

Graff Breeding A/S

Viborgvej 717, 8471 Sabro

Company reg. no. 29 20 85 65

Annual report

1 October 2020 - 30 September 2021

The annual report was submitted and approved by the general meeting on the 24 November 2021.

Ole Elmegaard Mortensen

Chairman of the meeting

Notes:

- *To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.*
- *Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.*

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Management's report

Today, the board of directors and the managing director have presented the annual report of Graff Breeding A/S for the financial year 1 October 2020 - 30 September 2021.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 September 2021 and of the company's results of activities in the financial year 1 October 2020 – 30 September 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Sabro, 4 November 2021

Managing Director

Poul Graff

Board of directors

Ole Elmegaard Mortensen

Frank Richard Benders

Søren Offer Viskum Madsen

Gert Graff

Independent auditor's report on extended review

To the shareholder of Graff Breeding A/S

Opinion

We have performed an extended review of the financial statements of Graff Breeding A/S for the financial year 1 October 2020 to 30 September 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, we believe that the financial statements give a fair presentation of the assets, equity and liabilities, and financial position at 30 September 2021 and of the results of the company's activities for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We performed the extended review in accordance with the standard from the Danish Business Authority applicable to auditor's reports on small enterprises and in accordance with the standard from the Danish Institute of State Authorised Public Accountants applicable to extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the extended review of the financial statements". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management considers necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 unless the 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 extended review of the financial statements

Our responsibility is to express an opinion on the financial statements. This requires that we plan and perform our procedures with the purpose of achieving moderate assurance as to our opinion on the financial statements. Furthermore, it requires that we perform particularly required additional procedures with a view to achieving further assurance as to our opinion.

Independent auditor's report on extended review

An extended review comprises procedures primarily comprising inquiries to the management and to other persons within the enterprise when appropriate, analytical procedures, and the particularly required additional procedures along with an assessment of the achieved evidence.

The scope of the procedures performed during an extended review is less than in case of an audit, and consequently, we do not express any audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion on the management commentary.

In connection with our extended review the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the extended review, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management commentary is consistent with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not discover any material misstatement in the management commentary.

Aarhus, 4 November 2021

Redmark

*State Authorised Public Accountants
Company reg. no. 29 44 27 89*

Morten Ryberg Nielsen

*State Authorised Public Accountant
mne33221*

Company information

The company

Graff Breeding A/S
Viborgvej 717
8471 Sabro

Phone 87 45 33 30

Fax 86 24 24 80

Company reg. no. 29 20 85 65

Established: 7 December 2005

Domicile:

Financial year: 1 October - 30 September

Board of directors

Ole Elmegaard Mortensen
Frank Richard Benders
Søren Offer Viskum Madsen
Gert Graff

Managing Director

Poul Graff

Auditors

Redmark
Statsautoriseret Revisionspartnerselskab
Sommervej 31C
8210 Aarhus V

Bankers

Nordea Danmark

Management commentary

The principal activities of the company

The company's main activity consists in the research, development and breeding of flowers and plants.

Development in activities and financial matters

Net Gross profit for the year amounts to DKK 5.788.593 against DKK 4.292.941 last year. The ordinary result after tax amounts to DKK 1.136.763 against DKK 647.667 last year. Both results and operations has followed the chosen R&D and innovation plans, why the management considers the result for 2020/2021 to be satisfactory.

Expected developments

The company continues to view the earnings and liquidity development positively.

Events occurring after the end of the financial year

There have been no events after the end of the financial year that could upset the company financial position significantly.

Income statement 1 October - 30 September

All amounts in DKK.

<u>Note</u>	<u>2020/21</u>	<u>2019/20</u>
Gross profit	5.788.593	4.292.941
1 Staff costs	-4.372.029	-3.316.606
Depreciation and impairment of property, land, and equipment	0	-83.320
Other operating costs	-4.520	0
Operating profit	1.412.044	893.015
Other financial income	5.569	4.180
2 Other financial costs	-37.796	-83.833
Pre-tax net profit or loss	1.379.817	813.362
Tax on net profit or loss for the year	-243.054	-165.695
Net profit or loss for the year	1.136.763	647.667
Proposed appropriation of net profit:		
Dividend for the financial year	800.000	500.000
Transferred to retained earnings	336.763	147.667
Total allocations and transfers	1.136.763	647.667

Statement of financial position at 30 September

All amounts in DKK.

Assets			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Non-current assets			
3	Other fixtures and fittings, tools and equipment	<u>0</u>	<u>254.518</u>
	Total property, plant, and equipment	<u>0</u>	<u>254.518</u>
	Total non-current assets	<u>0</u>	<u>254.518</u>
Current assets			
	Trade receivables	345.708	637.094
	Deferred tax assets	6.870	10.318
	Income tax receivables	0	9.416
	Other receivables	<u>12.467</u>	<u>0</u>
	Total receivables	<u>365.045</u>	<u>656.828</u>
	Cash on hand and demand deposits	<u>4.435.741</u>	<u>3.200.464</u>
	Total current assets	<u>4.800.786</u>	<u>3.857.292</u>
	Total assets	<u>4.800.786</u>	<u>4.111.810</u>

Statement of financial position at 30 September

All amounts in DKK.

<i>Equity and liabilities</i>			
<u>Note</u>		<u>2021</u>	<u>2020</u>
<i>Equity</i>			
	<i>Contributed capital</i>	500.000	500.000
	<i>Retained earnings</i>	2.411.154	2.074.391
	<i>Proposed dividend for the financial year</i>	800.000	500.000
	<i>Total equity</i>	<u>3.711.154</u>	<u>3.074.391</u>
<i>Liabilities other than provisions</i>			
	<i>Income tax payable</i>	141.126	145.099
	<i>Other payables</i>	0	109.213
4	<i>Total long term liabilities other than provisions</i>	<u>141.126</u>	<u>254.312</u>
	<i>Trade payables</i>	498.797	293.805
	<i>Other payables</i>	449.709	489.302
	<i>Total short term liabilities other than provisions</i>	<u>948.506</u>	<u>783.107</u>
	<i>Total liabilities other than provisions</i>	<u>1.089.632</u>	<u>1.037.419</u>
	<i>Total equity and liabilities</i>	<u>4.800.786</u>	<u>4.111.810</u>
5	<i>Charges and security</i>		
6	<i>Contingencies</i>		

Statement of changes in equity

All amounts in DKK.

	<i>Contributed capital</i>	<i>Reserve for net revaluation according to the equity method</i>	<i>Proposed dividend for the financial year</i>	<i>Total</i>
<i>Equity 1 October 2019</i>	500.000	1.926.724	500.000	2.926.724
<i>Distributed dividend</i>	0	0	-500.000	-500.000
<i>Share of profit or loss</i>	0	147.667	500.000	647.667
<i>Equity 1 October 2020</i>	500.000	2.074.391	500.000	3.074.391
<i>Distributed dividend</i>	0	0	-500.000	-500.000
<i>Retained earnings for the year</i>	0	336.763	800.000	1.136.763
	500.000	2.411.154	800.000	3.711.154

Notes

All amounts in DKK.

	2020/21	2019/20
1. Staff costs		
Salaries and wages	3.594.837	2.689.394
Pension costs	701.349	568.341
Other costs for social security	75.843	58.871
	4.372.029	3.316.606
 Average number of employees	 9	 8
2. Other financial costs		
Financial costs, group enterprises	16.224	0
Other financial costs	21.572	83.833
	37.796	83.833
3. Other fixtures and fittings, tools and equipment		
Cost 1 October 2020	495.459	495.459
Disposals during the year	-372.465	0
Cost 30 September 2021	122.994	495.459
Depreciation and writedown 1 October 2020	-240.941	-157.621
Amortisation and depreciation for the year	0	-83.320
Reversal of depreciation, amortisation and impairment loss, assets disposed of	117.947	0
Depreciation and writedown 30 September 2021	-122.994	-240.941
 Carrying amount, 30 September 2021	 0	 254.518

Notes

All amounts in DKK.

4. Liabilities other than provision

	<i>Total payables 30 Sep 2021</i>	<i>Current portion of long term payables</i>	<i>Long term payables 30 Sep 2021</i>	<i>Outstanding payables after 5 years</i>
<i>Income tax payable</i>	141.126	0	141.126	0
	141.126	0	141.126	0

5. Charges and security

The company have no charges and security at 30 September 2021.

6. Contingencies
Contingent liabilities

	<i>DKK in thousands</i>
<i>Total contingent liabilities</i>	738.000

Accounting policies

The annual report for Graff Breeding A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of tangible assets.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. To counter expected losses, writedown is performed to net realisable value.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Accounting policies

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.