



Roskilde, 22 September 2022

## **DLF SEEDS A/S**

### **FULL YEAR FINANCIAL REPORT 2021/22<sup>1</sup>**

Financial highlights of the DLF Seeds Group for the period 1 July 2021 to 30 June 2022:

- Revenue: DKK **8,477** mill. (DKK **7,536** mill.)
- EBITDA: DKK **854.6** mill. (DKK **700.9** mill.)
- EBIT: DKK **693.2** mill. (DKK **538.0** mill.)
- Profit before tax: DKK **656.8** mill. (DKK **486.3** mill.)
- Profit after tax: DKK **531.1** mill. (DKK **353.6** mill.)

#### **Record sales and earnings in the DLF Group**

For fiscal year 2021/22, DLF Group reported a record-high revenue of DKK 8,477 mill. (DKK 7,536 mill.). Revenue grew by 12.5 pct. year-on-year, which was mainly attributable to the forage and turf seed business. The beet and vegetable seed business reported slightly higher revenue compared to prior year.

The forage and turf seed business reported an increase in revenue across all geographies. Biggest relative increase was reported in North and South America and Europe, but Oceania also reported higher revenue figures for the reporting year compared to fiscal year 2020/21.

In North and South America, there was a shortage of supply in the market after a poor harvest result, although DLF tried to close the gaps with imports from its European business. The market in Europe for special fodder grass got off to a late start due to a cold spring and at the same time stopped a little early. New Zealand benefited from the high milk prices especially and farmers had money to invest. After two years in a Covid-19 bubble, gardens and lawns were "well-groomed" all over the world, and lawn seed consumption dropped to a historically more natural level. Generally, robust forage and lawn seed markets made it possible to raise sales prices as also required due to rising costs for seeds, energy, transportation, and other processing cost items.

The sugar beet and vegetable seed activities delivered overall revenue growth. The vegetable seed multiplication activities were affected by a small harvest acreage of spinach seed and struggled with poor yields of the Danish and French crop overall.

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<sup>1</sup> Figures for the reference period 1 July 2020 to 30 June 2021 in brackets ( ).

EBITDA is reported at DKK 854.6 mill. (DKK 700.9 mill.) for fiscal year 2021/22, equal to an increase of 21.9 pct. year-on-year. EBIT was DKK 693.2 mill. (DKK 538.0 mill.), or an increase of 28.8 pct. Profit before tax was DKK 656.8 mill. (DKK 486.3 mill.).

The much improved earnings are attributable to mainly these factors:

- The increase in revenue; and
- An improved gross contribution margin

The reported EBITDA and EBIT of the year were at record levels for the DLF Group.

All forage and turf seed business units reported strong earnings. Except from Europe, earnings were higher or significantly higher for fiscal year 2021/22 compared to prior year. Europe, however, fell only slightly short of the record result of fiscal year 2020/21.

In the beet and vegetable seed business, the sugar beet seed and potato businesses reported better earnings for the reporting year compared to fiscal year 2020/21. The vegetable seed multiplication was impacted by the lower harvest volume and, consequently, saw earnings reduce in fiscal year 2021/22 compared to 2020/21.

Reported full year 2021/22 figures have been audited by the company's auditors.

### **FY 2022/23 Forecast**

Price increases on a number of agricultural products, raw materials and energy have triggered rising inflation and interest rates. Declining purchasing power must be expected to have a negative impact on consumer confidence and the desire to invest with a potential negative impact on the world economy. At the same time, the situation around Russia and Ukraine gives rise to increased uncertainty in the world economy and food production.

On the supply side, the harvest in the northern hemisphere has been good, while the harvest in the southern hemisphere has not been so good, particularly the yields in several grass and clover species have been disappointing in New Zealand.

For fiscal year 2022/23, a vast range of cost items related to sales and seed processing, including the cost price for seeds, are expected to increase. Given an already high sales price level from the prior year, such cost increases are budgeted to reduce the contribution margin.

In the beet and vegetable seed activities generally, an increase in revenue is forecasted. The multiplication acreage of spinach seed, crop 2022, has re-bounded and this year's crop appears to have provided good yields and quality. Relatively speaking, the sugar beet seed activities are most affected by the situation in Ukraine and Russia, which have historically been important markets.

For the DLF group, an increase in group revenue between 5 and 10 pct. is forecasted in the financial year 2022/23 compared to 2021/22. On the other hand, a lower EBITDA is expected after the record result in the financial year 2021/22, primarily as a result of the downward pressure on the contribution margin. The decline in EBITDA is expected to amount to approx. 15 pct. in 2022/23 compared to the record year 2021/22.

In a comment to the full year 2021/22 financial results and FY 2022/23 forecast, CEO Truels Damsgaard, DLF Seeds A/S, said:

*“DLF has not previously experienced a stronger result. It is difficult to single out one business area above others when we have such a great result. However, our North American business unit has delivered an exceptionally good result based on good old-fashioned business acumen. The market was read correctly, and we succeeded in exploiting the market and price dynamics almost optimally. The result was that the sale was completed at a historically high price level.*

*I’m further pleased with the efforts made in Australia and South America to downsize and reduce complexity in the businesses. It has paid off and we have had a very good performance in those geographies in fiscal year 2021/22.*

*We benefit greatly from our regional market access, product portfolio and supply chains, which have been the result of 30 years of strategic development. The full value chain presence on the four continents has made it possible to steer clear of the worst supply chain disruptions. On the back of a shortage situation in North America in the 2021/22 season following a poor harvest, our exports from Europe to North America broke a record. Never have so many Americans bought so much Danish-produced seed from DLF.*

*Looking into FY 2022/22, we are taking a prudent approach to our forecast. The seed markets are generally healthy. Our concerns are related to macro developments, which are outside our control. The volatility in commodity, energy and capital markets impacts the group. Although food is a basic industry sector and not really cyclic the way e.g. our professional turf business tends to be, cost pressures are eminent throughout the distribution chain, and we are in need for passing such cost increase down the chain.*

*I finally note, that the board of directors of DLF Seeds A/S has decided to call the hybrid bond in November 2022 that we floated on Nasdaq Firth North in 2018 to partly finance the acquisition of PGG Wrightson Seeds.”*

### **Annual Shareholders’ Meeting and Interim Report FY 2022/23**

The issuer will host its annual shareholders’ meeting on 25 October 2022. The annual report FY 2021/22 will be available for download approximately two weeks in advance.

The Q1 interim report FY 2022/23 will be published on 24 October 2022 for the three months ending 30 September 2022<sup>2</sup>

### **More information**

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<sup>2</sup> Not audited or reviewed by the Issuer’s auditor

## DLF SEEDS GROUP FINANCIAL HIGHLIGHTS 1/7/2021 - 30/6/2022

### Profit & Loss

t.DKK	Group 1/7 - 30/06	
	Act 2021/22	Act 2020/21
Revenue	8.477.079	7.535.696
Cost of goods sold	5.472.927	4.908.576
<b>Contribution</b>	<b>3.004.152</b>	<b>2.627.120</b>
<i>Contribution margin</i>	35,4%	34,9%
Gross OPEX	1.083.042	954.575
Personnel costs	1.066.520	971.657
<b>EBITDA</b>	<b>854.590</b>	<b>700.888</b>
<i>EBITDA margin</i>	10,1%	9,3%
Depreciations / Amortizations	161.399	162.905
<b>EBIT</b>	<b>693.191</b>	<b>537.983</b>
Income from investments in affiliates and associates	17.744	7.416
Financial items (net)	-54.166	-59.118
<b>Profit before tax</b>	<b>656.769</b>	<b>486.281</b>
Corporate tax	-125.630	-132.635
<b>Profit for the period</b>	<b>531.139</b>	<b>353.646</b>
<b>Profit for the year is attributable to:</b>		
Shareholder of DLF Seeds A/S	492.908	317.673
Hybrid capital owners, coupon payments after tax	33.275	33.296
Minority share	4.956	2.677
<b>Total</b>	<b>531.139</b>	<b>353.646</b>

### Balance Sheet

t.DKK	Group	
	Jun 30, 2022	Jun 30, 2021
Fixed assets	2.054.230	1.960.919
Inventory	1.930.266	1.512.488
Receivables	1.591.905	1.285.597
Cash and bank balances	642.213	703.130
<b>Total assets</b>	<b>6.218.614</b>	<b>5.462.134</b>
Equity	2.381.730	1.898.883
Hybrid capital	691.837	691.837
Minority interests	17.788	17.574
<b>Total equity</b>	<b>3.091.355</b>	<b>2.608.294</b>
Provisions	89.415	100.323
Non-current liabilities	503.982	1.003.499
Current liabilities	2.533.862	1.750.018
<b>Total equity and liabilities</b>	<b>6.218.614</b>	<b>5.462.134</b>

### Statement of changes in equity

t.DKK				Group
	Total	Hybrid capital	Minority interests	Total
<b>Equity Jun 30, 2020</b>	<b>1.579.438</b>	<b>687.837</b>	<b>17.476</b>	<b>2.284.751</b>
Currency adjustment	10.097	0	20	10.117
Hybrid bond, coupon payment	0	-29.296	0	-29.296
Profit of the year	317.673	33.296	2.677	353.646
Minority dividend	0	0	-2.599	-2.599
Value adjustment of hedging instrument and other movements	-8.325	0	0	-8.325
<b>Equity Jun 30, 2021</b>	<b>1.898.883</b>	<b>691.837</b>	<b>17.574</b>	<b>2.608.294</b>
<b>Equity Jun 30, 2021</b>	<b>1.898.883</b>	<b>691.837</b>	<b>17.574</b>	<b>2.608.294</b>
Aquisition of minority share	0	0	-2.619	-2.619
Currency adjustment	60.657	0	4	60.661
Dividends paid	-70.000	0	0	-70.000
Hybrid bond, coupon payment	0	-33.275	0	-33.275
Purchase of minority	0	0	-2.127	-2.127
Profit of the year	492.908	33.275	4.956	531.139
Minority dividend	0	0	0	0
Value adjustment of hedging instrument and other movements	-718	0	0	-718
<b>Equity Jun 30, 2022</b>	<b>2.381.730</b>	<b>691.837</b>	<b>17.788</b>	<b>3.091.355</b>

### Cash Flow statement

t.DKK		Group 1/7 - 30/06	
		Act 2021/22	Act 2020/21
Cash flow from operating activities before change in working capital		589.788	560.059
Change in working capital		-427.911	138.477
<b>Cash flow from operating activities</b>		<b>161.877</b>	<b>698.536</b>
Cash flow from investing activities		-214.856	-112.713
Cash flow from financing activities		-7.938	-354.523
<b>Net cash flow</b>		<b>-60.917</b>	<b>231.300</b>
Cash, Jun 01-2021		703.130	471.830
Currency		0	0
<b>Cash, Jun 30-2022</b>		<b>642.213</b>	<b>703.130</b>