

Roskilde, 23 September 2021

DLF SEEDS A/S

FULL YEAR FINANCIAL REPORT 2020/21¹

Financial highlights of the DLF Seeds Group for the period 1 July 2020 to 30 June 2021:

- Revenue: DKK **7,536** mill. (DKK **7,437** mill.)
- EBITDA: DKK **700.9** mill. (DKK **587.0** mill.)
- EBIT: DKK **538.0** mill. (DKK **406.6** mill.)
- Profit before tax: DKK **486.3** mill. (DKK **320.9** mill.)
- Profit after tax: DKK **353.6** mill. (DKK **226.9** mill.)

Record sales and earnings amid Covid-19 challenges

Revenue is reported at DKK 7,536 mill. (DKK 7,437 mill.) for the 2020/21 financial year. This equals an increase of 3.5 pct. compared to prior year when the effects of forex fluctuations against DKK are eliminated.

In terms of business segments, the forage and turf business reported an increase in revenue which was countered by a decrease of revenue in the beets and vegetable seed businesses compared to the year 2019/20. The decrease was largely expected, as contracted acreage of spinach seed multiplication was significantly down for crop 2020 compared to the record high multiplication acreage of crop 2019.

The forage and turf seed business benefitted from a particularly strong demand for turf seed on a global scale. This included the private garden segment as well as the professional turf segment; both segments appear to have benefitted from lock-downs that were widely imposed to contain the Covid-19 pandemic. The demand for forage seed was generally on an average to a good level, except for Australia which experienced an ample supply of feed after a wet summer season that reduced the need for new establishments. Elsewhere in Oceania, New Zealand experienced good spring and autumn demands. In Uruguay, there was a shortfall in seed supplies following dry conditions during the seed growing season. Such shortage evolved into price increases. In Europe and North America, the forage seed demand has been on an average level.

The sugar and fodder beets business saw revenue decrease slightly in 2020/21 compared to 2019/20. This was mostly attributable to a certain phasing of seed deliveries and invoicing for customers in North Africa. The seed and ware potato business was quite heavily impacted by Covid-19 and lockdowns.

¹ Figures for the reference period 1 July 2019 to 30 June 2020 in brackets ().

EBITDA is reported at DKK 700.9 mill. (DKK 587.0 mill.) for financial year 2020/21, equal to an increase of 19.4 pct. year-on-year. EBIT was DKK 538.0 mill. (DKK 406.6 mill.), or an increase of 32.3 pct. Profit before tax was DKK 486.3 mill. (DKK 320.9 mill.).

The much improved earnings are attributable to a number of factors:

- The increase in revenue
- A better gross contribution margin
- Cost reductions, partly caused by the reduced travelling etc. during Covid-19 lockdowns.

The forage and turf business activities in Europe, North America and New Zealand have all reported a particularly strong performance. The restructuring programme initiated to improve performance of the forage and turf seed business in South America has also contributed positively to the much improved result of 2020/21.

Reported full year 2020/21 figures have been audited by the company's auditors.

FY 2021/22 Forecast

The current fundamentals of the forage and turf seed markets encourage good demands for seed for agricultural and recreative purposes. As always, weather continues to play its own, unpredictable role.

With agricultural commodities trading at high price levels and generally high prices for milk and meat, farmers look to improve cashflows. The only farming sector that is not really experiencing this price scenario is the European dairy and meat sector. As for turf seed, it counts on the positive side that many governments and central banks are driving policies that underpin economic growth. The global economy seems to have recovered from the initial shock of the pandemic.

On the supply side, however, seed production in especially the Americas has been caught short due to drought and pests. The lack of seed availability may become decisive for the sales opportunities of the year, and prices are generally expected to increase. At the same time, replacement costs will need to increase, or otherwise seed growers will not contract a new crop but instead change production into for example cereals. There will also be a need to pass price increases down the value chain to protect contribution margins.

Within the vegetable seed business, a rebound of spinach seed multiplication acreage is only slow, and this year revenue is expected to be in line with prior year. Within sugar and fodder beets and potatoes, some rebound in revenue is expected, partly on account of the opening of societies with the vaccine roll-out programmes.

In conclusion, DLF Seeds A/S is expecting a slight increase in revenue for the financial year 2021/22 compared to 2020/21, primarily due to increases in sales prices, and a reduction in EBITDA and EBIT caused by not only higher cost prices for seed but for a wide range of sales and production related cost items that will cause costs to rise relative to sales prices.

In a comment to the full year 2020/21 financial results and FY 2021/22 forecast, CEO Truels Damsgaard, DLF Seeds A/S, said:

“We looked at FY 2020/21 with concerns. We took some guidance from what happened after the financial crisis but was otherwise left in unknown territory. As the year progressed, it became obvious that things would turn out much better than we first anticipated. I would like to stress that our employees in the plants all over the world have stood by the company and are the true heroes of our performance. Under difficult circumstances, they kept the operations going and secured that we got the crop in, got it processed and got it delivered to our customers. A big applause to everybody, not just the operational teams, but everybody through-out the DLF organisation.

Especially the turf business flourished during a difficult year. Lockdowns and travel restrictions left so many people at home. Gardens are well-dressed everywhere. Golfers took a second round now they had the time. This huge demand spilled over to the whole market. It came as a bit of a surprise that was not planned for. Coming into this season 2021/22, we are facing certain shortages. Those shortages are not only the result of unanticipated demand, but also of a poor harvest in certain places due to drought and pests. It is a challenge to secure seed for our customers everywhere. On the back of the price evolution of commodities, being agricultural commodities or otherwise, we are also facing a pressure from all sorts of cost increases. These need to be passed down the value chain to secure the profit.

Looking into FY 2021/22, we again are taking a prudent approach to our forecast. Markets are generally healthy. Seed availability may become a limiting factor for revenue growth and, together with the increase of cost prices, we have to manage those parts carefully. Especially in Australia, we are looking to initiate certain programmes to improve performance. In South America, we are now entering the final stages of the restructuring programme, and we are seeing positive results in terms of financial performance.”

Annual Shareholders’ Meeting and Interim Reports FY 2021/22

The issuer will host its annual shareholders’ meeting on 26 October 2021. The annual report FY 2020/21 will be available for download approximately two weeks in advance.

The interim and full year reports FY 2021/22 will be published on the following dates:

- 25 October 2021: Report for the three months ending 30 September 2021²
- 22 February 2022 (preliminary date, not confirmed): Half-year 2021/22 financial report for the six months ending 31 December 2021³
- 18 May 2022: Report for the nine months ending 31 March 2022⁴
- 22 September 2022: Full year 2021/22 financial report⁵

More information

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² Not audited or reviewed by the Issuer’s auditor

³ Not audited or reviewed by the Issuer’s auditor

⁴ Not audited or reviewed by the Issuer’s auditor

⁵ Audited by the Issuer’s auditor

DLF SEEDS GROUP FINANCIAL HIGHLIGHTS 1/7/2020 - 30/6/2021

Profit & Loss

t.DKK	Group 1/7 - 30/6	
	Act 2020/21	Act 2019/20
Revenue	7.535.696	7.437.435
Cost of goods sold	4.908.576	4.893.036
Contribution	2.627.120	2.544.399
<i>Contribution margin</i>	34,9%	34,2%
Gross OPEX	954.575	998.897
Personnel costs	971.657	958.552
EBITDA	700.888	586.950
<i>EBITDA margin</i>	9,3%	7,3%
Depreciations / Amortizations	162.905	180.314
EBIT	537.983	406.636
Income from investments in affiliates and associates	7.416	2.967
Financial items (net)	-59.118	-88.704
Profit before tax	486.281	320.899
Corporate tax	-132.635	-93.973
Profit for the period	353.646	226.926

Profit for the year is attributable to:

Shareholder of DLF Seeds A/S	317.673	192.050
Hybrid capital owners, coupon payments after tax	33.296	33.407
Minority share	2.677	1.469
Total	353.646	226.926

Note: The comparative figures (2019/20) for the DLF Group have been restated. EBITDA has been reduced by 4 m.DKK. EBIT is unchanged.

Balance Sheet

t.DKK	Group	
	Jun 30, 2021	Jun 30, 2020
Fixed assets	1.960.919	2.002.297
Inventory	1.512.488	1.505.140
Receivables	1.285.597	1.356.991
Cash and bank balances	703.130	471.830
Total assets	5.462.134	5.336.258
Equity	1.898.883	1.579.438
Hybrid capital	691.837	687.837
Minority interests	17.574	17.476
Total equity	2.608.294	2.284.751
Provisions	100.323	105.918
Non-current liabilities	1.003.499	1.252.397
Current liabilities	1.750.018	1.693.192
Total equity and liabilities	5.462.134	5.336.258

Statement of changes in equity

t.DKK	Group			
	Total	Hybrid capital	Minority interests	Total
Equity 30.6.2019	1,413,261	691,726	20,070	2,125,057
Aquisition	0	0	-3,441	-3,441
Currency adjustment	-27,352	0	-373	-27,725
Minority dividend	0	0	-249	-249
Hybrid bond, coupon payment	0	-37,296	0	-37,296
Profit of the year	192,050	33,407	1,469	226,926
Value adjustment of hedging instrument and other movements	1,479	0	0	1,479
Equity 30.06.2020	1,579,438	687,837	17,476	2,284,751
Currency adjustment	5,285	0	20	5,305
Hybrid bond, coupon payment	0	-29,296	0	-29,296
Minority dividend	0	0	-2,599	-2,599
Profit of the year	317,673	33,296	2,677	353,646
Value adjustment of hedging instrument and other movements	-3,513	0	0	-3,513
Equity 30.06.2021	1,898,883	691,837	17,574	2,608,294

Cash Flow statement

t.DKK	Group 1/7 - 30/6	
	Act 2020/21	Act 2019/20
Cash flow from operating activities before change in working capital	560,059	432,618
Change in working capital	138,477	183,264
Cash flow from operating activities	698,536	615,882
Cash flow from investing activities	-112,713	-69,554
Cash flow from financing activities	-354,523	-709,469
Net cash flow	231,300	-163,141
Cash, July 1	471,830	634,971
Currency	0	0
Cash, June 30	703,130	471,830