

Roskilde, 25 February 2022

## **DLF SEEDS A/S**

### **INTERIM REPORT 1.7.-31.12.2021<sup>1</sup>**

Financial highlights of the DLF Seeds Group for the period 1 July to 31 December 2021:

- Revenue: DKK 3,268m (DKK 2,929m);
- EBITDA: DKK 264.5m (DKK 145.2m);
- EBIT: DKK 189.8m (DKK 68.1m);
- Profit before tax: DKK 174.1m (DKK 40.1m);
- Profit for the period: DKK 114.5m (DKK 17.1m).

#### **A standout half year result**

Revenue for the period is reported at DKK 3,268m (DKK 2,929m) which represents a growth rate of 11.6 pct. year-on-year. The global forage and turf seed business grew by 12.2 pct. whereas the beet and vegetable business grew by 5.3 pct.

On a global scale, demand for forage and turf seed has been good during the first half of the season, except for the agricultural market in some parts of Northwest Europe due to wet conditions. Coupled with tight supplies, especially renowned in North America following a rather poor harvest 2021, the general wholesale price level across species, segments and geographies has risen. Prices have risen quite substantially in North America. The top line growth is mainly attributable to the increase in realised sales prices of forage and turf seed.

The growth in revenue in the beet and vegetable business relates to the sugar beet and seed potato activities. Within the sugar beet business, the shift in revenue is mainly due to phasing of certain invoicing from the previous fiscal year. The seed potato business has seen a re-bounce in sales in especially North Africa following a lacklustre demand from the catering industry in Europe due to widespread Covid-19 lockdowns in the fall 2020.

EBITDA is reported at DKK 264.5m (DKK 145.2m) for the period. The improved operational profit is a result of revenue growth combined with an increase in contribution margin. The higher realised sales prices lift the contribution margin on particularly carry-over inventories. On the cost side, nearly all major input categories have increased in price. This includes cost items like energy, packing and freight as well as seed costs. Wage increases are influencing the cost base too. Compared to first half year of fiscal year 2020/21 there is also an increase in the general activity level in the businesses, such as more travel, customer events etc, as Covid-19 restrictions are gradually loosened around the world.

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<sup>1</sup> Figures for the reference period 1 July to 31 December 2020 in brackets ( )

In terms of geographies, the North American forage and turf seed activities reported a significant increase in earnings. The Oceanian and South American businesses and the sugar beet seed business reported stronger earnings, and the European forage and turf seed business reported flat earnings for the period compared to first half year of 2020/21.

EBIT was DKK 189.8m (DKK 68.1m), and profit before tax was DKK 174.1m (DKK 40.1m).

It is noted that interests accrued on the hybrid bond are considered as part of distribution of profits for the period.

### Looking ahead

In general, forage and turf seed prices are expected to remain at high levels throughout the second part of the fiscal year. At the same time, seed availability remains an issue in most regions. As sourcing for sales execution starts to shift towards the more expensive new crop, contribution margin is expected to settle at a level that is comparable to a standard trading margin for the business. In the aggregate, contribution margin is forecasted at the same level for the full year 2020/21 compared to prior year for the DLF group.

The group revenue is forecasted to increase compared to fiscal year 2020/21 between 5 and 10 pct. resulting in additional contribution. However, inflation pressures and higher activity levels in the businesses will add to the general cost base. Full-year EBITDA and EBIT are forecasted to be in line with previous year, but higher than previous communicated guidance.

In a comment to the interim results and full-year forecast, Mr. Truels Damsgaard, CEO, DLF Seeds A/S said:

*“It has been such a remarkable, and unexpected, solid first half-year performance for the group. Most noticeable in North America. The harvest 2021 in North America was very poor, and market prices have reacted sharply. Price movements have been unprecedented in more species. Except for Denmark, the forage and turf seed crop in Europe has been below standard in 2021. The New Zealand harvest is late due to rain and looks to be a bit lower than standard, whereas the crop in South America has suffered greatly from dry conditions.*

*We are just now in the very busy part of the season. Supply chains are running at maximum speed. So far, we have not experienced material disruptions from Covid-19 in our operations. However, access to qualified staff in many job categories is becoming an increasing worry, not least mid- to longer term. I’m very proud of the commitment of our staff during these demanding times.*

*As for full-year 2021/22 performance, we remain optimistic, although we will not be able to outperform in the second part of the fiscal year like we did in the first. Our orderbook looks good for the remainder of the year to achieve our targets for revenue and profit.*

*Very recent geopolitical events concerning the military situation in Ukraine represent a strategic and commercial exposure on the DLF Group. It is likely to have a certain impact on the current year and beyond but difficult to quantify at this moment. We will to a limited extent be able to redirect seed to other destinations but as this is happening very close to the drilling time the window is closing soon.*

**Interim report and Q3 report**

Reported interim figures have not been audited or reviewed by the company's auditors.

Report for the nine months ending 31 March 2022 will be published on 23 May 2022.

**Further information:**

Morten Andersen, CFO, DLF Seeds A/S  
Phone: +45 21 692 901  
Mail: ma@dlf.com

**DLF SEEDS GROUP**  
**FINANCIAL HIGHLIGHTS 1.7. - 31.12.2021 IN DKK 1,000**

**Profit & Loss**

t.DKK	Group 1/7 - 31/12	
	Act 2021/22	Act 2020/21
Revenue	3,267,979	2,928,958
Cost of goods sold	2,044,794	1,900,700
<b>Contribution</b>	<b>1,223,185</b>	<b>1,028,258</b>
<i>Contribution margin</i>	37.4%	35.1%
Gross OPEX	472,892	427,955
Personnel costs	485,828	455,148
<b>EBITDA</b>	<b>264,465</b>	<b>145,155</b>
<i>EBITDA margin</i>	8.1%	5.0%
Depreciations / Amortizations	74,681	77,015
<b>EBIT</b>	<b>189,784</b>	<b>68,140</b>
Income from investments in affiliates and associates	4,496	1,047
Financial items (net)	-20,187	-29,134
<b>Profit before tax</b>	<b>174,093</b>	<b>40,053</b>
Corporate tax	-59,579	-22,926
<b>Profit for the period</b>	<b>114,514</b>	<b>17,127</b>

**Profit for the year is attributable to:**

Shareholder of DLF Seeds A/S	97,874	1,063
Hybrid capital owners, coupon payments after tax	16,807	16,807
Minority share	-167	-743
<b>Total</b>	<b>114,514</b>	<b>17,127</b>

**Balance Sheet**

t.DKK	Group		
	Dec 31, 2021	Dec 31, 2020	Jun 30, 2021
Fixed assets	1,966,444	1,977,228	1,960,919
Inventory	2,347,978	1,942,292	1,512,488
Receivables	1,410,496	1,312,916	1,285,597
Cash and bank balances	578,246	554,988	703,130
<b>Total assets</b>	<b>6,303,164</b>	<b>5,787,424</b>	<b>5,462,134</b>
Equity	1,969,807	1,557,120	1,898,883
Hybrid capital	675,369	671,207	691,837
Minority interests	14,787	16,220	17,574
<b>Total equity</b>	<b>2,659,963</b>	<b>2,244,547</b>	<b>2,608,294</b>
Provisions	99,361	104,175	100,323
Non-current liabilities	1,034,653	1,353,851	1,003,499
Current liabilities	2,509,187	2,084,851	1,750,018
<b>Total equity and liabilities</b>	<b>6,303,164</b>	<b>5,787,424</b>	<b>5,462,134</b>

### Statement of changes in equity

t.DKK	Group			
	Total	Hybrid capital	Minority interests	Total
<b>Equity 30.6.2020</b>	<b>1,579,438</b>	<b>687,837</b>	<b>17,476</b>	<b>2,284,751</b>
Currency adjustment	-2,493	0	-513	-3,006
Hybrid bond, coupon payment	-9,250	-33,437	0	-42,687
Profit of the year	1,063	16,807	-743	17,127
Value adjustment of hedging instrument and other movements	-11,638			-11,638
<b>Equity 31.12.2020</b>	<b>1,557,120</b>	<b>671,207</b>	<b>16,220</b>	<b>2,244,547</b>
<b>Equity 30.6.2021</b>	<b>1,898,883</b>	<b>691,837</b>	<b>17,574</b>	<b>2,608,294</b>
Currency adjustment	45,260	0	-2,620	42,640
Dividends paid	-70,000			-70,000
Hybrid bond, coupon payment	0	-33,275	0	-33,275
Purchase of minority	0	0		0
Profit of the year	97,874	16,807	-167	114,514
Value adjustment of hedging instrument and other movements	-2,210	0	0	-2,210
<b>Equity 31.12.2021</b>	<b>1,969,807</b>	<b>675,369</b>	<b>14,787</b>	<b>2,659,963</b>

### Cash Flow statement

t.DKK	Group 1/7 - 31/12	
	Act 2021/22	Act 2020/21
Cash flow from operating activities before change in working capital	68,616	92,720
Change in working capital	-866,791	-331,865
<b>Cash flow from operating activities</b>	<b>-798,175</b>	<b>-239,145</b>
Cash flow from investing activities	-86,339	-81,397
Cash flow from financing activities	759,630	408,083
<b>Net cash flow</b>	<b>-124,884</b>	<b>87,541</b>
Cash, July 1	703,130	471,830
Currency	0	-4,383
<b>Cash, December 31</b>	<b>578,246</b>	<b>554,988</b>