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CHEMINOVA A/S

Thyborønvej 78, Rønland, 7673 Harboøre

CVR no. 12 76 00 43

Annual report 2020

Approved at the Company's annual general meeting on 28 June 2021

Chair of the meeting:

DocuSigned by:

Andrew David Sandifer

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Andrew Sandifer

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of CHEMINOVA A/S for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Lemvig, 28 June 2021
Executive Board:

DocuSigned by:
Marc Hullebroeck
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Marc Hullebroeck
CEO

DocuSigned by:
Jakob Lyngsø Andersen
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Jakob Lyngsø Andersen
Executive director

DocuSigned by:
Oriol Escude
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Jose Oriol Escudé Fornes
Executive director

Board of Directors:

DocuSigned by:
Andrew David Sandifer
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Andrew David Sandifer
Chair

DocuSigned by:
Diane Allemang
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Diane Sue Allemang
Deputy Chairman

DocuSigned by:
Marc Hullebroeck
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Marc Hullebroeck

DocuSigned by:
William Francis Chester
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Jakob Lyngsø Andersen
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Jakob Lyngsø Andersen

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Nathan Søgaard Hudson

DocuSigned by:
Jens Christian Rønn Iversen
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Jens Christian Rønn Iversen

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Kapil Kumar Saini

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Independent auditor's report

To the shareholders of CHEMINOVA A/S

Opinion

We have audited the financial statements of CHEMINOVA A/S for the financial year 1 January - 31 December 2020, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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Independent auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 June 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

DocuSigned by:
David Olafsson
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David Olafsson
State Authorised Public Accountant
mne19737

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Management's review

Company details

Name	CHEMINOVA A/S
Address, Postal code, City	Thyborønvej 78, Rønland, 7673 Harboøre
CVR no.	12 76 00 43
Established	1 January 1989
Registered office	Lemvig
Financial year	1 January - 31 December
Website	www.fmc.com
Telephone	+45 96 90 96 90
Telefax	+45 96 90 96 91
Board of Directors	Andrew David Sandifer, Chair Diane Sue Allemang, Deputy Chairman Marc Hullebroeck William Francis Chester Jakob Lyngsø Andersen Nathan Søgaard Hudson Jens Christian Rønn Iversen Kapil Kumar Saini
Executive Board	Marc Hullebroeck, CEO Jakob Lyngsø Andersen, Executive director Jose Oriol Escudé Fornes, Executive director
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfaergevej 28, DK-2100 Copenhagen

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Management's review

Financial highlights

DKKm	2020	2019	2018	2017	2016
Key figures					
Revenue	3,465	3,465	3,242	3,484	3,025
Gross profit	816	799	495	854	606
Operating profit/loss	201	220	-200	372	259
Net operating income/expenses	-2	3	447	6	8
Net financials	-17	-30	-11	-17	105
Profit for the year	**248**	**74**	**66**	**155**	**302**
Total assets	4,922	4,763	4,582	6,056	4,652
Investments in property, plant and equipment	146	301	68	23	71
Equity	**3,019**	**2,771**	**2,697**	**2,631**	**2,476**
Financial ratios					
Operating margin	5.7%	6.4%	7.6%	10.8 %	8.8 %
Gross margin	23.5%	23.1%	15.3%	24.5%	20.0%
Return on assets	4.2%	4.7%	-3.8%	6.9%	5.0%
Current ratio	234.4%	187.8%	164.8%	303.8%	323.7%
Equity ratio	61.3%	58.2%	58.9%	43.4%	53.2%
Return on equity	8.6%	2.7%	2.5%	6.1%	13.0%
Average number of employees	**614**	**601**	**657**	**660**	**638**

For terms and definitions, please see the accounting policies.

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Management's review

Business review

Cheminova A/S is a business developing, producing and marketing crop protection products. All activities are carried out with due consideration for the environment and in compliance with sustainability standards.

Cheminova A/S and its entire group were acquired in 2015 by FMC Corporation which is based in Philadelphia, USA. FMC is a publicly traded company engaged in a global business of developing, producing and marketing crop protection products. The Cheminova A/S integration into FMC's crop protection product business was completed in 2016.

Recognition and measurement uncertainties

The preparation of the annual report requires Management to make assumptions and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

In the financial statements for 2020, the following assumptions and uncertainties are worth noting as they have significantly impacted the recognition of assets and liabilities in the financial statements:

Impairment test for development projects

Development projects are tested for impairment at least once a year. The development projects are progressing in line with expectations. Looking at the individual development projects, Management has estimated the need for impairment and believes that the carrying amounts of the individual development projects will be recovered. The current value for development projects in progress is DKK 14.6 million.

Financial review

Cheminova A/S realized revenue of DKK 3,465 million in 2020 (DKK 3,465 million in 2019) and has 614 employees (601 in 2019).

Cheminova A/S experienced a satisfactory year with profit before tax of DKK 283 million. The Company's income statement for 2020 shows a profit after tax of DKK 248 million which includes dividend income from a subsidiary of DKK 101 million. The profit for 2019 was DKK 74 million, which is net of a write down on investments of DKK 65 million. When considered without these one off items, the result was consistent in 2020 and 2019 at DKK 147 million and DKK 139 million respectively. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 3,019 million as against DKK 2,771 million at 31 December 2019.

Market and sales

Overall, revenue in 2020 remained consistent compared to 2019 with an 18% increase in Fungicides revenue offset by a 7% reduction in insecticides revenue. We are committed to providing unique, differentiated products to our customers by acquiring and further developing technologies as well as investing in innovation to extend product life cycles.

Financing

Cheminova A/S has been included in the global cash-pool setup with FMC Corporation.

Intellectual capital

The Company and FMC Group are committing considerable resources on maintaining and developing competencies, including continuously updated knowledge of internal and external matters and quality assurance.

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Management's review

Financial risks and use of financial instruments

Particular risks

The business is sensitive to changes in market risks such as global economic changes, including developments in agriculture, climate change and global crop prices.

Operating risks

The industry entails potentially significant unwanted risks relating to the environment, health, safety, regulation and legislation. An important element in the group's risk management activities is compliance with statutory and ethical requirements, standards and rules.

We try to limit the risks, for example by obtaining recognized environmental and energy management certificates for the factory in Denmark and by educating and training our people with a view to improving attitudes and behaviour in relation to health and safety and the working environment. Read more on www.fmcsustainability.com.

We also aim to ensure that the insurance program reflects the risks associated with the group's activities. According to FMC Corporation insurance policy, the financial risk associated with major claims must be transferred to an insurance company, which implies elements as deductibles and self-financing. The level of self-financing is adjusted over time, depending on the financial situation and on the products and prices offered in the global insurance market at any given point in time.

Financial and Tax risks

Earnings of Cheminova A/S and balance sheet are exposed to a number of financial risks, with foreign exchange risks and tax factors being the primary risks. The group's finance policy lays down the guidelines for the management of financial risks and also contains a description of approved financial instruments and risk limits.

Risk management

Efficient risk management contributes to ensuring robust operations, controlled growth and stable financial results.

Cheminova A/S is applying the central-led risk management principles from FMC Corporation. The aim is to identify financial as well as non-financial risks as early as possible with a view to ensuring the timely handling of such risks.

The group's risks can generally be divided into four categories; Particular risks, Operating risks, Financial risks which are outlined previously, and Long-term strategic risks outlined below.

Long-term strategic risks

In connection with the strategy process, Management performs an evaluation of the opportunities for and limitations to the future sustainable development of the business. This evaluation is based on reports on, for example, trends in the industry and the regions supplemented by sensitivity analyses and risk descriptions.

Impact on the external environment

The Company's health and safety policies are fully compliant with the local laws and regulations.The Company is investing in education of its Health and Safety committee to ensure it is compliant with the current developments in work environment community and local laws.

Research and development activities

In 2020, the Company incurred significant research and development costs relating to the Company and FMC Group's core products. Investments in R&D will ensure that the Company can maintain and improve its market position in the coming years.

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Management's review

Statutory CSR report

Cheminova A/S is governed by the policies of the parent company FMC Corporation regarding CSR. The group level policies include policies of CSR, climate changes, environment, human rights, anti-corruption and social and staff matters.

For further information, we refer to the CSR policies of FMC the statutory requirements for social responsibility, regarding 99a is disclosed in FMC Sustainability Report 2020.

The FMC CSR policies are accessible in the following link:
https://www.fmc.com/en/sustainability/sustainability-report-2020

Account of the gender composition of Management

Respect for people is not only a core value of ours, but also a business imperative. We embrace, leverage and respect the diversity of our workforce, our customers and our communities.

Our gender diversity goal was originally set to reach a female representation on management level and on the Board of Directors of Cheminova A/S that reflects the female representation in the overall company.

The female representation in the overall company is currently 25%, with 26% senior management being female. In 2019, the Company appointed a female member of the board as replacement was due. We are still focused on our target to have 2 female members on the Board of Directors by 2021.

In 2018, FMC Corporation created a new senior leadership role to oversee Diversity and Inclusion to ensure we have a strategic focus on driving actions that foster an inclusive culture. FMC has reviewed its people processes, recruitment, talent assessment & review, Learning & Development etc. These initiatives are all intended to support our overall Diversity & Inclusion agenda and to attract more female candidates for management and board roles. For further insights to our initiatives and achievements within D&I, please refer to FMC Sustainability Report for 2020.

Events after the balance sheet date

No significant events occurred after December 31, 2020, until the day of the signing of the Annual Report 2020.

Outlook

Sales are expected to grow in 2021, with the same level of gross margin and continued focus on cost. The trends in portfolio improvements are also expected to continue as new product launches are expected to replace rationalization and loss of regulatory approvals to market older technology active ingredients. We expect that the overall results for 2021 to be broadly in line with the results for 2020.

Since 31 December 2020, COVID-19 has continued to impact many local economies around the world. Measures taken by many countries to contain the spread of the virus - including travel bans, quarantines, social distancing, and closures of non-essential services - have continued to cause disruption to businesses worldwide, resulting in an economic slowdown. For FMC, while COVID-19 has limited normal face-to-face interactions with channel partners as well as causing some minor supply chain disruption, Agriculture is considered as "essential" by most governments and the Company has not experienced a significant impact on product supply and/or commercial operations with customers and growers as a result. At the time of signing these financial statements, the outlook with respect to COVID-19 is positive due in part to the rollout of local vaccination programmes.

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Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
2	**Revenue**	3,465,075	3,465,269
3,5	Production costs	-2,649,419	-2,666,132
	Gross profit	815,656	799,137
3,5	Distribution costs	-76,836	-84,287
3,5	Administrative expenses	-197,910	-211,512
	Operating profit	540,910	503,338
4	Other operating income	759	2,801
	Other operating expenses	-3,046	0
3,5	Research and development costs	-339,770	-283,576
	Profit before net financials	198,853	222,563
	Income from investments in group enterprises	101,474	0
6	Financial income	40,738	51,198
	Write-down on investments	0	-64,657
7	Financial expenses	-57,643	-81,615
	Profit before tax	283,422	127,489
8	Tax for the year	-35,323	-53,055
	Profit for the year	248,099	74,434

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Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
9	**Intangible assets**		
	Completed development projects	241,217	296,547
	Sales and registration rights etc.	80,844	95,935
	Goodwill	1,367	1,567
	Development projects in progress	14,635	10,348
	Software	1,085	1,525
		339,148	405,922
10	**Property, plant and equipment**		
	Land and buildings	97,082	83,689
	Plant and machinery	210,327	155,179
	Fixtures and fittings, other plant and equipment	901	1,583
	Right-of-use assets	152,648	167,983
	Property, plant and equipment under construction	137,161	91,158
		598,119	499,592
11	**Investments**		
	Investments in group enterprises	679,981	679,981
	Receivables from group enterprises	104,992	370,463
	Investments in associates	210,340	210,340
		995,313	1,260,784
	Total fixed assets	1,932,580	2,166,298
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	111,525	250,314
	Work in progress	415,300	482,001
	Finished goods and goods for resale	224,343	201,123
		751,168	933,438
	Receivables		
	Trade receivables	167,265	229,309
	Receivables from group enterprises	1,963,283	1,316,520
12	Deferred tax assets	20,244	24,485
	Corporation tax receivable	13,313	0
	Other receivables	53,071	86,231
13	Prepayments	2,806	3,454
		2,219,982	1,659,999
	Cash	18,214	2,839
	Total non-fixed assets	2,989,364	2,596,276
	TOTAL ASSETS	4,921,944	4,762,574

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Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
14	Share capital	300,000	300,000
	Reserve for development costs	119,340	65,415
	Retained earnings	2,600,077	2,405,903
	Total equity	3,019,417	2,771,318
	Provisions		
15	Other provisions	488,872	454,798
	Total provisions	488,872	454,798
	Liabilities other than provisions		
16	**Non-current liabilities other than provisions**		
	Lease liabilities	138,987	154,577
		138,987	154,577
	Current liabilities other than provisions		
16	Short-term part of long-term liabilities other than provisions	18,317	18,833
	Trade payables	512,729	591,898
	Payables to group enterprises	491,033	540,498
	Other payables	252,589	230,652
		1,274,668	1,381,881
		1,413,655	1,536,458
	TOTAL EQUITY AND LIABILITIES	4,921,944	4,762,574

1 Accounting policies
17 Deferred income
18 Contingent assets
19 Collateral
20 Related parties
21 Fee to the auditors appointed by the Company in general meeting
22 Appropriation of profit

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Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
	Equity at 1 January 2019	300,000	71,290	2,325,594	2,696,884
22	Transfer, see "Appropriation of profit"	0	-5,875	80,309	74,434
	Equity at 1 January 2020	300,000	65,415	2,405,903	2,771,318
22	Transfer, see "Appropriation of profit"	0	53,925	194,174	248,099
	Equity at 31 December 2020	300,000	119,340	2,600,077	3,019,417

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Cheminova A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Significant accounts estimates

In preparing the annual report, management necessarily makes estimates and assumptions, which form the basis of the presentation, recognition and measurement of the reported assets and liabilities as at the balance sheet date as well as the income and expenses reported for the financial period.

The estimates made by Management are based on historical experience and on a number of other assumptions and factors, which are deemed to be reasonable in the circumstances. The result of this process forms the basis of the assessment of the income and expenses reported, which do not appear from other material.

The estimates made and the underlying assumptions are reassessed on a regular basis. Changes to accounting estimates are recognized in the financial period, in which the change is made, and in future financial periods if the change affects both the period, in which the change is made and subsequent financial periods.

The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise, which may lead to the actual results deviating from such estimates.

Omission of a cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of FMC Corporation, 2929 Walnut Street, Philadelphia, PA 19104, USA (listed on New York Stock Exchange).

Exclusion of subsidiaries from the consolidated financial statements

Pursuant to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Cheminova A/S and group entities are included in the consolidated financial statements of FMC Corporation, 2929 Walnut Street, Philadelphia, PA 19104, USA (listed on New York Stock Exchange).

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Income statement

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is recognized in the income statement, when risk and rewards of ownership have transfered to the buyer, and risk has passed.

Government grants

Government grants comprise development and financing grants, investment grants etc. Grants are recognized, when there is reasonable certainty that they will be received.

Grants for the purchase of assets and development projects are offset against the cost of the asset. Grants to cover costs incurred are offset against the costs incurred.

Production costs

Production cost comprises the consumption of raw materials, including delivery costs, repairs and maintenance, wages and salaries, and other costs of sales as well as depreciation and amortization. In addition, any direct support costs including analytics, HR and IT to the plant is considered as production costs. Write-down for inventories and write-down in connection with anticipated bad debt losses are also included.

Distribution costs

Distributions costs include costs incurred in connection with marketing and sales, including wages and salaries, rent, advertising, freight, customs duties as well as depreciation, amortization, impairment losses and writedowns, bad debts and amortization of borrowing costs.

Administrative expenses

Administrative costs comprise salaries for administrative staff and management plus other office costs, including depreciation, amortization and impairment losses and writedowns, IT operations and canteen costs.

Research costs

Development and registration costs include wages and salaries and any other costs, which relate to the company’s development projects, including depreciation, amortization, impairment losses and write-downs. These costs also include costs incurred in respect of development projects, where such costs do not fulfil the capitalization requirements. Also included are costs incurred on an ongoing basis in connection with the defense and maintenance of registration rights in respect of the company's products.

Other operating income and operating expenses

Other operating income comprises income of a secondary nature in relation to the Company's main objectives, including, among other things, the disposal of non-current assets and royalties.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5-10 years
Sales and registration rights etc.	3-10 years
Goodwill	Up to 10 years years
Software	3-10 years
Office and laboratory buildings, residentialand tenement buildings and garages	15-45 years
Production and factory buildings androad systems	15-45 years
Technical plant and machinery	4-15 years
Fixtures and fittings, tools and equipment	2-10 years

The uselife and residual value are reassesed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Profit from investments in subsidiaries and associates

Profit from investments in subsidiaries and associates represents dividends received from subsidiaries and associates during the year.

Financial income and expenses

Financial income and expenses comprise interest, capital gains and losses on securities and write-downs concerning securities, payables and foreign currency transactions, amortization of financial liabilities, including financial lease obligations as well as supplementary payments and refunds under the tax prepayment scheme etc. Realized and unrealized gains and losses on derivative financial instruments which cannot be classified as hedging agreements are also included. Interest income and expenses are accrued based on the principal amount and the effective interest rate.

Tax

Cheminova A/S is jointly taxed with its Danish sister company FMC A/S. Current income tax is distributed among the jointly taxed Danish companies in proportion to their taxable incomes.

Current tax payable is based on the taxable profit/loss for the year. The company's current tax liability is calculated using tax rates that have been enacted at the balance sheet date. Tax for the year, comprising the expected current tax for the year and deferred tax for the year, is recognized in the income statement with the portion attributable to the net profit/loss for the year and in other comprehensive income with the portion attributable to items recognized in other comprehensive income.

Current tax is recognized in the balance sheet under receivables, where excess on-account tax has been paid and under payables, where the on-account tax paid does not cover the current tax.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between carrying amount and tax base of assets and liabilities. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that tax losses allowed for carryforward can be offset against tax profits. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed on the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset, when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Balance sheet

Intangible assets

Goodwill

Goodwill arises from the acquisition of sales rights representing the excess of cost over the Company's interest in the fair value of the assets.

Goodwill on sales rights is amortized over the estimated useful life which is calculated on the basis of the management's experience within the individual areas of activity. The amortization period cannot exceed 10 years.

For the purpose of impairment testing, goodwill is compared to the latest forecast and business plan for the particular sales right. Goodwill is tested for impairment annually, or more frequently when there is an indication that the sales right may be impaired. If the recoverable amount of the cash-generating sales right is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the sales right and then to the other assets of the sales right.

Acquired sales and registration rights, know-how and software

These intangible assets are measured at cost less accumulated amortization and impairment losses. The assets are amortized in accordance with the straight-line method over their expected useful lives, such lives being 3-10 years.

Internally generated intangible assets - development and registration costs

Expenditure on research activities is recognized in the income statement in the period in which it is incurred.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

An internally generated intangible asset arising from the Company's attainment of sales and registration rights is recognized only if all of the conditions specified in the Danish Fiancial Statements Act are met. Expenditure in respect of development projects is recognized if certain criteria are fulfilled under intangible assets and is measured at cost less accumulated amortization and impairment. Internal interest rate (3.0%) is included in the cost. Capitalization is usually subject to it being deemed to be sufficiently certain that future earnings will cover the development costs. Moreover, capitalisation assumes that all required public registration and authority approvals can be expected to be obtained and that the development costs can be reliably measured. Interests for borrowing costs have been included in the cost price of constructed assets. Recognition is based on an effective interest rate of 3.0% (3.0%), corresponding to the Group's weighted average borrowing costs in respect of general borrowing. No specific loans have been arranged for the construction or development of assets.

Internally generated intangible assets are amortized on a straight-line basis over their useful lives. The amortisation period is usually 5-10 years, however not exceeding 10 years, depending on the future expected revenue and profit flow. Where no internally generated intangible asset can be recognized, development costs are recognized in the income statement in the period in which they are incurred.

Property, plant and equipment

Land and buildings, technical plant and machinery, and other fixtures and fittings, tools and equipment are carried at cost less accumulated depreciation and impairment losses. Land is not depreciated. Assets in the course of construction for production, rental or administrative purposes are carried at cost, less any impairment losses.

Cost comprises the purchase price, costs directly related to the purchase and costs of preparing the asset up until such time as the asset is ready for use. The cost of own production of non-current assets includes direct and indirect expenses incurred in respect of wages and salaries, consumption of materials as well as subsuppliers and borrowing costs relating to the period of construction.

The gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets at the time of the sale and is recognized in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are recognized and measured in accordance with the cost method. Write-down is made to lower of cost and recoverable amount. This means that the investments are measured at the cost price at the acquisition, adjusted for additional capital increases. Received dividends are recorded as profit and do not effect the investment value.

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Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment, intangible assets and equity investments in subsidiaries and associates to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of the asset is the higher of fair value less selling costs and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment is recognized as an expense in the income statement.

Where the impairment is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset in prior years. A reversal of impairment is recognized as income in the income statement.

Inventories

Inventories are stated at the lower of cost calculated according to the FIFO method and net realizable value. Cost comprises direct materials, direct labor costs and the share of indirect production overheads that has been incurred in bringing the inventories to their present location and condition. Indirect production overheads include the share of capacity costs directly related to own production of goods and work in progress. Indirect production overheads include indirect materials and wages and salaries as well as maintenance and depreciation of the plant, factory buildings and equipment used in the production process as well as costs relating to production administration and management.

The net realizable value of inventories is calculated as the sales sum less completion costs and costs necessary to make the sale and is determined by taking into account marketability, obsolescence and the development in the expected selling price.

Receivables

Receivables comprise trade receivables and other receivables. Receivables are included in the category loans and receivables which are financial assets with fixed or identifiable payments which are not listed in an active market and which are not derivative financial instruments.

Receivables are measured at amortized cost and are initially recognized at fair value. Write-down is carried out to cover expected bad debts on the basis of individual assessments of the risk of loss.

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Notes to the financial statements

1 **Accounting policies (continued)**

Prepayments

Prepayments under assets comprise costs incurred in respect of future financial years. Prepayments are measured at cost.

Equity

Proposed dividends

Dividend is recognized as a liability at the time of adoption by the general meeting. The expected dividend payment for the year is disclosed as a separate item under equity.

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established.

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Provisions

Provisions are recognized, when the Company, following a past event, has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the Company of economic benefits. Provisions are measured as the best estimate of the expenses necessary to discharge the liabilities as at the balance sheet date. Provisions expected to fall due more than one year from the balance sheet date are measured at present value.

Future obligations related to the environment costs following past events are measured at present value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Interest-bearing loans are recognized initially at fair value, net of direct loan costs. Subsequent measurements are made at amortized cost. Finance costs, including premiums payable on settlement or redemption and direct costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that the loans are not settled in the period in which they arise.

Trade payables

Trade payables are non-interest-bearing and are measured on initial recognition at fair value. Subsequent measurements are made at amortized cost.

Leased assets and lease liabilites

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:
- The value of the index or rate on which the lease payments are based is changed.
-The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
-The lease term is changed if the option is exercised in order to extend or terminate the lease.— Estimated residual value guarantee is changed.
-The contract is renegotiated or modified.
Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of- use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

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Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

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Notes to the financial statements

DKK'000	2020	2019
2 Segment information		
Breakdown of revenue by business segment:		
Insecticides	1,347,272	1,448,106
Herbicides	1,052,789	1,043,868
Fungicides	639,256	541,067
Other	425,758	432,228
	3,465,075	3,465,269
Breakdown of revenue by geographical segment:		
Europe	3,229,020	3,384,538
Latin America	91,437	3,471
North America	7,699	7,839
Other	136,919	69,421
	3,465,075	3,465,269
3 Staff costs		
Wages/salaries	379,804	351,052
Pensions	28,299	26,618
Other social security costs	18,659	19,069
Other staff costs	4,251	25,184
	431,013	421,923
Staff costs are recognised as follows in the financial statements:		
Production	220,721	218,360
Distribution	5,721	5,397
Administration	128,038	124,342
Research	76,533	73,824
	431,013	421,923
Average number of full-time employees	614	601
Remuneration to members of Management:		
Executive Board	15,826	15,425
	15,826	15,425

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DKK'000	2020	2019
4 Other operating income		
Other operating income	759	2,801
	759	2,801

DKK'000	2020	2019
5 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	71,061	119,398
Depreciation of property, plant and equipment	47,886	34,709
	118,947	154,107

Amortisation/depreciation of intangible assets and property, plant and equipment is recognised in the income statement under the following items:

	2020	2019
Production costs	47,885	56,495
Distribution costs	15,091	41,172
Administrative expenses	440	875
Research costs	55,531	55,565
	118,947	154,107

DKK'000	2020	2019
6 Financial income		
Interest receivable, group entities	40,703	51,198
Other financial income	35	0
	40,738	51,198

DKK'000	2020	2019
7 Financial expenses		
Interest expense to group entities	2,858	4,569
Exchange adjustments costs	43,061	59,837
Other financial costs	11,724	17,209
	57,643	81,615

The Company's activities exposure is primarily to the financial risks of changes in exchange rates and interest rates. The exposure is handled by FMC Corporation where the expense/income of the hedging activities then is transferred to Cheminova A/S.

DKK'000	2020	2019
8 Tax for the year		
Estimated tax charge for the year	31,788	64,306
Deferred tax adjustments in the year	4,240	-21,806
Tax adjustments, prior years	-705	10,555
	35,323	53,055

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9 Intangible assets

DKK'000	Completed development projects	Sales and registration rights etc.	Goodwill	Development projects in progress	Software	Total
Cost at 1 January 2020	678,455	720,386	39,210	10,348	220,569	1,668,968
Additions	0	0	0	4,287	0	4,287
Cost at 31 December 2020	678,455	720,386	39,210	14,635	220,569	1,673,255
Impairment losses and amortisation at 1 January 2020	381,908	624,451	37,643	0	219,044	1,263,046
Amortisation for the year	55,330	15,091	200	0	440	71,061
Impairment losses and amortisation at 31 December 2020	437,238	639,542	37,843	0	219,484	1,334,107
Carrying amount at 31 December 2020	241,217	80,844	1,367	14,635	1,085	339,148

Completed development projects

Completed development projects relate to development and test of crop protection products. The project is amortised over 5-10 years due to character and use of the assets.

Development projects in progress

Development projects in progress comprise crop protection products. The projects is expected to be completed in 2020-2023 where considerable economic benefits are expected.

Goodwill

Goodwill is amortised over 7 years.

10 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Right-of-use assets	Property, plant and equipment under construction	Total
Cost at 1 January 2020	525,671	2,410,530	166,168	185,964	91,158	3,379,491
Additions	19,481	71,885	0	0	55,047	146,413
Transferred	16	9,028	0	0	-9,044	0
Cost at 31 December 2020	545,168	2,491,443	166,168	185,964	137,161	3,525,904
Impairment losses and depreciation at 1 January 2020	441,982	2,255,351	164,585	17,981	0	2,879,899
Depreciation	6,104	25,765	682	15,335	0	47,886
Impairment losses and depreciation at 31 December 2020	448,086	2,281,116	165,267	33,316	0	2,927,785
Carrying amount at 31 December 2020	97,082	210,327	901	152,648	137,161	598,119

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11 Investments

DKK'000	Investments in group enterprises	Receivables from group enterprises	Investments in associates	Total
Cost at 1 January 2020	955,617	370,463	210,340	1,536,420
Advances	0	24,315	0	24,315
Capital repaid	0	-289,786	0	-289,786
Cost at 31 December 2020	955,617	104,992	210,340	1,270,949
Value adjustments at 1 January 2020	-275,636	0	0	-275,636
Value adjustments at 31 December 2020	-275,636	0	0	-275,636
Carrying amount at 31 December 2020	679,981	104,992	210,340	995,313

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries				
FMC Agro Limited (2018)	Great Britain	100.00%	271,859	27,324
Cheminova Deutschland GmbH & Co.KG (2018)	Germany	99.99%	460,544	9,703
FMC Agro Austria GmbH (2019) *	Austria	100.00%	34,048	1,239
Althallier Italy S.r.l. (2019)	Italy	100.00%	36,643	1,933
Cheminova Agro France S.A.S. (2018)	France	100.00%	93,182	-17,910
FMC Agricultural Solutions S.A.U. (2018)	Spain	100.00%	142,100	4,517
Cheminova Agro Italia S.r.l. (2018)	Italy	100.00%	106,025	8,636
FMC Agro Bulgaria EOOD (2018)	Bulgaria	100.00%	22,708	944
FMC-Agro Hungary Kft. (2018)	Hungary	100.00%	77,370	17,678
FMC Agro Polska S.P. z.o.o. (2018)	Poland	100.00%	51,655	4,006
FMC LLC (2019)	Russia	99.98%	113,027	29,295
Pytech Chemicals GmbH (2018)	Switzerland	100.00%	652,967	6,604
Cheminova China Ltd. (2018)	China	100.00%	4,412	-230
Cheminova Uruguay S.A. (2018)	Uruguay	100.00%	0	0
Cheminova India Ltd. (2019)	India	99.99%	368,064	-43,420
FMC Taiwan Co., LTD (2018)	Taiwan	100.00%	5,513	493
Cheminova Agro de Argentina S.A. (2019)	Argentina	97.50%	255,073	-107,437
FMC New Zealand Limited (2018)	New Zealand	100.00%	17,539	124
FMC India Private Limited (2019)	India	45.06%	678,504	22,651
FMC Quimica Chile Limitada	Chile	0.00%	0	0
Agro Cheminova C. R. Sociedad Anonima **	Costa Rica	100.00%	0	0
Croptech LLC **	US	100.00%	0	0
Cheminova Agro A/S Greek Branch (2018)	Greece	100.00%	0	0
Cheminova AS Rep Office (Russia) **	Russia	100.00%	0	0

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Notes to the financial statements

11 Investments (continued)

Cheminova Agro de Panama S.A. (Panama) *(2018)	Panama	100.00%	0	0
Denagro S.L.* (2018)	Spain	100.00%	0	0
CGNS (2018)	U.K.	25.00%	0	0
Cheminova A/S Rep. Office (Ukraine) (2019)	Ukraine	100.00%	0	0
Verdi-Crop Ltd. (U.K.) **	U.K.	100.00%	0	0
Sprayon Agricultural Product Ltd. (U.K.) **	U.K.	100.00%	0	0
Cheminova Verwaltungsgesellschaft *	Germany	100.00%	0	0
Cheminova Grundbesits GmbFI & Ko KG *	Germany	100.00%	0	0

All foreign subsidiaries are recognised and measured as separate entities. Year figures in brackets indicate the year for the most recent annual report. Subsidaries marked with a * are indirectly owned by LM Wind Power A/S. For subsidiaries marked with ** there are no published annual reports.

DKK'000	2020	2019
12 Deferred tax		
Deferred tax at 1 January	-24,485	-1,901
Deferred tax adjustment for the year	3,643	-21,806
Deferred tax adjustment for the year related to foreign activities	598	-778
Deferred tax at 31 December	-20,244	-24,485
Deferred tax relates to:		
Provisions	-20,244	-24,485
	-20,244	-24,485
Analysis of the deferred tax		
Deferred tax assets	-20,244	-24,485
	-20,244	-24,485

13 Prepayments

Prepayments consist of insurance, IT, rent, transport and turbine service.

14 Share capital

The contributed capital consists of 300,000 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

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DKK'000	2020	2019
15 Other provisions		
Anniversary bonus	2,897	2,929
Environmental reserve	470,369	444,973
Other provisions	15,606	6,896
Other provisions at 31 December	**488,872**	**454,798**
The provisions are expected to be payable in:		
0-1 year	42,241	52,683
1-5 year	142,182	118,948
> 5 year	304,449	283,167
	488,872	454,798

16 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	157,304	18,317	138,987	46,162
	157,304	18,317	138,987	46,162

17 Deferred income

Deferred income consists of payments in respect of income in subsequent years.

18 Contingent assets

The Company respects intellectual property rights such as patents, trademarks, and registration data. Own rights and the freedom to operate in relation to the rights of other companies are proactively defended. Internal processes are implemented to prevent patent infringements, and the Company will concurrently defend its patent rights against other companies.

Joint taxation

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

19 Collateral

Bank guarantees of DKK 29.6 million has been provided for customers and authorities.

20 Related parties

CHEMINOVA A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
FMC Luxembourg S.a.r.l.,	6 rue Eugene Ruppert, L-2453, Luxembourg	Participating interest

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20 Related parties (continued)

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
FMC Corporation	2929 Walnut Street, Philadelphia, PA 19104, USA	www.fmc.com.

Related party transactions

CHEMINOVA A/S was engaged in the below related party transactions:

DKK'000	2020	2019
Revenue from related parties	2,580,201	2,505,228
Purchase of goods from related parties	722,358	663,720
Hedge	72,152	67,876
Recharges*	217,778	449,059
Royalties	14,017	7,023

Remuneration to the Company's Executive Board is disclosed in note 3.

Payables to associates and subsidiaries are disclosed in the balance sheet.

*Please note recharges includes multiple items, eg IT Allocations, Payroll, EIC Recharges and adhoc.

21 Fee to the auditors appointed by the Company in general meeting

Audit	848	849
Non-audit services	0	119
	848	968

22 Appropriation of profit

Recommended appropriation of profit

Other reserves	53,925	-5,875
Retained earnings	194,174	80,309
	248,099	74,434