ASX Announcement

4 April 2025

FY25 guidance reaffirmed plus exit of Australian potted farms

Lynch Group Holdings Limited (ASX: LGL) ('Lynch' or 'the Group') today reaffirms its previous guidance for FY25 and announces the outcome of a strategic review of its Australian potted farms operations.

Strategic review of Australian potted farms

The Group leases and operates three farms in Australia, two in Western Australian and one in southern Queensland.

As part of the Group's FY25 strategic planning process, and recognising the farms create complexity but do not make a material earnings contribution, the Group has decided to close two of the three farms. The Group's Australian core business focus, being the design and supply of value-added floral and potted products, linked with in-store merchandising support, does not depend on owning and operating its own farms.

Potted product lines will continue to be sourced via the Group's long-term third-party grower supply commitments to support ongoing potted supply programs with customers.

Queensland Farm

This site specialises in growing phalaenopsis orchids, which have a production cycle of 18 months within a climate-controlled greenhouse environment. The Group had planned to exit this site by the end of the current lease in 2030, with a phased reduction in production volumes from FY26.

Recent extreme weather, linked to ex-Tropical Cyclone Alfred, caused a six-day power outage, damaging the farm's growing inventory. An independent review of the inventory is underway and is expected to conclude in April. Preliminary findings suggest a significant portion of the orchids may be lost or will not meet customer standards. As a result, the Group will now bring forward the planned closure of the Queensland farm, expected to be around 30 June 2026. This closure is not expected to have a material impact on underlying Group earnings.

Western Australia Farms

The Group operates two farms in Western Australia – a potted plant facility and a native wildflower facility. The potted facility will be closed upon lease expiry in the coming months. The native wildflower facility, which principally supplies cut Geraldton wax flowers grown outdoors, will remain operational for the remainder of its lease term to 2030. Again, no material impact on underlying earnings is expected.

Financial impact of closures

The total impact of the closures, to be recognised in FY25, is expected to include:

- Non-cash cost of $8.5 million to $9.5 million (asset write downs)
- One off cash cost of $3.5 million to $4.0 million (principally lease obligations and staff redundancies)

Guidance reaffirmed

The Group reaffirms its February FY25 guidance (excluding farm closure costs):

- **FY25 full year group Revenue growth** of around 6% driven by strong performance during key event periods – Chinese New Year, Valentine's Day, International Women's Day and Mother's Day
- **FY25 full year group EBITDA margin** at a similar level to the prior year

A further update will be provided post Mother's Day in May 2025.

Authorised for release by the Board of Lynch Group Holdings Limited

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