement charge in relation to all leases will now comprise a depreciation element relating to the right of use asset and also a financing charge relating to the lease liability.

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings.

The table below reconciles the Group's operating lease obligations at 31 July 2019 to the lease obligations recognised on initial application of IFRS 16 at 1 August 2019:

| | |
|---------------------------------------------------------|---------------|
| | €'000 |
| Operating lease commitment at 31 July 2019 | 42,275 |
| Extension options reasonably certain to be exercised | 5,299 |
| Commitments relating to low value and short-term leases | (942) |
| Effect of discounting | (6,965) |
| Finance lease liabilities recognised at 31 July 2019 | 910 |
| | <hr/> |
| Lease liabilities at 1 August 2019 | 40,577 |
| | <hr/> <hr/> |

The movement in the Group's right-of-use leased assets during the period is as follows:

| | |
|---------------------------------------------------------------------------------------|---------------|
| | €'000 |
| Arising on adoption of IFRS 16 at 1 August 2019 | 39,667 |
| Reclassification of assets held under IAS 17 as finance leases on adoption of IFRS 16 | 1,230 |
| Additions in period | 9,499 |
| Termination of leases | (43) |
| Leased assets purchased and transferred to property, plant and equipment | (208) |
| Depreciation charge | (10,184) |
| Foreign exchange movement | (137) |
| | <hr/> |
| Right-of-use leased assets at 31 July 2020 | 39,824 |
| | <hr/> <hr/> |

Right of use assets include land and buildings, vehicles, machinery and IT software, and is comprised as:

| | Land and buildings €'000 | Plant and machinery €'000 | Motor Vehicles €'000 | IT software €'000 | Total €'000 |
|-----------------|--------------------------------|---------------------------------|----------------------------|-------------------------|----------------|
| At 31 July 2020 | <hr/> 25,565 | <hr/> 8,771 | <hr/> 5,465 | <hr/> 23 | <hr/> 39,824 |

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

10 Transition to IFRS 16 'Leases' – continued

The movement in the Group's related lease liabilities during the period is as follows:

| | €'000 |
|------------------------------------------------------------------|---------------|
| Arising on adoption of IFRS 16 at 1 August 2019 | 39,667 |
| Reclassification of IAS 17 finance leases on adoption of IFRS 16 | 910 |
| New leases arising in the period | 9,499 |
| Termination of leases | (43) |
| Lease payments | (11,422) |
| Interest expense on lease liability | 1,766 |
| Foreign exchange movement | 359 |
| Lease liabilities at 31 July 2020 | 40,736 |
| Current | 8,775 |
| Non-current | 31,961 |
| Lease liabilities at 31 July 2020 | 40,736 |

11 Analysis of net debt

| | 2019 €'000 | IFRS 16 transition €'000 | Cash flow €'000 | Non-cash movements €'000 | Translation adjustment €'000 | 2020 €'000 |
|-----------------------------------------------|-----------------|--------------------------------|--------------------|--------------------------------|------------------------------------|-----------------|
| Cash | 111,830 | - | 62,709 | - | (2,230) | 172,309 |
| Overdrafts | (23,945) | - | (336) | - | 4,648 | (19,633) |
| Cash and cash equivalents | 87,885 | - | 62,373 | - | 2,418 | 152,676 |
| Loans | (162,571) | - | (40,497) | (609) | (2,212) | (205,889) |
| Net debt | (74,686) | - | 21,876 | (609) | 206 | (53,213) |
| Lease liabilities | (910) | (39,667) | 11,422 | (11,222) | (359) | (40,736) |
| Net debt including lease creditors | (75,596) | (39,667) | 33,298 | (11,831) | (153) | (93,949) |

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

| 12 Share capital | 2020 €'000 | 2019 €'000 |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Authorised 250,000,000 ordinary shares of €0.01 each (i) | 2,500 | 2,500 |
| Allotted, called up and fully paid 126,396,184 (2019: 126,396,184) ordinary shares of €0.01 each (i) (ii) | 1,264 | 1,264 |

- (i) Ordinary shareholders are entitled to dividends as declared and each ordinary share carries equal voting rights at meetings of the Company.
- (ii) In December 2012, the issued ordinary share capital was increased by the issue of 1,212,871 ordinary shares of nominal value of €0.01 each, at an issue price of €4.04 each, pursuant to a share subscription by a wholly owned subsidiary for the purposes of the Origin Long Term Incentive Plan 2012 ("2012 LTIP Plan"). Under the terms of 2012 LTIP Plan, 412,541 of these shares were transferred to the directors and senior management as a result of certain financial targets having been achieved. The remaining 800,330 ordinary shares continue to be held as treasury shares.

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

13 Return on capital employed

Return on capital employed is a key performance indicator for the Group and represents Group earnings before interest, tax and amortisation of non-ERP related intangible assets taken as a percentage of Group net assets and is consistent with the definition approved as part of the 2015 Long Term Incentive Plan.

| | 2020 €'000 | 2020 €'000 Excludes IFRS 16* | 2019 €'000 |
|---------------------------------------------------------------|----------------|---------------------------------------|----------------|
| Total assets | 1,232,372 | 1,192,548 | 1,305,528 |
| Total liabilities | (920,046) | (879,310) | (959,689) |
| <i>Adjusted for:</i> | | | |
| Net debt | 93,949 | 53,213 | 75,596 |
| Tax, put option and derivative financial instruments, net | 49,214 | 49,214 | 60,029 |
| Accumulated amortisation of non-ERP related intangible assets | 54,413 | 54,413 | 54,945 |
| Capital employed | 509,902 | 470,078 | 536,409 |
| Average capital employed | 686,898 | 647,075 | 675,404 |
| Operating profit (excluding exceptional items) | 34,718 | 34,718 | 73,494 |
| Impact of re-statement of lease rentals charge | - | (1,238) | - |
| Amortisation of non-ERP intangible assets | 9,381 | 9,381 | 8,769 |
| Share of profit of associates and joint venture | 6,154 | 6,154 | 6,717 |
| Return | 50,253 | 49,015 | 88,980 |
| Return on capital employed | 7.3% | 7.6% | 13.2% |

In years where the Group makes significant acquisitions or disposals, the return on invested capital calculation is adjusted accordingly to ensure that the impact of the acquisition or disposal is time apportioned appropriately.

* FY2020 amounts have been re-stated excluding the impact of IFRS 16 to compare year-on-year on a like for like basis

14 Related party transactions

Related party transactions occurring in the year were similar in nature to those described in the 2019 Annual Report.

15 Dividend

An interim dividend of 3.15 cent (2019: 3.15 cent) per ordinary share was paid to shareholders on 14 April 2020. The Board has determined that it is prudent to suspend the final dividend for the 2020 financial year (2019: 18.17 cent per share).

Origin Enterprises plc

Notes to the preliminary results statement (continued)

For the financial year ended 31 July 2020

16 Financial commitments

The Group has a financial commitment of €5.6 million attributable to a strategic partnership with University College Dublin ('UCD'). The commitment is over a five year period.

17 Subsequent events

There have been no material events subsequent to 31 July 2020 that would require adjustment to or disclosure in this report.