

Roskilde, 25 October 2021

DLF SEEDS A/S

INTERIM REPORT 1.7.-30.09.2021¹

Financial highlights of the DLF Seeds Group for the period 1 July to 30 September 2021:

- Revenue: DKKm **1,667** (DKKm 1,530);
- EBITDA: DKKm **158.6** (DKKm 101.7);
- EBIT: DKKm **121.5** (DKKm 63.2);
- Profit before tax: DKKm **115.1** (DKKm 50.6); and
- Profit for the period: DKKm **81.2** (DKKm 29.7).

First quarter of 2021/22 outpaces prior year and budget

Revenue is reported at DKKm 1,667 (DKKm 1,530), which is an increase of nine percent compared to the period 1 July to 30 September 2020. The increase is attributable to the forage and turf seed and the beet seed businesses; although, for the beet seed business, the increase is largely due to phasing of invoicing from prior year.

Demands for forage seed in the Southern Hemisphere has been pretty good so far this spring. Coupled with strong export sales, the South American and Oceanian business units each reported an increase in revenue. The North American business unit reported a slight increase in revenue. Sales in volume were in fact down, especially in the turf segment and in wholesale, the latter very much due to lack of seed availability. The harvest in large parts of North America has been quite disappointing in 2021. Consequently, the supply situation has pushed market prices up.

In comparison, the European business unit has had a more moderate start to the year. Sales volumes were generally down; partly due to low carry-over inventory as the early autumn market needs to be served from the stocks before the new crop can be ready, and partly due to slightly lower autumn demands in France, Germany and Benelux, especially of forage seed. In terms of reported revenue in the European business, the effect of lower volume was largely offset by higher sales prices.

EBITDA is reported at DKKm 158.6 (DKKm 101.7), an increase of 56 percent. This significant increase in reported EBITDA for the period under review is largely attributable to an overall improved contribution margin on the back of strong pricing to the market as well as phasing of revenue in the beet seed business. In terms of the forage and turf seed business, performance has been particularly strong in North America due to the strong

¹ Figures for the reference period 1 July to 30 September 2020 in brackets ()

price development. Performance in especially South America and Australia has also improved compared to first quarter of 2020/21. This is due to a combination of price increases and exports.

EBIT was DKKm 121.5 (DKKm 63.2) and pre-tax profit was DKKm 115.1 (DKKm 50.6) for the period under review.

In conclusion, first quarter 2021/22 performance outpaces prior year and budget.

Looking ahead

The full-year 2021/22 outlook remains positive overall, although a year like 2020/21 cannot be expected. Especially in turf seed, demands are unlikely to reach the exceptional levels of prior year. This said, the forage and turf seed demands generally remain reasonably solid. Seed availability to serve demands is in fact the main concern in more geographies. Prices have reacted to tight supplies, especially in the Americas.

Although it may not be possible to fully reach sales targets in terms of volume, the price effects will level this off and, effectively, budgeted revenue 2021/22 is expected to be slightly up compared to full-year 2020/21 in the forage and turf seed business. The beet seed business is budgeting with revenue in 2021/22 on par with prior year.

Ag commodity prices, energy prices and cost prices for numerous inputs have risen significantly over the course of the last year, which are expected to lead to higher seed cost prices payable to growers. Inflationary pressures and increased travel activity etc., as Covid-19 restrictions are expected to ease, will impact the company's cost base too.

From a contribution and general cost standpoint and with the underlying relative movements between sales prices and costs, it is a key objective to try to pass cost increases down the distribution chain. However, contribution margin% is budgeted to reduce slightly and in conjunction with increased costs, EBITDA is budgeted to reduce for full-year 2021/22 compared to 2020/21.

Together, this leads to maintaining guidance for full-year 2021/22 as already provided. During a later forecast process, the full-year guidance may be updated.

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

"It has been a strong first quarter indeed, especially in North America and the beet seed business. A good start to the year will not come back to haunt us.

The key challenge for the year is availability and securing that we plan and allocate the stock we have in a clever way. Further, we are monitoring closely forward commitments in order not to be caught on the wrong foot in terms of pricing. There are quite some moving parts at the moment.

We had a good crop in Denmark this year and those excess quantities will help fill some holes elsewhere. Our global sourcing platform may now come in handy as we may have more opportunities to move seed around to meet regional demands. But lower volume to process puts pressures on efficiencies as we will not utilise capacities in the same way. At the same time, and as recruitment of blue collar staff is an increasing challenge in more geographies, we are looking to further automatise our seed processing and handling to generally increase efficiencies.

Although we maintain our guidance for the full-year, I hope to see us improve performance compared to that early guidance.”

Interim report and half-year report

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

Report for the six months ending 31 December 2021 is expected to be published on 22 February 2022.

More information

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DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7. - 30.09.2021 IN DKK 1,000

Profit & Loss

t.DKK	Group 1/7 - 30/9	
	Act 2021/22	Act 2020/21
Revenue	1.666.722	1.529.780
Cost of goods sold	1.056.973	1.017.055
Contribution	609.749	512.725
<i>Contribution margin</i>	36,6%	33,5%
Other operating income	0	42
Gross OPEX	214.509	195.619
Personnel costs	236.498	215.403
EBITDA	158.742	101.745
<i>EBITDA margin</i>	9,5%	7,3%
Depreciations / Amortizations	37.256	38.523
EBIT	121.486	63.222
Income from investments in affiliates and associates	3.718	190
Financial items (net)	-10.079	-12.817
Profit before tax	115.125	50.595
Corporate tax	-33.911	-20.894
Profit for the period	81.214	29.701

Profit for the year is attributable to:

Shareholder of DLF Seeds A/S	72.361	21.542
Hybrid capital owners, coupon payments after tax	8.404	8.404
Minority share	449	-245
Total	81.214	29.701

Balance Sheet

t.DKK	Group		
	Sep 30, 2021	Sep 30, 2020	Jun 30, 2021
Fixed assets	1.947.760	1.999.464	1.960.919
Inventory	1.838.609	1.539.395	1.512.488
Receivables	1.578.273	1.520.376	1.285.597
Cash and bank balances	530.309	289.561	703.130
Total assets	5.894.951	5.348.796	5.462.134
Equity	1.984.809	1.565.429	1.898.883
Hybrid capital	700.241	696.241	691.837
Minority interests	15.403	17.171	17.574
Total equity	2.700.453	2.278.841	2.608.294
Provisions	97.664	102.974	100.323
Non-current liabilities	1.064.053	1.270.104	1.003.499
Current liabilities	2.032.781	1.696.876	1.750.018
Total equity and liabilities	5.894.951	5.348.795	5.462.134

Statement of changes in equity

t.DKK	Group			
	Total	Hybrid capital	Minority interests	Total
Equity 30.6.2020	1.579.438	687.837	17.476	2.284.751
Currency adjustment	-35.551	0	-60	-35.611
Profit of the year	21.542	8.404	-245	29.701
Equity 30.09.2020	1.565.429	696.241	17.171	2.278.841
Equity 30.6.2021	1.898.883	691.837	17.574	2.608.294
Currency adjustment	11.155	0	0	11.155
Purchase of minority	0	0	-2.620	-2.620
Profit of the year	72.361	8.404	449	81.214
Value adjustment of hedging instrument and other movements	2.410	0	0	2.410
Equity 30.09.2021	1.984.809	700.241	15.403	2.700.453

Cash Flow statement

t.DKK	Group 1/7 - 30/9	
	Act 2021/22	Act 2020/21
Cash flow from operating activities before change in working capital	117.828	92.289
Change in working capital	-226.449	-6.263
Cash flow from operating activities	-108.621	86.026
Cash flow from investing activities	-20.789	-68.742
Cash flow from financing activities	-43.411	-199.553
Net cash flow	-172.821	-182.269
Cash, July 1	703.130	471.830
Currency	0	0
Cash, September 30	530.309	289.561