



ASX Announcement

10 June 2021

### **Trading Update: Ahead of Prospectus forecasts for FY21**

Lynch Group Holdings Limited (ASX:LGL) ('Lynch' or 'the Group'), Australia's leading vertically integrated wholesaler and grower of flowers and potted plants, today provides a trading update with earnings expected to be ahead of the Prospectus forecast for the 12 months ending 27 June 2021.

Since listing on the ASX on 6 April 2021, the Group has experienced continued strong momentum in both its key markets of Australia and China.

#### **Australia**

In early-May, the Group successfully delivered its largest floral event of the year in Australia, Mother's Day. For this event, Lynch made a record investment in chartered freight and merchandising hours in the field to cater to strong consumer demand, amid significant disruption to international logistics. More broadly, the Group continues to benefit from improving consumer perceptions of supermarket floral quality through Lynch-led product innovation and merchandising.

The Australian division remains on track to achieve the financial performance outlined in the Prospectus for FY21<sup>1</sup>.

#### **China**

In China, the integration of Van den Berg Asia Holding Ltd into the Lynch business continues smoothly. Construction of additional growing capacity continues in line with the Prospectus forecast.

In recent trading, the China division has benefited from stronger than expected domestic pricing allowing it to increase production above forecasted rates to meet this demand. While the Group expects pricing to return to normal levels in the near term, the underlying demand growth continues to be a significant driver in this region.

The China division is expected to exceed the financial performance outlined in the Prospectus for FY21<sup>1</sup>.



## Outlook

As a result of this recent trading, the Board expects underlying operating performance to exceed the guidance outlined in the Prospectus for the financial year ending 27 June 2021. It anticipates FY21<sup>1</sup> Proforma NPATA<sup>2</sup> will be in the range of \$31.0m - \$32.0m, compared to the Prospectus forecast for the same period of \$28.7m. The Group is currently forecasting NPATA for the 1<sup>st</sup> half of FY22<sup>3</sup> to remain broadly in line with the Prospectus forecast of \$14.7m which implies a CY21<sup>4</sup> Proforma NPATA in the range of \$31.6m - \$32.6m compared to the Prospectus forecast for the same period of \$29.3m.

Lynch expects to release its FY21 results on or around 26 August 2021 and is expected to make further comments on the outlook at that time.

## Authorised for release by the Board of Lynch Group Holdings Limited

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## About Lynch Group Holdings

Lynch Group is a vertically integrated value-added wholesaler and grower of flowers and potted plants with a strong market position in both the Australian and Chinese floral markets. It is the largest wholesaler of floral and potted products to Australian supermarkets and a leading grower of premium flowers with a developed wholesale distribution platform in China.

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<sup>1</sup> FY21 is the 12 month period to 27 June 2021

<sup>2</sup> Proforma NPATA is proforma net profit after tax adjusted for acquired amortisation

<sup>3</sup> 1<sup>st</sup> half of FY22 is the 6 month period to 26 December 2021

<sup>4</sup> CY21 is the 12 month period to 26 December 2021