

## Darling Ingredients Inc. Reports Fourth Quarter And Fiscal Year 2020 Financial Results

IRVING, Texas, March 2, 2021 /PRNewswire/ -- Darling Ingredients Inc. (NYSE: DAR, "Darling") --

### Fourth Quarter 2020

- Net income of \$44.7 million, or \$0.27 per GAAP diluted share
- Adjusted net income of \$75.3 million, or \$0.45 per diluted share, excluding the \$30.6 million after-tax restructuring and asset impairment charge related to the shutdown of the company's biodiesel plants in Montreal, Quebec and Butler, Kentucky
- Net Sales of \$1.0 billion
- Combined adjusted EBITDA of \$214.5 million
- Global Ingredients business record Q4 EBITDA of \$146.3 million

### Fiscal Year 2020

- Net income of \$296.8 million, or \$1.78 per GAAP diluted share
- Adjusted net income of \$327.4 million, or \$1.96 per diluted share, excluding the \$30.6 million after-tax restructuring and asset impairment charge related to the shutdown of the company's biodiesel plants in Montreal, Quebec and Butler, Kentucky
- Net Sales of \$3.6 billion
- Combined adjusted EBITDA of \$841.5 million
- Global Ingredients business FY 2020 EBITDA of \$504.2 million
- Diamond Green Diesel sold a record 288 million gallons of renewable diesel at an average of \$2.34 EBITDA per gallon

Darling reported net sales of \$1.0 billion for the fourth quarter of 2020, as compared with net sales of \$859.4 million for the same period a year ago. Net income attributable to Darling for the three months ended January 2, 2021 was \$44.7 million, or \$0.27 per diluted share, compared to a net income of \$242.6 million, or \$1.44 per diluted share, for the fourth quarter of 2019. Excluding the restructuring and asset impairment charge related to the shutdown of the company's 2 biodiesel locations, adjusted net income for the three months ended January 2, 2021 was \$75.3 million, or \$0.45 per diluted share. The results for the three months ending December 28, 2019 included retroactive blenders tax credit (BTC) for 2018 and all of 2019. Adjusted net income for the fourth quarter 2019, excluding the retroactive BTC of 2018 and the first three quarters of 2019, was \$50.1 million, or \$0.30 per diluted share.

"Our global ingredients business performed well in the fourth quarter of 2020 generating \$146.3 million of EBITDA," said Randall C. Stuewe, Chairman and Chief Executive Officer of Darling Ingredients Inc. "We made the decision to shutdown operations of our two biodiesel plants due to unfavorable biodiesel industry economics and there are no current plans to resume biodiesel production at these facilities in the future. The closure of the facilities will create additional feedstock for growth of renewable diesel in our DGD Joint Venture."

"DGD met our expectation for 2020 selling 288 million gallons of renewable diesel at an average of \$2.34 EBITDA per gallon," Stuewe added. The earnings of DGD have been consistent and steady over the last three years and based on the current environment, we believe that DGD should generate around \$2.25 EBITDA per gallon for 2021. Also, we anticipate the startup of the 400 million gallon expansion in Norco, LA to commission in the fourth quarter, potentially adding some capacity to finish out the year," Stuewe added.

The leverage ratio as measured by the company's bank covenant was 1.90x at the end of the year. The company reduced its Term Loan B outstanding balance by \$195 million during 2020. Capital expenditures totaled approximately \$280 million for all of 2020, down \$79 million from 2019, which was due to the company initiating a temporary reduction in non-essential capital expenditures in 2020.

For the 2020 fiscal year, Darling reported net sales of \$3.6 billion, as compared with net sales of \$3.4 billion for 2019. Net Income attributable to Darling for 2020 was \$296.8 million, or \$1.78 per diluted share, as compared to net income of \$312.6 million, or \$1.86 per diluted share, for 2019. Excluding the restructuring and asset impairment charge related to the shutdown of the company's two biodiesel locations, adjusted net income for 2020 was \$327.4 million, or \$1.96 per diluted share. Excluding the retroactive BTC related to 2018, adjusted net income for fiscal 2019 was \$226.0 million, or \$1.34 per diluted share.

As of January 2, 2021, Darling had \$81.7 million in cash and cash equivalents, and \$893.9 million available under its committed revolving credit agreement. Total debt outstanding at the end of the fiscal year was \$1.5 billion.

Combined adjusted EBITDA was \$214.5 million for the fourth quarter of 2020, compared to \$193.3 million for the same period in 2019, excluding retroactive BTCs recorded in the 2019 fourth quarter. For the 2020 fiscal year, combined adjusted EBITDA totaled \$841.5 million, compared to \$739.7 million for fiscal year 2019, excluding the 2018 retroactive BTC.

### Segment Financial Tables (in thousands)

| Three Months Ended January 2, 2021           | Feed<br>Ingredients | Food<br>Ingredients | Fuel<br>Ingredients | Corporate | Total        |
|--|---------------------|---------------------|---------------------|-----------|--------------|
| Net Sales                                    | \$ 572,764          | \$ 344,631          | \$ 102,444          | \$ -      | \$ 1,019,839 |
| Cost of sales and operating expenses         | 426,593             | 268,348             | 76,251              | -         | 771,192      |
| Gross Margin                                 | \$ 146,171          | \$ 76,283           | \$ 26,193           | \$ -      | \$ 248,647   |
| Loss/(gain) on sale of assets                | (274)               | 512                 | (22)                | -         | 216          |
| Selling, general and administrative expenses | 56,289              | 26,000              | 5,369               | 14,459    | 102,117      |
| Restructuring and asset impairment charges   | -                   | -                   | 38,167              | -         | 38,167       |

|   |                  |                  |                  |                    |                   |
|---|------------------|------------------|------------------|--------------------|-------------------|
| Depreciation and amortization                       | 61,219           | 22,827           | 9,513            | 2,908              | 96,467            |
| Equity in net income of Diamond Green Diesel        | -                | -                | 62,684           | -                  | 62,684            |
| Segment operating income/(loss)                     | \$ 28,937        | \$ 26,944        | \$ 35,850        | \$ (17,367)        | \$ 74,364         |
| Equity in net income of unconsolidated subsidiaries | \$ 726           | \$ -             | \$ -             | \$ -               | \$ 726            |
| Segment Income/(loss)                               | \$ 29,663        | \$ 26,944        | \$ 35,850        | \$ (17,367)        | \$ 75,090         |
| <b>Segment EBITDA</b>                               | <b>\$ 90,156</b> | <b>\$ 49,771</b> | <b>\$ 20,846</b> | <b>\$ (14,459)</b> | <b>\$ 146,314</b> |
| DGD adjusted EBITDA (Darling's Share)               | \$ -             | \$ -             | \$ 68,171        | \$ -               | \$ 68,171         |
| <b>Combined adjusted EBITDA</b>                     | <b>\$ 90,156</b> | <b>\$ 49,771</b> | <b>\$ 89,017</b> | <b>\$ (14,459)</b> | <b>\$ 214,485</b> |

|   | <b>Feed<br/>Ingredients</b> | <b>Food<br/>Ingredients</b> | <b>Fuel<br/>Ingredients</b> | <b>Corporate</b>   | <b>Total</b>      |
|---|-----------------------------|-----------------------------|-----------------------------|--------------------|-------------------|
| <b>Three Months Ended December 28, 2019</b>         |                             |                             |                             |                    |                   |
| Net Sales   | \$ 490,317                  | \$ 288,619                  | \$ 80,492                   | \$ -               | \$ 859,428        |
| Cost of sales and operating expenses                | 375,990                     | 221,527                     | 43,016                      | -                  | 640,533           |
| Gross Margin  | \$ 114,327                  | \$ 67,092                   | \$ 37,476                   | \$ -               | \$ 218,895        |
| Loss/(gain) on sale of assets                       | (377)                       | 343                         | 297                         | -                  | 263               |
| Selling, general and administrative expenses        | 57,872                      | 29,234                      | 2,179                       | 19,669             | 108,954           |
| Depreciation and amortization                       | 55,185                      | 20,556                      | 7,891                       | 2,821              | 86,453            |
| Equity in net income of Diamond Green Diesel        | -                           | -                           | 270,062                     | -                  | 270,062           |
| Segment operating income/(loss)                     | \$ 1,647                    | \$ 16,959                   | \$ 297,171                  | \$ (22,490)        | \$ 293,287        |
| Equity in net income of unconsolidated subsidiaries | \$ 1,515                    | \$ -                        | \$ -                        | \$ -               | \$ 1,515          |
| Segment income/(loss)                               | \$ 3,162                    | \$ 16,959                   | \$ 297,171                  | \$ (22,490)        | \$ 294,802        |
| <b>Segment EBITDA</b>                               | <b>\$ 56,832</b>            | <b>\$ 37,515</b>            | <b>\$ 35,000</b>            | <b>\$ (19,669)</b> | <b>\$ 109,678</b> |
| DGD adjusted EBITDA (Darling's Share)               | \$ -                        | \$ -                        | \$ 276,146                  | \$ -               | \$ 276,146        |
| <b>Combined adjusted EBITDA</b>                     | <b>\$ 56,832</b>            | <b>\$ 37,515</b>            | <b>\$ 311,146</b>           | <b>\$ (19,669)</b> | <b>\$ 385,824</b> |

|   | <b>Feed<br/>Ingredients</b> | <b>Food<br/>Ingredients</b> | <b>Fuel<br/>Ingredients</b> | <b>Corporate</b>   | <b>Total</b>      |
|---|-----------------------------|-----------------------------|-----------------------------|--------------------|-------------------|
| <b>Twelve Months Ended January 2, 2021</b>          |                             |                             |                             |                    |                   |
| Net Sales   | \$ 2,072,104                | \$ 1,185,701                | \$ 314,118                  | \$ -               | \$ 3,571,923      |
| Cost of sales and operating expenses                | 1,544,524                   | 920,682                     | 223,609                     | -                  | 2,688,815         |
| Gross Margin  | \$ 527,580                  | \$ 265,019                  | \$ 90,509                   | \$ -               | \$ 883,108        |
| Loss/(gain) on sale of assets                       | 19                          | 482                         | (75)                        | -                  | 426               |
| Selling, general and administrative expenses        | 209,748                     | 97,406                      | 16,014                      | 55,328             | 378,496           |
| Restructuring and asset impairment charges          | -                           | -                           | 38,167                      | -                  | 38,167            |
| Depreciation and amortization                       | 221,187                     | 83,752                      | 34,218                      | 11,021             | 350,178           |
| Equity in net income of Diamond Green Diesel        | -                           | -                           | 315,095                     | -                  | 315,095           |
| Segment operating income/(loss)                     | \$ 96,626                   | \$ 83,379                   | \$ 317,280                  | \$ (66,349)        | \$ 430,936        |
| Equity in net income of unconsolidated subsidiaries | \$ 3,193                    | \$ -                        | \$ -                        | \$ -               | \$ 3,193          |
| Segment income/(loss)                               | \$ 99,819                   | \$ 83,379                   | \$ 317,280                  | \$ (66,349)        | \$ 434,129        |
| <b>Segment EBITDA</b>                               | <b>\$ 317,813</b>           | <b>\$ 167,131</b>           | <b>\$ 74,570</b>            | <b>\$ (55,328)</b> | <b>\$ 504,186</b> |
| DGD adjusted EBITDA (Darling's Share)               | \$ -                        | \$ -                        | \$ 337,348                  | \$ -               | \$ 337,348        |
| <b>Combined adjusted EBITDA</b>                     | <b>\$ 317,813</b>           | <b>\$ 167,131</b>           | <b>\$ 411,918</b>           | <b>\$ (55,328)</b> | <b>\$ 841,534</b> |

|   | <b>Feed<br/>Ingredients</b> | <b>Food<br/>Ingredients</b> | <b>Fuel<br/>Ingredients</b> | <b>Corporate</b>   | <b>Total</b>      |
|---|-----------------------------|-----------------------------|-----------------------------|--------------------|-------------------|
| <b>Twelve Months Ended December 28, 2019</b>        |                             |                             |                             |                    |                   |
| Net Sales   | \$ 1,970,561                | \$ 1,119,085                | \$ 274,259                  | \$ -               | \$ 3,363,905      |
| Cost of sales and operating expenses                | 1,519,596                   | 864,618                     | 204,871                     | -                  | 2,589,085         |
| Gross Margin  | \$ 450,965                  | \$ 254,467                  | \$ 69,388                   | \$ -               | \$ 774,820        |
| Loss/(gain) on sale of assets                       | (7,720)                     | (13,175)                    | 313                         | -                  | (20,582)          |
| Selling, general and administrative expenses        | 200,487                     | 97,363                      | 2,762                       | 57,911             | 358,523           |
| Depreciation and amortization                       | 203,456                     | 79,671                      | 31,946                      | 10,437             | 325,510           |
| Equity in net income of Diamond Green Diesel        | -                           | -                           | 364,452                     | -                  | 364,452           |
| Segment operating income/(loss)                     | \$ 54,742                   | \$ 90,608                   | \$ 398,819                  | \$ (68,348)        | \$ 475,821        |
| Equity in net income of unconsolidated subsidiaries | \$ 428                      | \$ -                        | \$ -                        | \$ -               | \$ 428            |
| Segment income/(loss)                               | \$ 55,170                   | \$ 90,608                   | \$ 398,819                  | \$ (68,348)        | \$ 476,249        |
| <b>Segment EBITDA</b>                               | <b>\$ 258,198</b>           | <b>\$ 170,279</b>           | <b>\$ 66,313</b>            | <b>\$ (57,911)</b> | <b>\$ 436,879</b> |
| DGD adjusted EBITDA (Darling's Share)               | \$ -                        | \$ -                        | \$ 389,416                  | \$ -               | \$ 389,416        |
| <b>Combined adjusted EBITDA</b>                     | <b>\$ 258,198</b>           | <b>\$ 170,279</b>           | <b>\$ 455,729</b>           | <b>\$ (57,911)</b> | <b>\$ 826,295</b> |

**January 2, 2021 and December 28, 2019**  
**Consolidated Balance Sheets**  
(in thousands)

|   | January 2,<br>2021  | December 28,<br>2019 |
|---|---------------------|----------------------|
| <b>ASSETS</b>                               |                     |                      |
| Current assets:                             |                     |                      |
| Cash and cash equivalents                   | \$ 81,617           | \$ 72,935            |
| Restricted cash                             | 103                 | 110                  |
| Accounts receivable, net                    | 405,387             | 406,338              |
| Inventories                                 | 405,922             | 362,957              |
| Prepaid expenses                            | 47,793              | 46,599               |
| Income taxes refundable                     | 3,883               | 3,317                |
| Other current assets                        | 42,289              | 25,032               |
| Total current assets                        | <u>986,994</u>      | <u>917,288</u>       |
| Property, plant and equipment, net          | 1,863,814           | 1,802,411            |
| Intangible assets, net                      | 473,680             | 526,394              |
| Goodwill                                    | 1,260,240           | 1,223,291            |
| Investment in unconsolidated subsidiaries   | 804,682             | 689,354              |
| Operating lease right-of-use assets         | 146,563             | 124,726              |
| Other assets                                | 60,682              | 47,400               |
| Deferred income taxes                       | 16,676              | 14,394               |
|   | <u>\$ 5,613,331</u> | <u>\$ 5,345,258</u>  |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |                     |                      |
| Current liabilities:                        |                     |                      |
| Current portion of long-term debt           | \$ 27,538           | \$ 90,996            |
| Accounts payable, principally trade         | 255,340             | 239,252              |
| Income taxes payable                        | 17,497              | 8,895                |
| Current operating lease liabilities         | 39,459              | 37,805               |
| Accrued expenses                            | 335,471             | 311,391              |
| Total current liabilities                   | <u>675,305</u>      | <u>688,339</u>       |
| Long-term debt, net of current portion      | 1,480,531           | 1,558,429            |
| Long-term operating lease liabilities       | 109,707             | 91,424               |
| Other noncurrent liabilities                | 117,371             | 115,785              |
| Deferred income taxes                       | 276,208             | 247,931              |
| Total liabilities                           | <u>2,659,122</u>    | <u>2,701,908</u>     |
| Commitments and contingencies               |                     |                      |
| Total Darling's stockholders' equity        | 2,891,909           | 2,565,819            |
| Noncontrolling interests                    | 62,300              | 77,531               |
| Total stockholders' equity                  | <u>\$ 2,954,209</u> | <u>\$ 2,643,350</u>  |
|   | <u>\$ 5,613,331</u> | <u>\$ 5,345,258</u>  |

**Darling Ingredients Inc. and Subsidiaries**  
**Consolidated Operating Results**  
**For the Three-Month and Twelve-Month Periods Ended January 2, 2021 and December 28, 2019**  
(in thousands, except per share data)

|  | Three Months Ended |                      |   | Twelve Months Ended |                      |   |
|--|--------------------|----------------------|---|---------------------|----------------------|---|
|  | January 2,<br>2021 | December 28,<br>2019 | \$ Change<br>Favorable<br>(Unfavorable) | January 2,<br>2021  | December 28,<br>2019 | \$ Change<br>Favorable<br>(Unfavorable) |
| Net sales                                    | \$ 1,019,839       | \$ 859,428           | \$ 160,411                              | \$ 3,571,923        | \$ 3,363,905         | \$ 208,018                              |
| Costs and expenses:                          |                    |                      |   |                     |                      |   |
| Cost of sales and operating expenses         | 771,192            | 640,533              | (130,659)                               | 2,688,815           | 2,589,085            | (99,730)                                |
| Loss (gain) on sale of assets                | 216                | 263                  | 47                                      | 426                 | (20,582)             | (21,008)                                |
| Selling, general and administrative expenses | 102,117            | 108,954              | 6,837                                   | 378,496             | 358,523              | (19,973)                                |
| Restructuring and asset impairment charges   | 38,167             | -                    | (38,167)                                | 38,167              | -                    | (38,167)                                |
| Depreciation and amortization                | 96,467             | 86,453               | (10,014)                                | 350,178             | 325,510              | (24,668)                                |
| Total costs and                              |                    |                      |   |                     |                      |   |

|   |           |            |              |            |            |             |
|---|-----------|------------|--------------|------------|------------|-------------|
| expenses  | 1,008,159 | 836,203    | (171,956)    | 3,456,082  | 3,252,536  | (203,546)   |
| Equity in net income of Diamond Green Diesel        | 62,684    | 270,062    | (207,378)    | 315,095    | 364,452    | (49,357)    |
| Operating income                                    | 74,364    | 293,287    | (218,923)    | 430,936    | 475,821    | (44,885)    |
| Other expense:                                      |           |            |              |            |            |             |
| Interest expense                                    | (16,883)  | (18,586)   | 1,703        | (72,686)   | (78,674)   | 5,988       |
| Debt extinguishment costs                           | -         | -          | -            | -          | (12,126)   | 12,126      |
| Foreign currency loss                               | (1,581)   | (657)      | (924)        | (2,290)    | (1,311)    | (979)       |
| Gain on disposal of subsidiaries                    | -         | 2,967      | (2,967)      |            | 2,967      | (2,967)     |
| Other income (expense), net                         | (256)     | 487        | (743)        | (5,534)    | (6,671)    | 1,137       |
| Total other expense                                 | (18,720)  | (15,789)   | (2,931)      | (80,510)   | (95,815)   | 15,305      |
| Equity in net income of unconsolidated subsidiaries | 726       | 1,515      | (789)        | 3,193      | 428        | 2,765       |
| Income from operations before income taxes          | 56,370    | 279,013    | (222,643)    | 353,619    | 380,434    | (26,815)    |
| Income tax expense                                  | 10,231    | 35,567     | 25,336       | 53,289     | 59,467     | 6,178       |
| Net income  | 46,139    | 243,446    | (197,307)    | 300,330    | 320,967    | (20,637)    |
| Net income attributable to noncontrolling interests | (1,394)   | (837)      | (557)        | (3,511)    | (8,367)    | 4,856       |
| Net income attributable to Darling                  | \$ 44,745 | \$ 242,609 | \$ (197,864) | \$ 296,819 | \$ 312,600 | \$ (15,781) |
| Basic income per share:                             | \$ 0.28   | \$ 1.48    | \$ (1.20)    | \$ 1.83    | \$ 1.90    | \$ (0.07)   |
| Diluted income per share:                           | \$ 0.27   | \$ 1.44    | \$ (1.17)    | \$ 1.78    | \$ 1.86    | \$ (0.08)   |
| Number of diluted common shares:                    | 167,920   | 168,152    |              | 167,208    | 168,378    |             |

**Darling Ingredients Inc. and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**Periods Ended January 2, 2021 and December 28, 2019**  
(in thousands)

|  | Twelve Months Ended |                 |
|--|---------------------|-----------------|
|  | Jan 2,<br>2021      | Dec 28,<br>2019 |
| Cash flows from operating activities:  |                     |                 |
| Net income   | \$ 300,330          | \$ 320,967      |
| Adjustments to reconcile net income to net cash provided by operating activities:  |                     |                 |
| Depreciation and amortization  | 350,178             | 325,510         |
| Deferred income taxes  | 15,814              | 20,530          |
| Loss/(gain) on sale of assets  | 426                 | (20,582)        |
| Gain on disposal of subsidiaries   | -                   | (2,967)         |
| Asset impairment   | 37,802              |                 |
| Gain on insurance proceeds from insurance settlement                               | (293)               | (6,600)         |
| Increase (decrease) in long-term pension liability                                 | (6,555)             | 1,831           |
| Stock-based compensation expense   | 23,222              | 21,007          |
| Debt extinguishment costs  | -                   | 12,126          |
| Write-off deferred loan costs  | 3,052               | 270             |
| Deferred loan cost amortization  | 5,357               | 5,846           |
| Equity in net income of Diamond Green Diesel and other unconsolidated subsidiaries | (318,288)           | (364,880)       |
| Distributions of earnings from Diamond Green Diesel and other unconsolidated       |                     |                 |

|  |                   |                  |
|--|-------------------|------------------|
| subsidaries  | 207,328           | 69,213           |
| Changes in operating assets and liabilities, net of effects from acquisitions: |                   |                  |
| Accounts receivable  | 22,362            | (26,086)         |
| Income taxes refundable/payable  | 4,200             | 9,542            |
| Inventories and prepaid expenses   | (18,666)          | (39,111)         |
| Accounts payable and accrued expenses  | 11,200            | 32,436           |
| Other  | (12,818)          | 3,569            |
| Net cash provided by operating activities                                      | <u>624,651</u>    | <u>362,621</u>   |
| Cash flows from investing activities:  |                   |                  |
| Capital expenditures   | (280,115)         | (359,498)        |
| Acquisitions, net of cash acquired   | (29,793)          | (1,431)          |
| Investment in unconsolidated subsidiaries                                      | -                 | (2,000)          |
| Proceeds from sale of investment in subsidiaries                               | -                 | 3,671            |
| Gross proceeds from disposal of property, plant and equipment and other assets | 2,797             | 18,235           |
| Proceeds from insurance settlement   | 293               | 6,600            |
| Payments related to routes and other intangibles                               | (3,810)           | (3,651)          |
| Net cash used in investing activities  | <u>(310,628)</u>  | <u>(338,074)</u> |
| Cash flows from financing activities:  |                   |                  |
| Proceeds from long-term debt   | 34,569            | 517,606          |
| Payments on long-term debt   | (232,726)         | (581,163)        |
| Borrowings from revolving credit facility                                      | 495,691           | 469,227          |
| Payments on revolving credit facility  | (480,604)         | (461,669)        |
| Net cash overdraft financing   | (37,692)          | 38,367           |
| Deferred loan costs  | (4,292)           | (7,027)          |
| Issuance of common stock   | 67                | 39               |
| Repurchase of common stock   | (55,044)          | (19,260)         |
| Minimum withholding taxes paid on stock awards                                 | (11,918)          | (4,472)          |
| Acquisition of noncontrolling interest   | (8,784)           | -                |
| Distributions to noncontrolling interests                                      | (6,253)           | (6,533)          |
| Net cash used in financing activities  | <u>(306,986)</u>  | <u>(54,885)</u>  |
| Effect of exchange rate changes on cash flows                                  | 1,638             | (3,986)          |
| Net increase / (decrease) in cash, cash equivalents and restricted cash        | 8,675             | (34,324)         |
| Cash, cash equivalents and restricted cash at beginning of year                | 73,045            | 107,369          |
| Cash, cash equivalents and restricted cash at end of period                    | <u>\$ 81,720</u>  | <u>\$ 73,045</u> |
| Supplemental disclosure of cash flow information:                              |                   |                  |
| Accrued capital expenditures   | <u>\$ (4,967)</u> | <u>\$ 6,714</u>  |
| Cash paid during the period for:   |                   |                  |
| Interest, net of capitalized interest  | <u>\$ 66,216</u>  | <u>\$ 79,132</u> |
| Income taxes, net of refunds   | <u>\$ 36,779</u>  | <u>\$ 29,778</u> |
| Non-cash operating activities:   |                   |                  |
| Operating lease right of use obtained in exchange for new lease liabilities    | <u>\$ 58,052</u>  | <u>\$ 40,596</u> |
| Non-cash financing activities:   |                   |                  |
| Debt issued for service contract assets  | <u>\$ 8,123</u>   | <u>\$ 25</u>     |

**Diamond Green Diesel Joint Venture**  
**Condensed Consolidated Balance Sheets**  
**December 31, 2020 and December 31, 2019**  
(in thousands)

|   | December 31,<br>2020 | December 31,<br>2019 |
|---|----------------------|----------------------|
| Assets:                                 |                      |                      |
| Total current assets                    | \$ 383,557           | \$ 668,026           |
| Property, plant and equipment, net      | 1,238,726            | 713,489              |
| Other assets                            | 36,082               | 30,710               |
| Total assets                            | <u>\$ 1,658,365</u>  | <u>\$ 1,412,225</u>  |
| Liabilities and members' equity:        |                      |                      |
| Total current portion of long term debt | \$ 517               | \$ 341               |
| Total other current liabilities         | 99,787               | 75,802               |
| Total long term debt                    | 8,705                | 8,742                |
| Total other long term liabilities       | 3,758                | 4,422                |
| Total members' equity                   | 1,545,598            | 1,322,918            |
| Total liabilities and members' equity   | <u>\$ 1,658,365</u>  | <u>\$ 1,412,225</u>  |

**Diamond Green Diesel Joint Venture**  
**Operating Financial Results**  
**For the Three-Month and Twelve-Month Periods Ended December 31, 2020 and December 31, 2019**  
(in thousands)

|  | Three Months Ended   |                      |   | Twelve Months Ended  |                      |   |
|--|----------------------|----------------------|---|----------------------|----------------------|---|
|  | (unaudited)          |                      | \$ Change<br>Favorable<br>(Unfavorable) |                      |                      | \$ Change<br>Favorable<br>(Unfavorable) |
|  | December 31,<br>2020 | December 31,<br>2019 |   | December 31,<br>2020 | December 31,<br>2019 |   |
| Revenues:  |                      |                      |   |                      |                      |   |
| Operating revenues   | \$ 266,760           | \$ 357,857           | \$ (91,097)                             | \$ 1,267,477         | \$ 1,217,504         | \$ 49,973                               |
| Expenses:  |                      |                      |   |                      |                      |   |
| Total costs and expenses less depreciation, amortization and accretion expense | 130,417              | (194,437)            | (324,854)                               | 592,781              | 438,672              | (154,109)                               |
| Depreciation, amortization and accretion expense                               | 11,222               | 12,193               | 971                                     | 44,882               | 50,767               | 5,885                                   |
| Total costs and expenses   | 141,639              | (182,244)            | (323,883)                               | 637,663              | 489,439              | (148,224)                               |
| Operating income   | 125,121              | 540,101              | (414,980)                               | 629,814              | 728,065              | (98,251)                                |
| Other income   | 560                  | 340                  | 220                                     | 1,636                | 2,121                | (485)                                   |
| Interest and debt expense, net   | (313)                | (317)                | 4                                       | (1,260)              | (1,282)              | 22                                      |
| Net income   | \$ 125,368           | \$ 540,124           | \$ (414,756)                            | \$ 630,190           | \$ 728,904           | \$ (98,714)                             |

Darling Ingredients Inc. reports Adjusted EBITDA results, which is a Non-GAAP financial measure, as a complement to results provided in accordance with generally accepted accounting principles (GAAP) (for additional information, see "Use of Non-GAAP Financial Measures" included later in this media release). The Company believes that Adjusted EBITDA provides additional useful information to investors. Adjusted EBITDA, as the Company uses the term, is calculated below:

**Reconciliation of Net Income to (Non-GAAP) Adjusted EBITDA and (Non-GAAP) Pro forma Adjusted EBITDA**

For the Three-Month and Twelve-Month Periods Ended January 2, 2021 and December 28, 2019

| Adjusted EBITDA<br>(U.S. dollars in thousands)                    | Three Months Ended |                      | Twelve Months Ended |                      |
|---|--------------------|----------------------|---------------------|----------------------|
|   | January 2,<br>2021 | December 28,<br>2019 | January 2,<br>2021  | December 28,<br>2019 |
| Net income attributable to Darling                                | \$ 44,745          | \$ 242,609           | \$ 296,819          | \$ 312,600           |
| Depreciation and amortization                                     | 96,467             | 86,453               | 350,178             | 325,510              |
| Interest expense  | 16,883             | 18,586               | 72,686              | 78,674               |
| Income tax expense  | 10,231             | 35,567               | 53,289              | 59,467               |
| Restructuring and asset impairment charges                        | 38,167             | -                    | 38,167              | -                    |
| Foreign currency loss   | 1,581              | 657                  | 2,290               | 1,311                |
| Other (income) expense, net                                       | 256                | (487)                | 5,534               | 6,671                |
| Debt extinguishment costs   | -                  | -                    | -                   | 12,126               |
| Gain on disposal of subsidiaries                                  | -                  | (2,967)              | -                   | (2,967)              |
| Equity in net income of Diamond Green Diesel                      | (62,684)           | (270,062)            | (315,095)           | (364,452)            |
| Equity in net income of unconsolidated subsidiaries               | (726)              | (1,515)              | (3,193)             | (428)                |
| Net income attributable to noncontrolling interests               | 1,394              | 837                  | 3,511               | 8,367                |
| Adjusted EBITDA (Non-GAAP)  | \$ 146,314         | \$ 109,678           | \$ 504,186          | \$ 436,879           |
| Foreign currency exchange impact                                  | (6,826) (1)        | -                    | (6,419) (2)         | -                    |
| Pro forma Adjusted EBITDA to Foreign Currency (Non-GAAP)          | \$ 139,488         | \$ 109,678           | \$ 497,767          | \$ 436,879           |
| DGD Joint Venture Adjusted EBITDA (Darling's Share)               | \$ 68,171          | \$ 276,146           | \$ 337,348          | \$ 389,416           |
| Darling plus Darling's share of DGD Joint Venture Adjusted EBITDA | \$ 214,485         | \$ 385,824           | \$ 841,534          | \$ 826,295           |

(1) The average rate assumption used in this calculation was the actual fiscal average rate for the three months ended January 2, 2021 of €1.00:USD\$1.19 and CAD\$1.00:USD\$0.77, as compared to the average rate for the three months ended December 28, 2019 of €1.00:USD\$1.11 and CAD\$1.00:USD\$0.75, respectively.

(2) The average rate assumption used in this calculation was the actual fiscal average rate for the twelve months ended January 2, 2021 of €1.00:USD\$1.14 and CAD\$1.00:USD\$0.75, as compared to the average rate for the twelve months ended December 28, 2019 of €1.00:USD\$1.12 and CAD\$1.00:USD\$0.75, respectively.

## **About Darling**

Darling Ingredients Inc. (NYSE: DAR) is one of the world's leading producers of organic ingredients, producing a wide array of sustainable protein and fat products while being one of the largest producers of renewable clean energy. With operations on five continents, Darling collects waste streams from the agri-food industry, repurposing into specialty ingredients, such as hydrolyzed collagen, edible and feed-grade fats, animal proteins and meals, plasma, pet food ingredients, fuel feedstocks, and green bioenergy. The Company sells its products around the globe and works to strengthen our promise for a better tomorrow, creating product applications for health, nutrients and bioenergy while optimizing our services to the food chain. Darling is a 50% joint partner in Diamond Green Diesel (DGD), North America's largest renewable diesel manufacturer, currently producing approximately 290 million gallons of renewable diesel annually which products reduce Green House Gas (GHG) emissions by up to 85% compared to fossil fuels. For additional information, visit the Company's website at <http://www.darlingii.com>. For more information on Darling's ESG efforts, visit <http://www.darlingii.com/csr>.

Darling Ingredients Inc. will host a conference call to discuss the Company's fourth quarter and fiscal year 2020 financial results at 9:00 am Eastern Time (8:00 am Central Time) on Wednesday, March 3, 2021. To listen to the conference call, participants calling from within North America should dial 1-844-868-8847; international participants should dial 1-412-317-6593. Please refer to access code 10151509. Please call approximately ten minutes before the start of the call to ensure that you are connected.

The call will also be available as a live audio webcast that can be accessed on the Company website at <http://ir.darlingii.com>. Beginning one hour after its completion, a replay of the call can be accessed through March 10, 2021, by dialing 1-877-344-7529 (U.S. callers), 1-855-669-9658 (Canada) and 1-412-317-0088 (international callers). The access code for the replay is 10151509. The conference call will also be archived on the Company's website.

### Use of Non-GAAP Financial Measures:

Adjusted EBITDA is not a recognized accounting measurement under GAAP; it should not be considered as an alternative to net income, as a measure of operating results, or as an alternative to cash flow as a measure of liquidity and is not intended to be a presentation in accordance with GAAP. Adjusted EBITDA is presented here not as an alternative to net income, but rather as a measure of the Company's operating performance. Since EBITDA (generally, net income plus interest expense, taxes, depreciation and amortization) is not calculated identically by all companies, this presentation may not be comparable to EBITDA or Adjusted EBITDA presentations disclosed by other companies. Adjusted EBITDA is calculated in this presentation and represents, for any relevant period, net income/(loss) plus depreciation and amortization, goodwill and long-lived asset impairment, interest expense, (income)/loss from discontinued operations, net of tax, income tax provision, other income/(expense) and equity in net loss of unconsolidated subsidiary. Management believes that Adjusted EBITDA is useful in evaluating the Company's operating performance compared to that of other companies in its industry because the calculation of Adjusted EBITDA generally eliminates the effects of financing, income taxes and certain non-cash and other items that may vary for different companies for reasons unrelated to overall operating performance.

As a result, the Company's management uses Adjusted EBITDA as a measure to evaluate performance and for other discretionary purposes. In addition to the foregoing, management also uses or will use Adjusted EBITDA to measure compliance with certain financial covenants under the Company's Senior Secured Credit Facilities, 5.25% Notes and 3.625% Notes that were outstanding at January 2, 2021. However, the amounts shown in this presentation for Adjusted EBITDA differ from the amounts calculated under similarly titled definitions in the Company's Senior Secured Credit Facilities, 5.25% Notes and 3.625% Notes, as those definitions permit further adjustments to reflect certain other non-recurring costs, non-cash charges and cash dividends from the DGD Joint Venture. Additionally, the Company evaluates the impact of foreign exchange impact on operating cash flow, which is defined as segment operating income (loss) plus depreciation and amortization.

### Cautionary Statements Regarding Forward-Looking Information:

{This media release contains "forward-looking" statements regarding the business operations and prospects of Darling Ingredients Inc. and industry factors affecting it. These statements are identified by words such as "believe," "anticipate," "expect," "estimate," "intend," "could," "may," "will," "should," "planned," "potential," "continue," "momentum," and other words referring to events that may occur in the future. These statements reflect Darling Ingredient's current view of future events and are based on its assessment of, and are subject to, a variety of risks and uncertainties beyond its control, each of which could cause actual results to differ materially from those indicated in the forward-looking statements. These factors include, among others, existing and unknown future limitations on the ability of the Company's direct and indirect subsidiaries to make their cash flow available to the Company for payments on the Company's indebtedness or other purposes; global demands for bio-fuels and grain and oilseed commodities, which have exhibited volatility, and can impact the cost of feed for cattle, hogs and poultry, thus affecting available rendering feedstock and selling prices for the Company's products; reductions in raw material volumes available to the Company due to weak margins in the meat production industry as a result of higher feed costs, reduced consumer demand or other factors, reduced volume from food service establishments, or otherwise; reduced demand for animal feed; reduced finished product prices, including a decline in fat and used cooking oil finished product prices; changes to worldwide government policies relating to renewable fuels and greenhouse gas ("GHG") emissions that adversely affect programs like the U.S. government's renewable fuel standard, low carbon fuel standards ("LCFS") and tax credits for biofuels both in the United States and abroad; possible product recall resulting from developments relating to the discovery of unauthorized adulterations to food or food additives; the occurrence of 2009 H1N1 flu (initially known as "Swine Flu"), Highly pathogenic strains of avian influenza (collectively known as "Bird Flu"), severe acute respiratory syndrome ("SARS"), bovine spongiform encephalopathy (or "BSE"), porcine epidemic diarrhea ("PED") or other diseases associated with animal origin in the United States or elsewhere, such as the outbreak of African Swine Fever ("ASF") in China and elsewhere; the occurrence of pandemics, epidemics or disease outbreaks, such as the current COVID-19 outbreak; unanticipated costs and/or reductions in raw material volumes related to the Company's compliance with the existing or unforeseen new U.S. or foreign (including, without limitation, China) regulations (including new or modified animal feed, Bird Flu, SARS, PED, BSE, ASF or similar or unanticipated regulations) affecting the industries in which the Company operates or its value added products; risks associated with the DGD Joint Venture, including possible unanticipated operating disruptions and issues relating to the announced expansion project; risks and uncertainties relating to international sales and operations, including imposition of tariffs, quotas, trade barriers and other trade protections imposed by foreign countries; difficulties or a significant disruption in our information systems or failure to implement new systems and software successfully, risks relating to possible

third party claims of intellectual property infringement; increased contributions to the Company's pension and benefit plans, including multiemployer and employer-sponsored defined benefit pension plans as required by legislation, regulation or other applicable U.S. or foreign law or resulting from a U.S. mass withdrawal event; bad debt write-offs; loss of or failure to obtain necessary permits and registrations; continued or escalated conflict in the Middle East, North Korea, Ukraine or elsewhere; uncertainty regarding the exit of the U.K. from the European Union; and/or unfavorable export or import markets. These factors, coupled with volatile prices for natural gas and diesel fuel, climate conditions, currency exchange fluctuations, general performance of the U.S. and global economies, disturbances in world financial, credit, commodities and stock markets, and any decline in consumer confidence and discretionary spending, including the inability of consumers and companies to obtain credit due to lack of liquidity in the financial markets, among others, could cause actual results to vary materially from the forward looking statements included in this release or negatively impact the Company's results of operations. Among other things, future profitability may be affected by the Company's ability to grow its business, which faces competition from companies that may have substantially greater resources than the Company. The Company's announced share repurchase program may be suspended or discontinued at any time and purchases of shares under the program are subject to market conditions and other factors, which are likely to change from time to time. Other risks and uncertainties regarding Darling Ingredients Inc., its business and the industries in which it operates are referenced from time to time in the Company's filings with the Securities and Exchange Commission. Darling Ingredients Inc. is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.}

**For More Information, contact:**

Jim Stark, Vice President, Investor Relations    Email : james.stark@darlingii.com  
5601 MacArthur Blvd., Irving, Texas 75038    Phone : 972-281-4823

SOURCE Darling Ingredients Inc.

---

<https://ir.darlingii.com/2021-03-02-Darling-Ingredients-Inc-Reports-Fourth-Quarter-And-Fiscal-Year-2020-Financial-Results>