

KWS Scandinavia A/S

Lysholt Allé 10, 7100 Vejle

CVR no. 30 71 04 95

Annual Report 2017/18

Approved at the Company's annual general meeting on 28 November 2018

Chairman:



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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 KWS Scandinavia A/S for the financial year 1 July 2017- 30 June 2018.

The annual report has been 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 30 June 2018 and of the results of the Company's operations for the financial year 1 July 2017 - 30 June 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Vejle, 28 November 2018
Executive Board:


Morten Hastrup


Harald Elis Pálsson

Board of Directors:


Marcello Rapetto
Chairman


Cesar Ruano Delgado


Stefan Reinhold Bruns


Thomas Mündler

Independent auditor's report

To the shareholders of KWS Scandinavia A/S

Opinion

We have audited the financial statements of KWS Scandinavia A/S for the financial year 1 July - 30 June 2018, which comprise 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 30 June 2018 and of the results of the Company's operations for the financial year 1 July - 30 June 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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.

Independent auditor's report

- ▶ 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.
- ▶ 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 Statements Act. We did not identify any material misstatement of the Management's review.

Vejle, 28 November 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Lars Tylvad Andersen
State Authorised
Public Accountant
mne8854


Lene Kamper Jørgensen
State Authorised
Public Accountant
mne34456

Management' review

Company details

Name	KWS Scandinavia A/S
Address, Postal code, City	Lysholt Allé 10, 7100 Vejle
CVR no.	30 71 04 95
Established	4 July 2007
Registered office	Vejle
Financial year	1 July 2017 - 30 June 2018
Board of Directors	Marcelo Repetto, Chairman Cesar Ruano Delgado Stefan Reinhold Bruns Thomas Müндler
Executive Board	Morten Hastrup Harald Elis Pålsson
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark

Management' review

Business review

The Company's primary activity comprises facilitation of sale of seed and of all sorts of agricultural crops.

Financial review

The income statement for 2017/18 shows a profit of DKK 884,537 against a profit of DKK 780,313 last year, and the balance sheet at 30 June 2018 shows equity of DKK 8,795,989.

Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 July 2017 - 30 June 2018

Income statement

Note	DKK	2017/18	2016/17
	Gross profit	<u>9,933,958</u>	<u>9,842,483</u>
2	Staff costs	-8,269,403	-8,564,863
9	Amortisation, depreciation and impairment of property, plant and equipment	-62,279	-68,840
	Other operating expenses	<u>-369,598</u>	<u>-70,772</u>
	Profit before net financials	<u>1,232,678</u>	<u>1,138,008</u>
	Financial income	24,384	46
	Financial expenses	<u>-61,491</u>	<u>-58,079</u>
	Profit before tax		
		<u>1,195,571</u>	<u>1,079,975</u>
3	Tax for the year	-311,034	-299,662
	Profit for the year	<u>884,537</u>	<u>780,313</u>
	Recommended appropriation of profit/loss		
	Transferred to reserves under equity	<u>884,537</u>	<u>780,313</u>
		<u>884,537</u>	<u>780,313</u>

Financial statements 1 July 2017 - 30 June 2018

Balance sheet

Note	DKK	<u>2017/18</u>	<u>2016/17</u>
	ASSETS		
4	Property, plant and equipment		
	Fixtures and fittings, plant and equipment	244,508	197,627
		<u>244,508</u>	<u>197,627</u>
	Total non-current assets	<u>244,508</u>	<u>197,627</u>
	Current assets		
	Receivables		
	Trade receivables	533,423	74,072
	Receivables from group entities	30,924,309	25,116,790
	Deferred tax assets	0	3,746
	Other receivables	107,687	56,043
	Prepayments	67,843	380,620
		<u>31,633,262</u>	<u>25,631,271</u>
	Cash	<u>1,975,666</u>	<u>1,777,655</u>
	Total current assets	<u>33,608,929</u>	<u>27,408,926</u>
	TOTAL ASSETS	<u><u>33,853,437</u></u>	<u><u>27,606,553</u></u>

Financial statements 1 July 2017 - 30 June 2018

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	1,000,000	1,000,000
	Retained earnings	7,795,989	6,911,452
	Total equity	<u>8,795,989</u>	<u>7,911,452</u>
	Non-current liabilities		
	Corporate income tax payable	228.598	208,662
	Total non-current liabilities	<u>228.598</u>	<u>208,662</u>
	Current liabilities		
	Trade payables	12,448,876	9,321,714
	Payables to group entities	8,865,281	5,583,426
	Corporate income tax payable	129.262	159,676
	Other payables	3,385,432	4,421,623
	Total current liabilities	<u>24.828.851</u>	<u>19,486,439</u>
	Total liabilities	<u>25,057,449</u>	<u>19,695,101</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>33,853,437</u></u>	<u><u>27,606,553</u></u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Related parties

Financial statements 1 July 2017 - 30 June 2018

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 July 2016	1,000,000	6,131,139	7,131,139
Transfer through appropriation of profit	0	780,313	780,313
Equity at 1 July 2017	1,000,000	6,911,452	7,911,452
Transfer through appropriation of profit	0	884,537	884,537
Equity at 30 June 2018	1,000,000	7,795,989	8,795,989

Financial statements 1 July 2017 - 30 June 2018

Notes

1 Accounting policies

The annual report of KWS Scandinavia A/S for 2017/2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Reporting currency

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

Foreign currency translation

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

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income and operating expenses

Other operating income and operating expenses comprises items secondary to the Company's activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Financial statements 1 July 2017 - 30 June 2018

Notes

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

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

Fixtures and fittings, other plant and equipment	3 - 5 years
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The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharge under the advance-payment-of-tax scheme, etc.

Tax for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise expenses incurred concerning subsequent financial years.

Financial statements 1 July 2017 - 30 June 2018

Notes

1 Accounting policies (continued)

Equity

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

Income tax and deferred tax

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

Liabilities

Other liabilities are measured at net realisable value.

Financial statements 1 July 2017 - 30 June 2018

Notes

DKK		2017/18	2016/17
2	Staff costs		
	Wages and salaries	7,135,772	7,467,945
	Pensions	597,711	660,035
	Other social security costs	535,921	436,883
		<u>8,269,403</u>	<u>8,564,863</u>
	Average number of full-time employees	<u>12</u>	<u>13</u>
3	Tax for the year		
	Estimated tax on the taxable income for the year	312,598	288,662
	Adjustment of the deferred tax charge for the year	3.746	635
	Adjustment of prior-year taxes	-5.310	10,365
		<u>311,034</u>	<u>299,662</u>
4	Property, plant and equipment		
	DKK		Fixtures and fittings, plant and equipment
	Cost at 1 July 2017		<u>588,328</u>
	Additions		109,160
	Disposals		0
	Cost at 30 June 2018		<u>697,488</u>
	Depreciation and impairment losses at 1 July 2017		390,701
	Depreciation		62,279
	Depreciation and impairment losses at 30 June 2018		<u>452,980</u>
	Carrying amount at 30 June 2018		<u>244,508</u>

Financial statements 1 July 2017 - 30 June 2018

Notes

DKK	<u>2017/18</u>	<u>2016/17</u>
5 Share capital		
The share capital comprises:		
1,000 shares of DKK 1,000,00 nominal value each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

The Company's share capital has remained DKK 1,000,000 over the past 5 years

6 Contractual obligations and contingencies, etc.

Operating lease liabilities

Rent and lease liabilities include rent obligations totalling DKK 84 thousand in interminable rent agreements with remaining contract terms of 6 months. Furthermore, the Company has liabilities under operating leases for cars totalling DKK 1,403 thousand, with remaining contract terms of 1-5 years.

7 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
KWS Intersaat GmbH	Germany	Company website

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
KWS Intersaat GmbH	Germany