

KWS Scandinavia A/S

Lysholt Allé 10, 7100 Vejle

CVR no. 30 71 04 95

Annual Report 2018/19

Approved at the Company's annual general meeting on 17 December 2019

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 2018 - 30 June 2019.

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

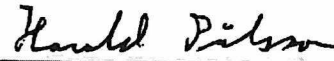
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019.

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

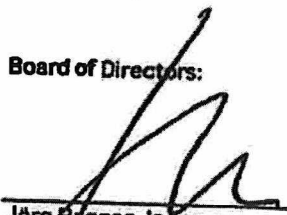
We recommend that the annual report be approved at the annual general meeting.

Vejle, 17 December 2019
Executive Board:


Morten Haastруп

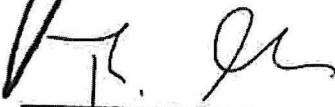

Harald Elis Pálsson

Board of Directors:


Jörg Ragnar Joris
Chairman


Cesar Ruano Delgado


Morten Haastруп


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 2018 - 30 June 2019, 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 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019 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, 17 December 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



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 2018 - 30 June 2019
Board of Directors	Jörg Ragnar Joris, Chairman Cesar Ruano Delgado Morten Haastrup Thomas Müндler
Executive Board	Morten Haastrup 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 2018/19 shows a profit of DKK 1,069,917 against a profit of DKK 884,537 last year, and the balance sheet at 30 June 2019 shows equity of DKK 9,865,906.

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 2018 - 30 June 2019

Income statement

Note	DKK	2018/19	2017/18
	Gross profit	10,066,091	9,933,958
2	Staff costs	-8,572,743	-8,269,403
9	Amortisation, depreciation and impairment of property, plant and equipment	-71,288	-62,279
	Other operating expenses	-46,284	-369,598
	Profit before net financials	1,375,776	1,232,678
	Financial income	16,789	24,384
	Financial expenses	-34,830	-61,491
	Profit before tax	1,357,735	1,195,571
3	Tax for the year	-287,818	-311,034
	Profit for the year	1,069,917	884,537
	Recommended appropriation of profit/loss		
	Transferred to reserves under equity	1,069,917	884,537
		1,069,917	884,537

Financial statements 1 July 2018 - 30 June 2019

Balance sheet

Note	DKK	<u>2018/19</u>	<u>2017/18</u>
	ASSETS		
4	Property, plant and equipment		
	Fixtures and fittings, plant and equipment	236,861	244,508
		<u>236,861</u>	<u>244,508</u>
	Total non-current assets	<u>236,861</u>	<u>244,508</u>
	Current assets		
	Receivables		
	Trade receivables	39,515	533,423
	Receivables from group entities	22,097,125	30,924,309
	Other receivables	221,114	107,687
	Prepayments	113,108	67,843
		<u>22,470,862</u>	<u>31,633,262</u>
	Cash	<u>1,911,069</u>	<u>1,975,666</u>
	Total current assets	<u>24,381,931</u>	<u>33,608,928</u>
	TOTAL ASSETS	<u><u>24,618,792</u></u>	<u><u>33,853,436</u></u>

Financial statements 1 July 2018 - 30 June 2019

Balance sheet

Note	DKK	2018/19	2017/18
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	1,000,000	1,000,000
	Retained earnings	8,865,906	7,795,989
	Total equity	9,865,906	8,795,989
	Non-current liabilities		
	Corporate income tax payable	166,740	228,598
	Total non-current liabilities	166.740	228,598
	Current liabilities		
	Trade payables	9,769,326	12,448,876
	Payables to group entities	2,127,332	8,865,281
	Corporate income tax payable	27,677	129,262
	Other payables	2,661,811	3,385,430
	Total current liabilities	14.586,146	24,828,849
	Total liabilities	14,752,886	25,057,447
	TOTAL EQUITY AND LIABILITIES	24,618,792	33,853,436

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

Financial statements 1 July 2018 - 30 June 2019

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
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 1 July 2018	1,000,000	7,795,989	8,795,989
Transfer through appropriation of profit	0	1,069,917	1,069,917
Equity at 30 June 2019	1,000,000	8,865,906	9,865,906

Financial statements 1 July 2018 - 30 June 2019

Notes

1 Accounting policies

The annual report of KWS Scandinavia A/S for 2018/2019 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 2018 - 30 June 2019

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 2018 - 30 June 2019

Notes

DKK	2018/19	2017/18
2 Staff costs		
Wages and salaries	7,490,825	7,135,771
Pensions	433,456	597,711
Other social security costs	648,462	535,921
	<u>8,572,743</u>	<u>8,269,403</u>
 Average number of full-time employees	 <u>12</u>	 <u>12</u>
 3 Tax for the year		
Estimated tax on the taxable income for the year	324,740	312,598
Adjustment of the deferred tax charge for the year	0	3,746
Adjustment of prior-year taxes	-36,922	-5,310
	<u>287,818</u>	<u>311,034</u>
 4 Property, plant and equipment		Fixtures and fittings, plant and equipment
DKK		
Cost at 1 July 2018		697,487
Additions		63,641
Disposals		0
Cost at 30 June 2019		<u>761,128</u>
Depreciation and impairment losses at 1 July 2018		452,979
Depreciation		71,288
Depreciation and impairment losses at 30 June 2019		<u>524,267</u>
Carrying amount at 30 June 2019		<u>236,861</u>

Financial statements 1 July 2018 - 30 June 2019

Notes

DKK	<u>2018/19</u>	<u>2017/18</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 62 thousand in interminable rent agreements with remaining contract terms of 6 months. Furthermore, the Company has liabilities under operating leases totalling DKK 194 thousand with remaining contract terms of 7 - 12 months and DKK 771 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