

GRAINCORP LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 MARCH 2022

Results for announcement to the market				
	Up / Down	% Movement		2022 \$ M
Revenue from ordinary activities	Up	49.9%	to	3,842.1
Profit from ordinary activities after tax attributable to owners of GrainCorp Limited from continuing operations	Up	>100%	to	246.0
Net profit for the period attributable to owners of GrainCorp Limited	Up	>100%	to	246.0

Dividend Information	Amount per security (cents)	Franked amount per security at 30% tax (cents)
Final dividend per share (paid 9 December 2021)	10.0	10.0
Interim ordinary dividend per share	12.0	12.0
Interim special dividend per share	12.0	12.0
Interim dividend dates		
Record date for determining entitlements to the interim dividend		7 July 2022
Payment date for interim dividend		21 July 2022

Additional information

Net tangible assets per share: \$6.08 (30 September 2021: \$4.70)

The following were the interests in joint ventures held by the entity during the half-year. The aggregate share of loss from joint ventures is \$3.9 million (31 March 2021: loss \$3.2 million).

	Ownership interest	
	31 March 2022	30 September 2021
GrainsConnect Canada Operations Inc	50.0%	50.0%
National Grower Register Pty Ltd	50.0%	50.0%
FutureFeed Pty Ltd	20.4%	20.4%
ACN 168 101 335 Pty Ltd (in administration previously PumpFree Pty Ltd)	-	23.0%
GRO Agriculture Pty Limited	50.0%	50.0%

Additional Appendix 4D disclosure requirements can be found in the attached Financial Report for the half-year ended 31 March 2022.

This report is based on the consolidated financial statements and notes which have been reviewed by PricewaterhouseCoopers.

Further information regarding the GrainCorp and its business activities can be obtained by visiting the website at www.graincorp.com.au.



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Directors' Report

The Directors present their report on the consolidated entity (collectively the 'Group') consisting of GrainCorp Limited ('GrainCorp' or the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 March 2022.

Directors

The following people were Directors of GrainCorp during the half-year and up to the date of this report:

- P I Richards (Chairman)
- R J Spurway (Managing Director & CEO)
- N E Anderson
- K M Grigg
- D J Mangelsdorf
- C Stiff
- D G McGauchie AO (retired 17 February 2022)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations

Group Financial Analysis and Commentary

The Group recorded a statutory net profit after tax (NPAT) of \$246.0 million for the half-year ended 31 March 2022 compared to a statutory net profit after tax of \$50.5 million for the previous corresponding half-year.

Revenue increased by 50% to \$3,842.1 million (HY21: \$2,563.4 million).

Agribusiness

East Coast Australia (ECA):

- Large increase in total grain handled, following second consecutive bumper crop in ECA.
- Significant increase in carry-in contributing to stronger HY22 storage and export volumes.
- Outstanding supply chain execution, with exports running at close to full capacity despite minor flood disruptions.
- Elevated global demand for Australian grain and oilseeds, driven by northern hemisphere supply issues (i.e. weather events and Ukraine conflict / Black Sea trade disruptions).
- Strong end-to-end supply chain margins demonstrating significant value of infrastructure assets.
- Higher bulk material volumes.
- Result includes \$70.0 million payment (by GrainCorp) under Crop Production Contract (CPC) (HY21: \$70.0 million).

International:

- Increase in contracted grain sales from both ECA and International (non-ECA) origins.
- Strong export margins from Western Australia following bumper crop.
- Origination from Canada adversely impacted by drought; origination from Ukraine adversely impacted by conflict and subsequent trade disruptions.
- GrainsConnect Canada (GCC): Fraser Grain Terminal, Vancouver, completed in HY22; volumes expected to ramp up as production normalises following drought.

Feeds, Fats & Oils (FFO):

- Exceptional result for Agri-energy business, driven by strong execution and high global pricing for renewable fuel feedstocks, including used cooking oil (UCO) and tallow.
- Feeds marginally down due to countercyclical nature of business to ECA production.

Million metric tonnes (mmt)	HY22	HY21
ECA production (total winter + sorghum)¹	32.9	31.8
Carry-in	4.3	0.7
Receivals ²	14.7	14.5
Domestic outload	3.0	2.0
Exports ³	4.5	3.1
Carry-out	11.5	10.1
Total grain handled	38.0	30.4
Bulk materials (non-grain) handled ⁴	1.3	0.9
Total contracted grain sales	5.8	5.5
Feeds, Fats & Oils executed sales	0.4	0.4

Processing

Oilseeds:

- Continued high utilisation and delivery of efficiencies at GrainCorp's crushing plants at Numurkah and Pinjarra
- Elevated oilseed crush volumes, with strong demand for vegetable oils, driven by:
 - Global production challenges in canola (e.g. Canadian drought) and soybean (e.g. South American drought)
 - Ukraine conflict disrupting supply of vegetable oils out of Black Sea
 - Strong demand for renewable fuels/feedstock, supported by mandates for biofuel use

Foods:

- Increase in Foods sales volumes; benefiting from diversified customer base.
- Strong demand for refined vegetable oils, driven partially by Black Sea supply disruptions

Processing volumes (kt)	HY22	HY21
Oilseed crush volumes	232	220
Foods sales volumes	116	103

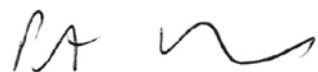
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding of amounts

All figures in the financial statements are presented in Australian dollars and have been rounded off to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, unless otherwise indicated.

This report is made in accordance with a resolution of the Directors.



Peter Richards

Chairman

Sydney

11 May 2022

¹ ABARES' Mar-22 estimate for total ECA winter + sorghum production

² Grain receivals comprises total tonnes received up-country + direct-to-port

³ Grain exports include bulk + container exports, including trans-shipments

⁴ Bulk materials (non-grain) includes sand, cement, sugar, woodchips, fertiliser and other materials



Auditor's Independence Declaration

As lead auditor for the review of GrainCorp Limited for the half-year ended 31 March 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of GrainCorp Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'EPenny', is written over a light grey horizontal line.

Eliza Penny
Partner
PricewaterhouseCoopers

Sydney
11 May 2022

Half-year Financial Report

Consolidated Income Statement

For the half-year ended 31 March 2022

	Note	Half-year	
		31 March 2022	31 March 2021
		\$ M	\$ M
Revenue	1.1	3,842.1	2,563.4
Other (loss) / income	1.2	(12.2)	62.6
Goods purchased for resale		(2,961.3)	(2,130.9)
Raw materials and consumables used		(139.1)	(116.2)
Employee benefits expense		(210.4)	(166.2)
Finance costs		(15.3)	(13.2)
Depreciation and amortisation		(56.7)	(52.6)
Repairs and maintenance		(23.4)	(17.5)
Other expenses	1.3	(65.1)	(51.8)
Share of results of investments accounted for using the equity method		(3.9)	(3.2)
Profit before income tax		354.7	74.4
Income tax (expense)	1.4	(108.7)	(23.9)
Profit attributable to owners of GrainCorp Limited		246.0	50.5

	Half-year	
	31 March 2022	31 March 2021
	Cents	Cents
Earnings per share attributable to owners of GrainCorp Limited		
Basic earnings per share	107.7	22.1
Diluted earnings per share	107.1	22.0

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the half-year ended 31 March 2022

	Half-year	
	31 March 2022 \$ M	31 March 2021 \$ M
Profit for the period	246.0	50.5
Other comprehensive income		
<i>Items that may be reclassified to profit and loss:</i>		
Changes in fair value of cash flow hedges	4.2	(0.1)
Income tax relating to these items	(1.0)	-
Exchange differences on translation of foreign operations	(5.9)	(1.1)
Other comprehensive (loss) for the period, net of tax	(2.7)	(1.2)
Total comprehensive income for the period attributable to owners of GrainCorp	243.3	49.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 March 2022

	Note	31 March 2022 \$ M	30 September 2021 \$ M
Current assets			
Cash and cash equivalents		311.0	126.6
Trade and other receivables		1,033.5	510.7
Inventories	3.1	2,226.5	665.6
Derivative financial instruments	2.3	447.3	234.3
Current tax assets		0.1	-
Assets classified as held for sale	3.2	-	1.0
Total current assets		4,018.4	1,538.2
Non-current assets			
Derivative financial instruments	2.3	3.1	5.7
Investments in other entities		100.9	108.5
Deferred tax assets		1.2	30.3
Property, plant and equipment		651.5	668.1
Right of use assets	3.3	195.3	189.2
Intangible assets		97.5	102.4
Investments accounted for using the equity method		54.3	55.1
Total non-current assets		1,103.8	1,159.3
Total assets		5,122.2	2,697.5
Current liabilities			
Trade and other payables	3.4	736.7	280.1
Lease liabilities		36.8	31.7
Deferred revenue		43.0	14.0
Borrowings	2.1	2,157.9	575.8
Derivative financial instruments	2.3	217.0	159.5
Current tax liabilities		2.1	0.6
Provisions		58.5	47.0
Total current liabilities		3,252.0	1,108.7
Non-current liabilities			
Trade and other payables	3.4	10.6	11.1
Lease liabilities		208.5	210.1
Borrowings	2.1	150.0	150.0
Derivative financial instruments	2.3	5.5	5.1
Deferred tax liabilities		60.8	0.1
Provisions		7.4	7.3
Total non-current liabilities		442.8	383.7
Total liabilities		3,694.8	1,492.4
Net assets		1,427.4	1,205.1
Equity			
Contributed equity		571.6	570.6
Reserves		21.5	23.3
Retained earnings		834.3	611.2
Total equity		1,427.4	1,205.1

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2022

	Hedging reserve	Capital reserve	Share option reserve	Translation reserve	Total reserves	Contributed equity	Retained earnings	Total equity
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
At 1 October 2020	1.6	8.3	2.9	3.5	16.3	572.8	506.2	1,095.3
Profit for the period	-	-	-	-	-	-	50.5	50.5
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(1.1)	(1.1)	-	-	(1.1)
Changes in fair value of cash flow hedges	(0.1)	-	-	-	(0.1)	-	-	(0.1)
Total other comprehensive income	(0.1)	-	-	(1.1)	(1.2)	-	-	(1.2)
Total comprehensive income for the period	(0.1)	-	-	(1.1)	(1.2)	-	50.5	49.3
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(16.0)	(16.0)
Share-based payments	-	-	1.2	-	1.2	-	-	1.2
Treasury shares vested to employees	-	-	(0.4)	-	(0.4)	0.4	-	-
Treasury shares purchased	-	-	-	-	-	(2.6)	-	(2.6)
At 31 March 2021	1.5	8.3	3.7	2.4	15.9	570.6	540.7	1,127.2
At 1 October 2021	1.6	8.3	4.9	8.5	23.3	570.6	611.2	1,205.1
Profit for the period	-	-	-	-	-	-	246.0	246.0
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(5.9)	(5.9)	-	-	(5.9)
Changes in fair value of cash flow hedges	4.2	-	-	-	4.2	-	-	4.2
Deferred tax credit / (expense)	(1.0)	-	-	-	(1.0)	-	-	(1.0)
Total other comprehensive income	3.2	-	-	(5.9)	(2.7)	-	-	(2.7)
Total comprehensive income for the period	3.2	-	-	(5.9)	(2.7)	-	246.0	243.3
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(22.9)	(22.9)
Share-based payments	-	-	1.9	-	1.9	-	-	1.9
Treasury shares vested to employees	-	-	(1.0)	-	(1.0)	1.0	-	-
Treasury shares purchased	-	-	-	-	-	-	-	-
At 31 March 2022	4.8	8.3	5.8	2.6	21.5	571.6	834.3	1,427.4

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 31 March 2022

	Note	Half-year	
		31 March	31 March
		2022	2021
		\$ M	\$ M
Cash flows from operating activities			
Receipts from customers		3,868.5	2,664.1
Payments to suppliers and employees		(3,555.8)	(2,588.1)
		312.7	76.0
Proceeds for bank loans – inventory funding		1,285.5	1,190.3
Payments for commodities inventory		(1,526.6)	(1,108.8)
Interest received		0.2	0.1
Interest paid		(15.3)	(13.1)
Income taxes paid		(17.5)	(0.2)
Net outflow from crop production contract		(68.9)	(68.9)
Net cashflows from operating activities		(29.9)	75.4
Cash flows from investing activities			
Payments for property, plant and equipment and computer software		(22.1)	(23.6)
Proceeds from sale of property, plant and equipment		0.8	5.4
Payments for investments		(4.0)	(0.9)
Proceeds from sale of investments		-	0.2
Dividends received		0.9	1.0
Loans granted to related parties		(21.4)	-
Net cashflows from investing activities		(45.8)	(17.9)
Cash flows from financing activities			
Proceeds from borrowings		1,041.9	858.2
Repayment of borrowings		(741.4)	(875.9)
Principal elements of lease payments		(17.5)	(15.1)
Dividends paid	2.2	(22.9)	(16.0)
Treasury shares purchased		-	(2.6)
Net cashflows from financing activities		260.1	(51.4)
Net increase in cash and cash equivalents		184.4	6.1
Cash and cash equivalents at the beginning of the year		126.6	124.7
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the period		311.0	130.8

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the half-year ended 31 March 2022

About this report

The financial report for the half-year ended 31 March 2022 includes consolidated financial statements for GrainCorp Limited ('GrainCorp' or the 'Company') and its controlled entities (collectively the 'Group'). GrainCorp Limited is a company incorporated and domiciled in Australia, limited by shares that are publicly traded on the Australian Securities Exchange.

The GrainCorp Limited financial report for the half-year ended 31 March 2022 was authorised for issue in accordance with a resolution of the Directors on 11 May 2022. The Directors have the power to amend and reissue the financial report.

COVID

During the first half of 2022, the COVID-19 pandemic has continued throughout the world, causing significant disruption to business and economic activity. The Australian and NZ Food and Agricultural industries have been declared essential services by their respective governments, enabling supply chains to continue operating.

GrainCorp has continued to adapt its operations to ensure business continuity while addressing the health and safety risks posed by COVID-19. Demand for GrainCorp's products and services has held up strongly. Longer term trends continue to be monitored with scenario planning regularly undertaken.

For GrainCorp, the on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in the preparation of the Consolidated Financial Statements. A thorough consideration of potential COVID-19 impacts on carrying values of assets and liabilities, contracts and potential liabilities has been made, with no material impact to the financial statements.

a) Basis of preparation

This general purpose financial report for the half-year ended:

- i. has been prepared in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*;
- ii. does not include all of the information required for an Annual Report, and should be read in conjunction with the Annual Report of the Group as at 30 September 2021 and any public announcements made by GrainCorp Limited during the half-year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001* and ASX Listing Rules;
- iii. is presented under the historical cost basis apart from derivative financial instruments and commodity inventories which are measured at fair value;
- iv. presents reclassified comparative information where necessary to conform to changes in the current year; and
- v. does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 30 September 2021 Annual Report. These accounting policies are consistent with the respective Australian Accounting Standards.

The 2021 comparative information within the consolidated income statement has been reclassified between goods purchased for resale and raw materials and consumables used by \$70 million, to improve comparability.

b) New accounting standards and interpretations

There are no new or revised Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to GrainCorp's operations that are effective for the current annual reporting period.

1. Group Performance

This section of the Financial Report focuses on disclosures most relevant to understanding the financial performance of the Group during the half-year. Segment reporting provides a breakdown of profit and revenue by operational activity. The key line items of the consolidated income statement along with their components provide detail behind the reported balances. Group performance also impacts earnings per share.

1.1 Segment information

a) Description of segments

The Group is organised into two segments that are based on the operational activity of each segment. These segments are consistent with internal reports that are reviewed and used by the Group's chief operating decision maker, the Managing Director & Chief Executive Officer, in assessing performance and determining the allocation of resources.

Operating Segment	Products and Services
Agribusiness	A leading Australian end-to-end grains and oils supply chain business with diversified international grains and oils origination and destination capabilities. The key commodities and products handled and traded by this segment include wheat, coarse grains (including barley, sorghum and corn), oilseeds, pulses and organics.
Processing	A vertically integrated edible oils crushing, processing, manufacturing and distribution business with a strong and well-invested footprint across both Australia and New Zealand.

Corporate includes the unallocated corporate costs such as group financing. Segment performance is based on a measure of EBITDA. EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation.

b) Performance of segments

Half-year 2022	Agribusiness	Processing	Reportable segments	Corporate	Eliminations	Total
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
Reportable segment revenue						
External revenue	3,392.8	449.3	3,842.1	-	-	3,842.1
Intersegment revenue	486.5	6.4	492.9	-	(492.9)	-
Total reportable segment revenue	3,879.3	455.7	4,335.0	-	(492.9)	3,842.1
Reportable segment result	379.3	69.5	448.8	(10.3)	-	438.5
Share of results of joint ventures	(3.2)	-	(3.2)	(0.7)	-	(3.9)
Net change in fair value of investments	-	-	-	(8.1)	-	(8.1)
EBITDA	376.1	69.5	445.6	(19.1)	-	426.5
Lease interest	(3.2)	(0.5)	(3.7)	(0.1)	-	(3.8)
Net interest	(7.5)	(1.0)	(8.5)	(2.8)	-	(11.3)
Depreciation and amortisation	(41.4)	(12.8)	(54.2)	(2.5)	-	(56.7)
Profit / (loss) before income tax	324.0	55.2	379.2	(24.5)	-	354.7
Other segment information						
Capital expenditure	19.1	3.0	22.1	-	-	22.1
Reportable segment assets	3,824.9	823.1	4,648.0	474.2	-	5,122.2
Reportable segment liabilities	(2,758.2)	(399.2)	(3,157.4)	(537.4)	-	(3,694.8)

1.1 Segment information (continued)

Half-year 2022	Agribusiness	Processing	Total
	\$ M	\$ M	\$ M
Reportable segment revenue			
Sale of commodities	2,654.1	-	2,654.1
Sale of finished goods	72.8	449.3	522.1
Service revenue and other revenue	659.0	-	659.0
Rental income	6.9	-	6.9
Total external segment revenue	3,392.8	449.3	3,842.1
Revenue recognised at point in time	3,377.7	449.3	3,827.0
Revenue recognised over time	15.1	-	15.1
Total external segment revenue	3,392.8	449.3	3,842.1

Half-year 2021	Agribusiness	Processing	Reportable segments	Corporate	Eliminations	Total
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
Reportable segment revenue						
External revenue	2,261.2	302.2	2,563.4	-	-	2,563.4
Intersegment revenue	298.9	18.0	316.9	-	(316.9)	-
Total reportable segment revenue	2,560.1	320.2	2,880.3	-	(316.9)	2,563.4
Reportable segment result	128.3	23.6	151.9	(7.4)	-	144.5
Share of results of joint ventures	(3.1)	-	(3.1)	(0.1)	-	(3.2)
Net change in fair value of investments	-	-	-	(1.2)	-	(1.2)
EBITDA	125.2	23.6	148.8	(8.7)	-	140.1
Lease interest	(3.2)	(0.5)	(3.7)	-	-	(3.7)
Net interest	(6.5)	(0.7)	(7.2)	(2.2)	-	(9.4)
Depreciation and amortisation	(37.5)	(12.6)	(50.1)	(2.5)	-	(52.6)
Profit / (loss) before income tax	78.0	9.8	87.8	(13.4)	-	74.4
Other segment information						
Capital expenditure	18.1	5.2	23.3	0.3	-	23.6
Reportable segment assets	2,444.1	636.3	3,080.4	302.7	-	3,383.1
Reportable segment liabilities	(1,734.5)	(283.7)	(2,018.2)	(237.7)	-	(2,255.9)

Half-year 2021	Agribusiness	Processing	Total
	\$ M	\$ M	\$ M
Reportable segment revenue			
Sale of commodities	1,945.1	-	1,945.1
Sale of finished goods	59.2	302.2	361.4
Service revenue and other revenue	249.4	-	249.4
Rental income	7.5	-	7.5
Total external segment revenue	2,261.2	302.2	2,563.4
Revenue recognised at point in time	2,245.9	302.2	2,548.1
Revenue recognised over time	15.3	-	15.3
Total external segment revenue	2,261.2	302.2	2,563.4

1.2 Other income

	Half-year	
	31 March 2022 \$ M	31 March 2021 \$ M
Net (loss) / gain on derivative / commodity trading:		
Net realised loss on financial derivatives	(169.3)	(75.4)
Net realised (loss) / gain on foreign currency derivatives	(25.0)	114.7
	(194.3)	39.3
Net unrealised (loss) / gain on financial derivatives	(140.0)	16.4
Net unrealised gain on commodity contracts (forward purchases and sales)	165.7	76.3
Net unrealised gain / (loss) on foreign currency derivatives	143.6	(40.1)
Net unrealised gain on commodity inventories at fair value less costs to sell	100.2	31.1
	269.5	83.7
Net realised loss on crop production contract ⁵	(75.9)	(75.9)
Net unrealised (loss) / gain on fair value of crop production contract	(14.9)	5.2
	(90.8)	(70.7)
Net (loss) / gain on derivative / commodity trading	(15.6)	52.3
Gain on sale of investments and property, plant and equipment	0.6	3.0
Net change in fair value of investments	(8.1)	(1.2)
Dividend income	0.9	1.0
Interest income	0.2	0.1
Reversal of prior period impairment on sale of property, plant and equipment	-	2.3
Sundry income	9.8	5.1
Total other (loss) / income	(12.2)	62.6

Unrealised gains / losses on commodity contracts (forward purchases and sales) and commodity inventories will be recognised through revenue and goods purchased for resale respectively when the contract is executed. Realised gains on financial derivatives and foreign currency derivatives, which typically are utilised to hedge forward contracts or commodity inventory holdings, continue to be reported in other income.

1.3 Other expenses

	Half-year	
	31 March 2022 \$ M	31 March 2021 \$ M
Other expenses		
Consulting	4.3	3.2
Lease expense	4.2	5.8
Legal expenses	2.3	1.8
Software maintenance	9.2	8.8
Motor vehicle	3.5	4.1
Travel	2.9	1.3
Insurance	8.4	6.3
Communication	1.6	1.8
Rates and taxes	5.7	4.8
Other	23.0	13.9
Total other expenses	65.1	51.8

⁵ Includes payment on the crop production contract of \$70.0m and the annual premium payment of \$5.9m. Refer to note 2.3.

1.4 Taxation

	Half-year	
	31 March 2022 \$ M	31 March 2021 \$ M
Income tax expense recognised in consolidated income statement		
Current tax	20.2	(1.6)
Deferred tax	87.8	25.3
Under / (over) provision in prior years	0.7	0.2
	108.7	23.9
Reconciliation to effective tax rate		
Profit from continuing operations before income tax expense	354.7	74.4
Add: equity accounted loss not subject to taxation	3.9	3.2
Profit subject to tax	358.6	77.6
Income tax expense calculated at 30% (2021: 30%)	107.6	23.3
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible / non-assessable items	0.9	1.2
Recognition of previously unrecognised tax losses	-	(0.5)
Under / (over) provision in prior years	0.7	0.2
Difference in overseas tax rates	(0.5)	(0.3)
Income tax expense	108.7	23.9
Effective tax rate⁶	30.3%	30.8%

⁶ Effective tax rate is calculated as the income tax expense divided by profit subject to tax (excluding equity accounted profit / loss).

2. Capital and Financial Risk Management

The Group manages its capital to safeguard its ability to maintain an optimal capital structure so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group's capital consists of core debt, commodity inventory funding and equity. Core debt is calculated as borrowings, net of cash assets and commodity inventory. The capital structure is monitored using the core debt gearing ratio and net debt gearing ratio. The core debt gearing ratio is calculated as core debt divided by core debt plus equity. For the purposes of core debt, commodity inventory is defined as trading grain and oilseeds inventories. GrainCorp intends to maintain minimal core debt through the cycle. Net debt primarily consists of funding for commodity inventory and the net debt gearing ratio is calculated as net debt divided by net debt plus equity. Net debt fluctuates in line with seasonal working capital requirements.

The capital structure of the Group is continuously monitored and can be changed by adjusting the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. At 31 March 2022, the core debt gearing ratio is as follows:

2.1 Borrowings

	31 March 2022 \$ M	30 September 2021 \$ M
Total borrowings	2,307.9	725.8
Cash and cash equivalents	(311.0)	(126.6)
Net debt	1,996.9	599.2
Commodity inventory	(2,125.5)	(598.0)
Core (cash) / debt	(128.6)	1.2
Total equity	1,427.4	1,205.1
Core debt gearing ratio	(10%)	0%

	31 March 2022 \$ M	30 September 2021 \$ M
Current		
Commodity inventory funding facilities – secured	1,799.7	514.3
Working capital – unsecured	358.2	61.5
Total current borrowings	2,157.9	575.8
Non-current		
Term debt facilities – unsecured	150.0	150.0
Total non-current borrowings	150.0	150.0

a) Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are as follows:

	31 March 2022 \$ M	30 September 2021 \$ M
Inventory	1,636.1	467.5
Total assets pledged as security	1,636.1	467.5

Inventory funding facilities are secured against the related inventory. The Group's secured inventory balance is GST exclusive.

Loans under term and working capital funding facilities are secured by a negative pledge and these facilities provide the related entities in the Group that are party to the pledge the flexibility in funding their respective liquidity requirements as needed. The facilities impose certain financial covenants on the Group. All covenant ratios have been complied with during the half-year.

2.1 Borrowings (continued)

b) Financing arrangements

Borrowings are drawn under the following Group debt facilities:

31 March 2022	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt	March 2025	150.0	150.0
Commodity inventory funding	November 2022	2,101.0	1,799.7
Working capital	November 2022	695.0	348.9
Working capital	December 2023	13.8	9.3
Total financing arrangements		2,959.8	2,307.9

30 September 2021	Maturity date	As at 5 November 2021	As at 30 September 2021
		Principal facility amount \$M	Amount utilised \$M
Term debt	March 2025	150.0	150.0
Commodity inventory funding ⁷	November 2022	1,881.0	514.3
Working capital ⁸	November 2022	595.0	60.4
Working capital ⁹	December 2023	13.8	1.1
Total financing arrangements		2,639.8	725.8

2.2 Dividends

	Half-year	
	31 March 2022	31 March 2021
	\$ M	\$ M
Dividends paid in the half-year:		
Final fully franked dividend at 10 cents for the year ended 30 September 2021 (2020: 7.0 cents)	22.9	16.0
Total dividends paid	22.9	16.0

Dividend not recognised at half-year:

Subsequent to the period end the Directors have approved the payment of the following dividends, comprising an interim ordinary dividend of 12.0 cents and an interim special dividend of 12.0 cents, expected to be paid on 21 July 2022.

Interim ordinary fully franked dividend for half-year ended 31 March 2022 of 12.0 cents (2021: 8.0 cents)	27.5	18.3
Interim special fully franked dividend for half-year ended 31 March 2022 of 12.0 cents (2021: Nil)	27.5	-

No liability for the dividend has been recognised at 31 March 2022, as it was declared after the end of the reporting period.

⁷ The maturity date and principal facility amount for the inventory funding facility is as at 5 November 2021. Subsequent to balance date, the maturity date was extended from November 2021 to November 2022 and the principal facility amount changed from \$880 million to \$1,881 million. This facility is renewed subsequent to balance date each year to align with the seasonal requirements of the Group.

⁸ The maturity date and principal facility amount for the working capital facility is as at 5 November 2021. Subsequent to balance date, the maturity date was extended from November 2021 to November 2022 and the principal facility amount changed from \$445 million to \$595 million.

⁹ The maturity date and principal facility amount for the working capital facility is as at 5 November 2021. The maturity date was extended from November 2021 to December 2023.

2.3 Financial instruments

Fair value measurements

The Group's derivative instruments and other financial assets are measured at fair value at the end of each reporting period. Financial instruments are grouped into Levels 1 to 3 based on the degree to which fair value measurement inputs are observable. The fair value has been determined as follows:

- ▶ **Level 1** financial instruments held by the Group are instruments which are traded on an active market. The fair value of these financial instruments is the quoted market settlement price on the reporting date.
- ▶ **Level 2** financial instruments held by the Group are financial instruments that are not traded on an active market. The fair value is determined using valuation techniques which maximise observable market data and rely as little as possible on entity-specific estimates.
- ▶ **Level 3** financial instruments do not have quoted market prices available. The fair values are calculated by amending market price values obtained from traders and brokers for location and grade differentials.

The following table presents the Group's assets and liabilities measured and recognised at fair value at balance date:

31 March 2022	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
Assets				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	0.4	0.1	-	0.5
Commodity contracts (forward purchases and sales)	-	-	330.1	330.1
Foreign currency derivatives	-	114.3	-	114.3
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	2.4	-	2.4
Interest rate swaps contracts	-	3.1	-	3.1
Total derivative financial instrument assets	0.4	119.9	330.1	450.4
Commodity inventory at fair value less costs to sell (note 3.1)	-	-	1,769.7	1,769.7
Investments in other entities	96.1	-	4.8	100.9
Total assets	96.5	119.9	2,104.6	2,321.0
Liabilities				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	137.2	-	-	137.2
Commodity contracts (forward purchases and sales)	-	-	51.3	51.3
Foreign currency derivatives	-	10.2	-	10.2
Crop production contract	-	-	21.6	21.6
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	2.2	-	2.2
Total liabilities	137.2	12.4	72.9	222.5

2.3 Financial instruments (continued)

Fair value measurements (continued)

30 September 2021	Level 1	Level 2	Level 3	Total
	\$ M	\$ M	\$ M	\$ M
Assets				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	14.5	8.6	-	23.1
Commodity contracts (forward purchases and sales)	-	-	199.1	199.1
Foreign currency derivatives	-	16.2	-	16.2
Crop production contract	-	-	0.3	0.3
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	1.3	-	1.3
Total derivative financial instrument assets	14.5	26.1	199.4	240.0
Commodity inventory at fair value less costs to sell (note 3.1)	-	-	477.2	477.2
Investments in other entities	104.2	-	4.3	108.5
Total assets	118.7	26.1	680.9	825.7
Liabilities				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	23.0	-	-	23.0
Commodity contracts (forward purchases and sales)	-	-	84.6	84.6
Foreign currency derivatives	-	54.4	-	54.4
Crop production contract	-	-	-	-
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	2.4	-	2.4
Interest rate swap contracts	-	0.2	-	0.2
Total liabilities	23.0	57.0	84.6	164.6

Investments in other entities

The Group holds investment in other entities, these are equity investments that are classified as fair value through profit or loss. They are classified as Level 1 and Level 3 financial instruments. Level 1 instruments are traded on an active market and the fair value of these financial instruments is the quoted market price at the reporting date.

The Group has an interest in United Malt Group (UMG) which is a listed entity on the Australian Stock Exchange. The Group's interest in UMG is recognised within investments in other entities in the consolidated statement of financial position. The fair value of the Group's interest, determined by reference to the closing share price on 31 March 2022, was \$96.1 million (FY21: \$104.2 million).

Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition, measurement and disclosure purposes. There were no material changes made to any of the valuation techniques applied since 30 September 2021. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 March 2022.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no instruments reclassified between levels for the half-year ended 31 March 2022.

The following table presents the changes in Level 3 financial assets and liabilities:

	Half-year 2022			Full year 2021		
	Commodity Contracts	Commodity inventory at fair value	Crop Production Contract	Commodity Contracts	Commodity inventory at fair value	Crop Production Contract
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
Opening balance	114.5	477.2	0.3	8.8	141.4	(5.0)
Unrealised gain / (loss) recognised in profit and loss	165.7	100.2	(21.9)	107.1	45.0	5.3
Net acquisitions / (disposals)	(1.4)	1,192.3	-	(1.4)	290.8	-
Closing balance	278.8	1,769.7	(21.6)	114.5	477.2	0.3

2.3 Financial instruments and risk management (continued)

› Financial risk management – commodity price risk

Commodity price risk arises due to grain and edible oil price fluctuations impacting on the value of commodity forward purchase and forward sales contracts written by the Group as part of its grain, meal and edible oil marketing activities. The Group's policy is to lock in favourable margins between the purchase and sale price of commodities but differences in the timing of entering into these contracts create an exposure to commodity price risk.

To manage exposure to this risk, the Group enters into various exchange traded commodity derivative contracts (futures and options) as well as OTC contracts with terms between two and 24 months. These contracts are predominantly in Australia, New Zealand, US, Canada and Europe based financial markets and denominated in the currencies of those jurisdictions.

This sensitivity analysis shows the impact on post-tax profit if commodity prices changed by 20%. The 20% movement is calculated over the market value amount of the net exposure of the commodity physical and derivative contracts as at 31 March 2022 and 30 September 2021.

	31 March 2022 \$ M	30 September 2021 \$ M
Fair value of derivatives and physical inventory	1,911.7	596.6
Net effect of a 20% appreciation in price on post-tax profit or loss	7.6	16.8
Net effect of a 20% depreciation in price on post-tax profit or loss	(7.6)	(16.8)

› Crop production contract

The crop production contract is classified as a financial derivative at fair value through profit and loss designated as a level 3 instrument. The fair value of the crop production contract is determined using a valuation model which estimates future cashflows from the contract, discounted to present value. Future cashflows are determined by applying the crop production contract terms to estimated crop production levels for the remainder of the contract term. The fair value calculation is highly subjective given the degree of uncertainty in forecasting future weather patterns and crop production levels. The fair value calculation uses the following inputs:

- Cashflows are determined using the crop production contract terms.
- Historical crop production data published by the Australian Bureau of Agricultural and Resource Economics (ABARES).
- Forecast ABARES data is not included in the valuation due to the uncertainty of crop production outcomes.
- Estimated future production growth rates and probabilities are derived from historical crop production data.
- Risk-adjusted discount rate based on the applicable zero-coupon AUD overnight index swap curve.

The initial fair value of the crop production contract was estimated as \$104.5 million (asset) in FY19. In accordance with AASB 9, the initial fair value was not recognised in the Consolidated Income Statement as unobservable data points (as indicated above) were used for the initial fair value measurement.

On subsequent measurement the deferred difference is recognised as a gain or loss in the income statement only to the extent it arises from a change in a factor that market participants would take into account when pricing the contract.

Derivative asset valuation gains / losses will be recognised in the income statement at the point-in-time when the valuation model inputs change. GrainCorp expects that this would occur over the life of the contract once ABARES crop production data becomes publicly available for each given year, and as such the deferred amount will be recognised in the income statement annually. The fair value of the crop production contract is disclosed in the table below.

Production payments / receipts are determined based on actual ABARES production in any given year only. In any given financial year, the realised gain / loss can range between the following:

- \$74 million realised gain (based on the annual maximum receipt of \$80 million, less annual premium of \$6 million)
- \$76 million realised loss (based on the annual maximum payment of \$70 million, plus annual premium of \$6 million).

There were no significant inter-relationships between unobservable inputs that materially affect fair value. There is a bank guarantee in place amounting to \$135.0 million (FY21 \$140.0 million).

	31 March 2022 \$ M	30 September 2021 \$ M
Fair value of contract using unobservable data		
Fair value of crop production derivative recognised in the statement of financial position	51.6	83.9
Fair value of crop production derivative not recognised in the statement of financial position	(73.2)	(83.6)
Net position as presented in the consolidated statement of financial position	(21.6)	0.3

3. Operating Assets and Liabilities

This section shows the assets used to generate the Group's trading performance and liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 2. Capital and Financial Risk Management.

3.1 Inventories

	31 March 2022 \$ M	30 September 2021 \$ M
Raw materials	354.0	79.3
Work in progress	12.2	10.4
Finished goods	28.4	21.7
Trading stock at net realisable value	62.2	77.0
Commodity inventory at fair value less cost to sell	1,769.7	477.2
Total inventories	2,226.5	665.6

3.2 Assets held for sale

At 31 March 2022, GrainCorp has no properties classified as held for sale (2021: one property held for sale).

	31 March 2022 \$ M	30 September 2021 \$ M
Property, plant and equipment	-	1.0
Total assets classified as held for sale	-	1.0

3.3 Right of use assets

	31 March 2022 \$ M	30 September 2021 \$ M
Land	81.6	80.9
Buildings and structures	81.2	77.9
Motor vehicles	21.5	18.9
Rail	11.0	11.5
Total right of use assets	195.3	189.2

For the six months ended 31 March 2022 included in the Consolidated Income Statement is depreciation of right of use assets of \$15.9 million and interest expense of \$3.8 million (31 March 2021: \$13.2 million and \$3.7 million respectively).

3.4 Trade and other payables

	31 March 2022 \$ M	30 September 2021 \$ M
Current		
Trade payables	132.6	182.1
Inventory procurement trade payables	156.1	-
Accrued expenditure	23.1	35.3
Deferred grower payments	356.7	7.8
Other payables	68.2	54.9
Total current trade and other payables	736.7	280.1
	31 March 2022 \$ M	30 September 2021 \$ M
Non-current		
Income received in advance	9.8	10.9
Other payables	0.8	0.2
Total non-current trade and other payables	10.6	11.1

The Group has inventory procurement trade payables with third-party financial institutions, which are interest bearing. Trade bills of exchange are paid by the financial institution direct to the supplier or to GrainCorp and the Group settles the payable on extended payment terms. The amount utilised and recorded within trade and other payables at 31 March 2022 was \$156.1 million (30 September 2021: \$nil).

4. Other

4.1 Events occurring after the reporting period

No matter or circumstance has arisen since 31 March 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 6 to 22 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the GrainCorp Limited and its controlled entities' financial position as at 31 March 2022 and of its performance for the half-year ended on that date; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Peter Richards
Chairman

Sydney
11 May 2022



Independent auditor's review report to the members of GrainCorp Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of GrainCorp Limited (the Company) and the entities it controlled from time to time during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 March 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of GrainCorp Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 March 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2022 and of its performance for the half-

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year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers .

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'EPenny'.

Eliza Penny
Partner

Sydney
11 May 2022

Half-year Report
2022