

KWS Scandinavia A/S

Lysholt Allé 10, 7100 Vejle

CVR no. 30 71 04 95

Annual report 2016/17

Approved at the Company's annual general meeting on 28 November 2017

Chairman:

A handwritten signature in blue ink, written over a horizontal dotted line. The signature is stylized and appears to be 'P. P. P.'.



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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 2016 - 30 June 2017.

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 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017.

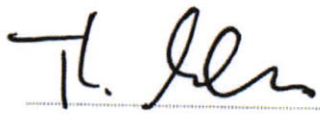
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Vejle, 28 November 2017
Executive Board:


Morten Haastrup
Harald Elis Pålsson

Board of Directors:


Marcelo Repetto
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 2016 - 30 June 2017, 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 30 June 2017 and of the results of the Company's operations for the financial year 1 July 2016 - 30 June 2017 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 about 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ 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 conclusion is 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 our procedures, 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.

Vejle, 28 November 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Lars Tylvad Andersen
State Authorised Public Accountant



Lene Kamper Jørgensen
State Authorised Public Accountant



Management's 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 2016 - 30 June 2017
Board of Directors	Marcelo Repetto, Chairman Cesar Ruano Delgado Stefan Reinhold Bruns Thomas Müндler
Executive Board	Morten Haastrup Harald Elis Pålsson
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Lysholt Allé 10, 7100 Vejle, Denmark



Management's 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 2016/17 shows a profit of DKK 780,313 against a profit of DKK 959,740 last year, and the balance sheet at 30 June 2017 shows equity of DKK 7,911,452.

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 2016 - 30 June 2017

Income statement

Note	DKK	2016/17	2015/16
	Gross margin	9,842,483	9,653,300
2	Staff costs	-8,564,863	-8,337,975
	Amortisation/depreciation and impairment of property, plant and equipment	-68,840	-67,713
	Other operating expenses	-70,772	0
	Profit before net financials	1,138,008	1,247,612
	Financial income	46	3
	Financial expenses	-58,079	-6,663
	Profit before tax	1,079,975	1,240,952
3	Tax for the year	-299,662	-281,212
	Profit for the year	780,313	959,740
	Recommended appropriation of profit		
	Retained earnings	780,313	959,740
		780,313	959,740



Financial statements 1 July 2016 - 30 June 2017

Balance sheet

Note	DKK	<u>2016/17</u>	<u>2015/16</u>
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	197,627	131,904
		<u>197,627</u>	<u>131,904</u>
	Total fixed assets	<u>197,627</u>	<u>131,904</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	74,072	848,733
	Receivables from group enterprises	25,116,790	25,822,894
	Deferred tax assets	3,746	4,381
	Other receivables	56,043	42,953
	Prepayments	380,620	238,929
		<u>25,631,271</u>	<u>26,957,890</u>
	Cash	<u>1,777,655</u>	<u>296,160</u>
	Total non-fixed assets	<u>27,408,926</u>	<u>27,254,050</u>
	TOTAL ASSETS	<u><u>27,606,553</u></u>	<u><u>27,385,954</u></u>



Financial statements 1 July 2016 - 30 June 2017

Balance sheet

Note	DKK	<u>2016/17</u>	<u>2015/16</u>
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	1,000,000	1,000,000
	Retained earnings	6,911,452	6,131,139
	Total equity	<u>7,911,452</u>	<u>7,131,139</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Corporate income tax payable	208,662	163,897
		<u>208,662</u>	<u>163,897</u>
	Current liabilities other than provisions		
	Trade payables	9,321,714	2,590,759
	Payables to group enterprises	5,583,426	12,524,354
	Corporation tax payable	159,676	354,795
	Other payables	4,421,623	4,621,010
		<u>19,486,439</u>	<u>20,090,918</u>
	Total liabilities other than provisions	<u>19,695,101</u>	<u>20,254,815</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>27,606,553</u></u>	<u><u>27,385,954</u></u>

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



Financial statements 1 July 2016 - 30 June 2017

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 July 2015	1,000,000	5,171,399	6,171,399
Transfer through appropriation of profit	0	959,740	959,740
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 30 June 2017	1,000,000	6,911,452	7,911,452

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies

The annual report of KWS Scandinavia A/S for 2016/17 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.

Changes to presentation and disclosures only

Effective 1 July 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

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 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.

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 the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

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

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

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 include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

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 value, 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 surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised 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.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

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 recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

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

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.



Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.



Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

DKK		<u>2016/17</u>	<u>2015/16</u>
2	Staff costs		
	Wages/salaries	7,467,945	7,297,266
	Pensions	660,035	704,401
	Other social security costs	436,883	336,308
		<u>8,564,863</u>	<u>8,337,975</u>
	Average number of full-time employees	<u>13</u>	<u>12</u>
3	Tax for the year		
	Estimated tax charge for the year	288,662	284,988
	Deferred tax adjustments in the year	635	-3,776
	Tax adjustments, prior years	10,365	0
		<u>299,662</u>	<u>281,212</u>
4	Property, plant and equipment		
	DKK		Fixtures and fittings, other plant and equipment
	Cost at 1 July 2016		453,765
	Additions		134,563
	Cost at 30 June 2017		<u>588,328</u>
	Impairment losses and depreciation at 1 July 2016		321,861
	Depreciation		68,840
	Impairment losses and depreciation at 30 June 2017		<u>390,701</u>
	Carrying amount at 30 June 2017		<u>197,627</u>
	DKK	<u>2016/17</u>	<u>2015/16</u>
5	Share capital		
	Analysis of the share capital:		
	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.

Financial statements 1 July 2016 - 30 June 2017

Notes to the financial statements

6 Contractual obligations and contingencies, etc.

Other financial obligations

Rent and lease liabilities include rent obligations totalling DKK 85 thousand in interminable rent agreements with remaining contract terms of 6 months. Furthermore, the Company has liabilities under operating leases for cars totalling DKK 1,205 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:

<u>Name</u>	<u>Domicile</u>
KWS Intersaat GmbH	Germany