

February 28, 2023, at 5:40 pm CET

Sales and results for the first semester 2022-2023

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Vilmorin & Cie's business is characterized by significant structural seasonality. Indeed, in recent years, consolidated sales for the first semester represent, on average, one third of the Company's annual sales. Traditionally, the consolidated financial statements for the first semester show very negative income.

In millions of euros	2021-2022	2022-2023	Variation with current data	Variation on a like-for-like basis
Sales				
• Vegetable Seeds	251.3	259.1	+3.1%	-0.7%
• Field Seeds	298.6	432.2	+44.7%	+38.3%
• Garden Products and Holdings	17.3	15.2	-11.9%	-11.7%
Sales for the first semester	567.2	706.5	+24.6%	+19.6%

In millions of euros	2021-2022	2022-2023	Variation with current data
EBITDA	129.8	153.7	+23.9
Operating income	5.7	19.2	+13.5
Income from associated companies	-29.6	-20.0	+9.6
Financial income	-18.3	-23.8	-5.5
Income taxes	+2.6	+10.9	+8.3
Net income	-39.6	-13.7	+25.9
of which group share	-40.4	-12.4	+28.0

The consolidated financial statements for the first semester 2022-2023, closed on December 31, 2022, were approved at the Vilmorin & Cie Board meeting of February 28, 2023. The Statutory Auditors have carried out a limited audit of the financial information for the first semester; in their conclusions, they have not indicated any reservations or particular remarks.

Consolidated financial information is established in compliance with the IFRS referential (*International Financial Reporting Standards*) as endorsed by the European Union on December 31, 2022.

The accounting principles and methods adopted in the condensed interim consolidated financial statements on December 31, 2022 are identical to those used in the annual consolidated financial statements of June 30, 2022. No change in accounting methods or estimates with any impact on Vilmorin & Cie's consolidated financial statements was applied by Vilmorin & Cie over the course of the semester.

The standards, interpretations and amendments to existing standards adopted by the European Union and applicable to accounting periods beginning on or after July 1, 2022 did not have any material impact on the financial statements.

Sales for the first semester: confirmation of the dynamic growth in Europe and in South America for Field Seeds, with a market that remains lackluster for Vegetable Seeds

Vilmorin & Cie's consolidated sales for the first semester 2022-2023, closed on December 31, 2022, corresponding to revenue from ordinary activities, came to 706.5 million euros, an increase of 24.6% with current data, and 19.6% on a like-for-like basis.

🌱 Vegetable Seeds division

Over the second quarter, the Vegetable Seeds division made sales of 153.7 million euros, an increase of 2.6% with current data, but down 3.7% on a like-for-like basis.

Globally, the market for vegetable seeds remains lackluster, and marked by a downward trend in sales volumes.

At the end of the first semester of fiscal year 2022-2023, Vilmorin & Cie recorded overall growth in activity in several countries including Mexico, Turkey, India and China - despite major logistical difficulties linked to the Covid-19 epidemic in this latter country.

Overall, business benefited from a favorable pricing effect, but this was not sufficient to offset the decline in volumes in Western Europe and, for certain crops, in the United States. The agricultural context in Europe, in particular, remains difficult due to a decline in demand for vegetables and rising production costs.

At the end of the first semester, sales for the Vegetable Seeds division reached 259.1 million euros, up by 3.1% with current data, but down by 0.7% on a like-for-like basis compared to the first semester of fiscal year 2021-2022.

🌱 Field Seeds division

Over the second quarter, the Field Seeds division posted sales of 212.7 million euros, an increase of 41.3% with current data, and 29.5% on a like-for-like basis.

Europe and South America

- In Europe, after a rapeseed campaign that enabled Vilmorin & Cie to consolidate its position as leader in this high-margin crop, the Company posted an increase in its wheat sales, both in volumes and prices. In the same vein as the sunflower campaign, which started in the first quarter due to massive early orders, the corn campaign started early with rising sales prices.
- In South America, after a good *safra* (summer crop) campaign as a result of higher prices on average, the second Brazilian corn campaign *safrinha* (winter crop) posted growth both in volumes and sales prices. There was a similar trend for soybean sales. Finally, in Argentina, the corn and sunflower campaigns remained on a favorable track in terms of volumes.

Development regions (of the consolidated scope)

- In South Africa, thanks to increased demand and good product availability, sales of corn and soybean seeds were up compared to the previous year.
- In Asia, the decline in sales in India for the *rabi* campaign was offset by growth in export sales in Southeast Asia. At this stage of the fiscal year, the Asia-Pacific region's share of sales remains modest.

At the end of the first semester, sales for the Field Seeds division came to 432.2 million euros, up 44.7% with current data and 38.3% on a like-for-like basis, compared with the first semester of 2021-2022, partly due to the effects of early orders in Europe.

Associated companies

- In North America, AgReliant's business in the first semester, limited due to the seasonal nature of its sales, was marked by a good level of soybean sales. However, corn and soybean orders for the second semester are below the expected levels.
- In Africa, Seed Co's business was penalized by a drop in demand in Malawi and Zimbabwe. In Zimbabwe, price increases were not sufficient to compensate for the sharp devaluation of the currency, and the delayed launch of government agricultural programs penalized sales.
- On the Australian wheat market, the start of Australian Grain Technologies' fiscal year suggests a favorable outlook for the year 2023.
- In China, despite a health situation that remains complicated, Hengji Limagrain Seeds posted a satisfactory progression in sales.

Results for the first semester: improvement of the operating income and the net income

After taking into account the cost of destruction and impairment of inventory, margin on the cost of sales came to 364.1 million euros, an increase of 53 million euros. It represented 51.5% of total sales, a decrease of 3.3 percentage points compared to the first semester for the previous fiscal year as a result of the evolution of the product mix (business increase mainly in Field Seeds) and a marked decline in Vegetable Seeds (-3.1 percentage points).

In a context of high inflation and a return to operations similar to the pre-Covid-19 period, net operating expenses came to 344.9 million euros, an increase of 39.5 million euros with current data compared to the first semester of fiscal year 2021-2022.

The operating income for the semester posted a gain of 19.2 million euros, an improvement of 13.5 million euros compared with the operating income for the first semester 2021-2022. The operating margin stood at 2.7%, compared with 1.0% on December 31, 2021.

The contribution to income from associated companies, including in particular AgReliant (North America. Field Seeds) and Seed Co (Africa. Field Seeds), stood at -20.0 million euros at the end of the first semester 2022-2023, as opposed to -29.6 million euros for the first semester of the previous fiscal year.

The financial result shows a net charge of 23.8 million euros as opposed to 18.3 million euros on December 31, 2021. Funding costs deteriorated by 1.2 million euros, in particular because of the rise in interest rates on debts in euros and US dollars, and also the rise in funding costs in Argentina. Moreover, in contrast to December 31, 2021, the financial result includes the impact of restatements due to hyperinflation in Turkey for -4.5 million euros, as the country's transition to hyperinflation was recognized in February 2022.

Income taxes on December 31, 2022 showed a net tax income of 10.9 million euros, an increase of 8.3 million euros compared to last year, linked in particular to the evolution of taxable income, in a context of underperformance of the Vegetable Seeds activities during the first semester.

Overall, net income for the first semester showed a loss of 13.7 million euros, an improvement of 25.9 million euros compared to the first semester of 2021-2022.

At the end of December 2022, the balance sheet structure is naturally very much influenced by the seasonal nature of the annual business cycle. The Company's financial indebtedness reached 1,218.3 million euros - an increase of 92.1 million euros compared with December 31, 2021. The group share of equity stood at 1,359.4 million euros and minority interests at 44.1 million euros.

News

🔗 Update on the situation in Turkey

Following the two violent earthquakes that in particular struck Turkey on February 6, 2023, Vilmorin & Cie sadly regrets the death of one of its employees. As soon as the events began, the Company deployed measures to help relocate its 17 employees and their families who were present in the east of the country, the most affected region. Material and psychological assistance continues to be provided to all local teams, as well as to affected clients.

Through its Business Units Limagrain Europe (Field Seeds), Hazera, HM.CLAUSE and Vilmorin-Mikado (Vegetable Seeds), Vilmorin & Cie has 250 employees in Turkey, working in sales and marketing, research and production. Most of the Company's infrastructure is located outside the areas affected by these earthquakes. At the end of fiscal year 2021-2022, the Company's sales in Turkey amounted to less than 40 million euros*.

**Sales of products*

🔗 Update on the situation in Ukraine and in Russia

In Ukraine, Vilmorin & Cie's teams are ensuring the continuity of commercial and research activities, despite the ongoing conflict in the country. After a rapeseed campaign that was stable in terms of volumes, sales of corn seeds were down sharply, due to a drop in the acreage planted. On the other hand, the expected slight increase in sunflower acreage should benefit the business. As initially announced, the Company anticipates a level of activity for this fiscal year similar to that of the previous year.

In Russia, Vilmorin & Cie recorded very high levels of advance orders for corn and sunflower during the first semester, with a sharp rise in sales prices, due to the fear of producers and distributors of a lack of seed availability for the 2023 campaign. These orders were prepaid during the first semester; however, they can only be confirmed during the second half of the fiscal year, at the time of their successful delivery, which could be partly jeopardized due to persistent geopolitical and logistic problems.

Objectives for 2022-2023: Vilmorin & Cie partially revises its objectives for the fiscal year

Although strongly on the rise for fiscal year 2022-2023, consolidated sales for the first semester only represent, on average, one third of Vilmorin & Cie's annual sales. Furthermore, market conditions remain uncertain and under strain for several key sectors of the business. In this context, while maintaining its cautious approach, the Company has partially revised its objectives for the fiscal year:

- **growth in consolidated sales of between 8% and 10% on a like-for-like basis** (initial objective: growth of between 6% and 8% on a like-for-like basis), excluding the positive impact of the EGalim law on sales (which will however be neutral concerning the operating income)*,
- **a current operating margin rate of at least 8%** (objective unchanged), taking into account investment into research at a similar level (as a percentage of sales) to that of the two previous fiscal years, and spread evenly between Vegetable Seeds and Field Seeds,
- **a contribution from associated companies lower than that of the previous fiscal year** (initial objective: a contribution at least equal to that of the previous fiscal year), mainly due to a more unfavorable outlook for AgReliant (North America. Field Seeds) and Seed Co (Africa. Field Seeds).

**The law of October 30, 2018 for balanced commercial relations in the agricultural and food sector and healthy, sustainable food accessible to all, known as the EGalim law, modifies certain product flows between Vilmorin & Cie and its supplier, the Limagrain Cooperative.*

Coming disclosures and events

Wednesday May 3, 2023*

Disclosure of sales at the end of the 3rd quarter 2022-2023

Monday July 31, 2023*

Disclosure of sales for fiscal year 2022-2023

Wednesday October 11, 2023*

Disclosure of results for fiscal year 2022-2023

Friday December 8, 2023

Annual General Meeting of Shareholders

** Disclosure after trading on the Paris stock market.*

Dates provided as an indication only, and liable to be changed

For any further information

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The 4th largest seed company in the world, pure play in its sector, Vilmorin & Cie creates, produces, and distributes vegetable and field seeds with high added value, contributing to meeting global food requirements in a context of accelerating climatic, environmental, and demographic challenges.

Vilmorin & Cie is a historical expert in plant breeding, with around 6,000 varieties in its portfolio and several hundred new varieties marketed each year. It has become an international leader, offering all forms of agriculture, on all continents, the capacity to produce more and to produce better, while preserving the independence and freedom of choice of farmers and vegetable growers with regard to their other production factors.

Vilmorin & Cie relies on research and development for its ongoing growth, by investing more than 16% of its sales in R&D each year, and on the controlled internationalization of its business activities, in order to durably strengthen its competitive positions in the long term on structurally buoyant world markets.

True to its long-term vision of development, Vilmorin & Cie's strategy and performance are based on respect for the values shared with its parent company and reference Shareholder, the agricultural cooperative Limagrain: progress, perseverance, and cooperation.

You can consult a presentation of sales and results at the end of the first semester 2022-2023 on the website www.vilmorincie.com, on the homepage.

Appendix 1:

Sales for the first semester 2022-2023 and evolution per quarter and per division

In millions of euros	2021-2022	2022-2023	Variation with current data	Variation on a like-for-like basis	Of which: Impact of currency	Impact of scope
First quarter	258.4	331.9	+28.5%	+23.7%	+10.0	0.0
Vegetable Seeds	101.4	105.4	+4.0%	+0.4%	+3.6	0.0
Field Seeds	148.2	219.5	+48.1%	+41.9%	+6.5	0.0
Garden Products and Holdings	8.9	7.1	-20.0%	-19.8%	-0.2	0.0
Second quarter	308.8	374.6	+21.3%	+12.7%	+13.5	0.0
Vegetable Seeds	149.9	153.7	+2.6%	-3.7%	+6.2	0.0
Field Seeds	150.5	212.7	+41.3%	+29.5%	+7.3	0.0
Garden Products and Holdings	8.4	8.2	-3.5%	-3.0%	0.0	0.0
First semester	567.2	706.5	+24.6%	+19.6%	+23.6	0.0
Vegetable Seeds	251.3	259.1	+3.1%	-0.7%	+9.8	0.0
Field Seeds	298.6	432.2	+44.7%	+38.3%	+13.8	0.0
Garden Products and Holdings	17.3	15.2	-11.9%	-11.7%	0.0	0.0

APPENDIX 2:

Consolidated income statement on December 31, 2022

In millions of euros	12.31.22	12.31.21
■ Revenue from ordinary activities	706.5	567.2
Cost of goods sold	- 342.4	- 256.1
Marketing and sales costs	- 115.0	- 100.0
Research and development costs	- 120.4	- 113.1
Administrative and general costs	- 110.3	- 94.2
Other operating income and charges	0.8	1.9
■ Operating income	19.2	5.7
Profit from associated companies	- 20.0	- 29.6
Cost of net financial debt	- 12.8	- 11.6
Other financial income and charges	- 11.0	- 6.7
Income taxes	10.9	2.6
■ Profit from continuing operations	- 13.7	- 39.6
■ Profit from discontinued operations	-	-
■ Net income for the period	- 13.7	- 39.6
> <i>Attributable to the controlling Company</i>	- 12.4	- 40.4
> <i>Attributable to the non-controlling minorities</i>	- 1.3	0.8
Earnings from continuing operations per share – attributable to the controlling Company	- 0.54	- 1.70
Earnings from discontinued operations per share – attributable to the controlling Company	-	-
Earnings for the period per share - attributable to controlling Company	- 0.54	- 1.70
Diluted earnings from continuing operations per share – attributable to the controlling Company	- 0.54	- 1.69
Diluted earnings from discontinued operations per share – attributable to the controlling Company	-	-
Diluted earnings for the period per share – attributable to the controlling Company	- 0.54	- 1.69

APPENDIX 3:

Details of the gains and losses

In millions of euros	12.31.22	12.31.21
Income for the period	- 13.7	- 39.6
Variation in currency translation	- 52.3	25.6
Variation in the fair value of financial instruments	10.3	- 0.7
Impact of hyperinflationary currency adjustments	7.9	-
Impact of taxes	- 2.0	-
<i>Items that might be reclassified to profit or loss</i>	<i>- 36.1</i>	<i>24.9</i>
Variation in the fair value of financial instruments	-	-
Actuarial gains or losses	1.9	- 5.3
Impact of taxes	- 0.5	1.2
<i>Items not to be reclassified to profit or loss</i>	<i>1.4</i>	<i>- 4.1</i>
Other items in the total gains and losses for the period net of taxes	- 34.7	20.8
Total gains and losses for the period	- 48.4	- 18.8
> <i>Of which attributable to controlling Company</i>	<i>- 47.3</i>	<i>- 16.5</i>
> <i>Of which attributable to non-controlling minorities</i>	<i>- 1.1</i>	<i>- 2.3</i>

APPENDIX 4:

Financial progress report

Assets

In millions of euros	12.31.22	06.30.22
Goodwill	447.0	455.5
Other intangible fixed assets	774.8	774.1
Tangible fixed assets	303.6	319.0
Right-of-use leased assets	81.0	88.0
Non-current financial fixed assets	19.3	21.4
Equity shares	380.0	411.5
Deferred taxes	31.0	30.0
■ Total non-current assets	2,036.7	2,099.5
Inventories	847.8	583.8
Trade receivables and other receivables	598.1	557.7
Cash and cash equivalents	296.0	321.3
■ Total current assets	1,741.9	1,462.8
Total assets	3,778.6	3,562.3

Liabilities

In millions of euros	12.31.22	06.30.22
Share capital	349.5	349.5
Reserves and income	1,009.9	1,085.1
■ Equity – controlling Company	1,359.4	1,434.6
■ Equity – non-controlling minorities	44.1	48.8
■ Consolidated equity	1,403.5	1,483.4
Provisions for employee benefits	31.9	36.3
Non-current financial debts	1,182.7	1,088.3
Non-current lease obligations	60.7	63.1
Deferred income taxes	102.6	101.0
■ Total non-current liabilities	1,377.9	1,288.7
Other provisions	7.8	13.8
Accounts payable	603.3	587.0
Deferred income	31.5	31.0
Current financial debts	331.6	134.1
Current lease obligations	23.0	24.3
■ Total current liabilities	997.2	790.2
Total liabilities	3,778.6	3,562.3

APPENDIX 5:

Variation in consolidated equity

In millions of euros	Attributable to controlling company					Attributable to non-controlling minorities	Total
	Capital	Premiums	Income and other reserves	Currency translation reserves	Capital stock		
07.01.21	349.5	300.6	759.8	- 128.7	1,281.2	47.8	1,329.0
<i>Other items in the global income net of taxes</i>	-	-	0.6	79.1	79.7	- 4.5	75.2
<i>Net income</i>	-	-	92.2	-	92.2	3.2	95.4
Global income for the fiscal year	-	-	92.8	79.1	171.9	- 1.3	170.6
<i>Variation in treasury shares</i>	-	-	0.1	-	0.1	-	0.1
<i>Dividends paid out</i>	-	-	- 36.2	-	- 36.2	- 1.4	- 37.6
<i>Variations in scope</i>	-	-	-	-	-	-	-
<i>Variation in the capital stock of the subsidiaries</i>	-	-	- 0.7	-	- 0.7	1.4	0.7
<i>Variation in minority interest shares</i>	-	-	0.4	-	0.4	- 0.1	0.3
<i>Bonds redeemable as shares</i>	-	-	-	-	-	-	-
<i>Impact of hyperinflationary currency adjustments</i>	-	-	13.8	1.3	15.1	3.8	18.9
<i>Reclassifications</i>	-	-	- 0.4	0.4	-	-	-
<i>Others</i>	-	-	2.8	-	2.8	- 1.4	1.4
06.30.22	349.5	300.6	832.4	- 47.9	1,434.6	48.8	1,483.4
<i>Other items in the global income net of taxes</i>	-	-	15.7	- 50.6	- 34.9	0.2	- 34.7
<i>Net income</i>	-	-	- 12.4	-	- 12.4	- 1.3	- 13.7
Global income for the fiscal period	-	-	3.3	- 50.6	- 47.3	- 1.1	- 48.4
<i>Variation in treasury shares</i>	-	-	-	-	-	-	-
<i>Dividends paid out</i>	-	-	- 36.3	-	- 36.3	- 4.1	- 40.4
<i>Variations in scope</i>	-	-	-	-	-	-	-
<i>Variation in the capital stock of the parent company</i>	-	-	-	-	-	-	-
<i>Variation in the capital stock of the subsidiaries</i>	-	-	2.1	-	2.1	-	2.1
<i>Variation in minority interest shares</i>	-	-	-	-	-	-	-
<i>Bonds redeemable as shares</i>	-	-	-	-	-	-	-
<i>Impact of hyperinflationary currency adjustments</i>	-	-	9.3	-	9.3	0.6	9.9
<i>Reclassifications</i>	-	-	- 4.1	4.1	-	-	-
<i>Others</i>	-	-	- 3.0	-	- 3.0	- 0.1	- 3.1
12.31.22	349.5	300.6	803.7	- 94.4	1,359.4	44.1	1,403.5

APPENDIX 6: Glossary

❖ **Current data**

Current data is data expressed at the historical currency exchange rate for the period, and without adjustment for any changes in scope.

❖ **Current operating margin**

The current operating margin is defined as the accounting operating margin restated for any impairment and reorganization costs.

❖ **EBITDA**

The EBITDA is defined as the operating result to which are added any provisions for depreciation, amortization and impairment.

❖ **Financial indebtedness**

Financial indebtedness corresponds to the financial debts less cash and cash equivalents.

❖ **Like-for-like data**

Like-for-like data is data that is restated for constant scope and currency translation. Therefore, financial data for 2021-2022 is restated with the average rate for fiscal year 2022-2023, and any other changes to the scope, in order to be comparable with data for fiscal year 2022-2023.

❖ **Research investment**

Research investment corresponds to gross research expenditure before recording as fixed assets any research costs and research tax relief.