

Roskilde, 22 May 2022

DLF SEEDS A/S

INTERIM REPORT 1.7.2021-31.03.2022¹

Financial highlights of the DLF Seeds Group for the period 1 July 2021 to 31 March 2022:

- Revenue: DKK 6,285 mill. (DKK 5,634 mill.)
- EBITDA: DKK 716.8 mill. (DKK 621.0 mill.)
- EBIT: DKK 603.7 mill. (DKK 503.3 mill.)
- Profit before tax: DKK 576.4 mill. (DKK 464.6 mill.)
- Profit after tax: DKK 425.6 mill. (DKK 337.8 mill.)

Performance significantly better than prior year

Group revenue is reported at DKK 6,285 mill. (DKK 5,634 mill.) for the period 1 July 2021 to 31 March 2022, an increase of 11.6 pct. relative to the same period of the previous fiscal year.

The surge in revenue is predominantly attributable to the forage and turf seed business and caused by price increases across multiple segments and geographies. Particularly in North America, prices surged on the back of a very tight seed supply situation, whereas sales volumes were down, especially in the wholesale business due to lack of seed availability. Little carryover stocks into the season and a crop 2021 that yielded poorly in more species put stains on seed supplies in the market. In Europe, price increases drove revenue higher despite normal demands in certain segments compared to quite strong demands prior year. Europe did not experience the same tight supplies as North America, although the crop in more areas were below average.

The Oceania business saw good demand for forage seed. Strong sales across most segments helped bolster the revenue. In South America, revenue was also boosted by strong price development in seeds and crop inputs. Tight seed availability was also a factor for the South American business.

Within the sugar beet and vegetable seed business, revenue rose only slightly during the period compared to former year. The increase was attributable to the seed potato business.

EBITDA stood at DKK 716.8 mill. (DKK 621.0 mill.), an increase of 15.4 pct. year-on-year. The higher earnings were attributable to the forage and turf seed business units, primarily as a consequence of the growth in revenue. Performance has been particularly strong in the USA and New Zealand. At the same time, significant improvements are reported in the Canadian, South American and Australian businesses.

¹ Figures for the reference period 1 July to 31 March 2021 in brackets ().

The sugar beet and vegetable seed businesses reported an improvement in EBITDA in the seed potato business, whereas the vegetable seed multiplication business reported a slight decline in earnings. The sugar beet seed business produced an EBITDA in line with prior year.

A gradual return to a post-Covid-19 environment globally was reflected in a general increase in activities in the DLF Group. The associated costs related hereto, together with an uplift in prices for a number of production input factors, like energy, freight and packing, saw costs increase, but only at a relatively lower pace than revenue. Therefore, cost efficiency measured as costs over revenue increased; contributing to the improvement of EBITDA.

EBIT was DKK 603.7 mill. (DKK 503.3 mill.).

Profit before tax was DKK 576.4 mill. (DKK 464.6 mill.).

Looking ahead

During the fourth quarter, the activities wind down in the normal course of business. It seems that the European business is tailing off a bit earlier and faster than normal, but elsewhere businesses continue following a normal circle. The war in Ukraine adds an element of insecurity and will have negative impact on year-end results. In conclusion, based on the very strong performance during the first three quarters of FY 2021/22, the full-year result is expected to be up compared to previous guidance and prior fiscal year.

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

“The first nine month of this fiscal year has been remarkable in more ways. The core earnings of the DLF Group are healthy. It has been very gratifying to see that our structural efforts to improve profitability in South America and Australia are paying off. We see a re-bounce in the vegetable seed multiplication acreages for the next years, so this year’s down-turn appears to be temporary.

Prices on agricultural commodities and farm inputs have also increased dramatically, which in turn translates to a pressure for higher prices to seed growers in order to sufficiently contract future needs. We are not in unprecedented territories, but forward commitments at such high price levels give raise to caution. Normally, price elasticity of forage and turf seed is not significant, but we are now at historically high levels. We see high inflationary pressures eroding real wages, consumer confidence is down and world economy may be destined for a slowdown. There are grounds for a more cautious look at the coming year.”

Full year report

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

Report for the full financial year ending 30 June 2022 will be published on 22 September 2022.

The shareholders’ meeting will take place on 25 October 2022.

More information

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

DLF SEEDS GROUP
FINANCIAL HIGHLIGHTS 1.7.2021 - 31.03.2022

Profit & Loss

t.DKK	Group 1/7 - 31/03	
	Act 2021/22	Act 2020/21
Revenue	6.284.822	5.634.151
Cost of goods sold	4.035.406	3.624.902
Contribution	2.249.416	2.009.249
<i>Contribution margin</i>	35,8%	35,7%
Other operating income	83	8.658
Gross OPEX	784.000	698.205
Personnel costs	748.714	698.681
EBITDA	716.785	621.021
<i>EBITDA margin</i>	11,4%	11,0%
Depreciations / Amortizations	113.081	117.730
EBIT	603.704	503.291
Income from investments in affiliates and associates	5.378	2.407
Financial items (net)	-32.675	-41.087
Profit before tax	576.407	464.611
Corporate tax	-150.844	-126.809
Profit for the period	425.563	337.802

Profit for the year is attributable to:

Shareholder of DLF Seeds A/S	397.962	312.031
Hybrid capital owners, coupon payments after tax	24.663	24.663
Minority share	2.938	1.108
Total	425.563	337.802

Balance Sheet

t.DKK	Group		
	Mar 31, 2022	Mar 31, 2021	Jun 30, 2021
Fixed assets	2.004.708	1.979.666	1.960.919
Inventory	2.162.122	1.798.005	1.512.488
Receivables	2.472.040	2.217.135	1.285.597
Cash and bank balances	528.303	430.025	703.130
Total assets	7.167.173	6.424.831	5.462.134
Equity	2.331.560	1.908.707	1.898.883
Hybrid capital	683.225	681.827	691.837
Minority interests	17.915	17.055	17.574
Total equity	3.032.700	2.607.589	2.608.294
Provisions	90.407	102.478	100.323
Non-current liabilities	1.021.103	1.154.235	1.003.499
Current liabilities	3.022.963	2.560.529	1.750.018
Total equity and liabilities	7.167.173	6.424.831	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	36.016	0	-22	35.994
Hybrid bond, coupon payment	-12.014	-30.673	0	-42.687
Profit of the year	312.031	24.663	1.108	337.802
Minority dividend	0	0	-1.507	-1.507
Value adjustment of hedging instrument and other movements	-6.764	0	0	-6.764
Equity 31.03.2021	1.908.707	681.827	17.055	2.607.589
Equity 30.6.2021	1.898.883	691.837	17.574	2.608.294
Aquisition of minority share	0	0	-2.619	-2.619
Currency adjustment	112.508	0	22	112.530
Dividends paid	-70.000	0	0	-70.000
Hybrid bond, coupon payment	0	-33.275	0	-33.275
Purchase of minority	0	0	0	0
Profit of the year	397.962	24.663	2.938	425.563
Value adjustment of hedging instrument and other movements	-7.793	0	0	-7.793
Equity 31.03.2022	2.331.560	683.225	17.915	3.032.700

Cash Flow statement

t.DKK	Group 1/7 - 31/03	
	Act 2021/22	Act 2020/21
Cash flow from operating activities before change in working capital	499.245	470.071
Change in working capital	-1.048.548	-444.902
Cash flow from operating activities	-549.303	25.169
Cash flow from investing activities	-155.611	-81.008
Cash flow from financing activities	530.087	10.295
Net cash flow	-174.827	-45.544
Cash, July 1	703.130	471.830
Currency	0	3.739
Cash, March 31	528.303	430.025