

Graff Young Plants A/S

Viborgvej 717 A,, 8471 Sabro

Company reg. no. 39 85 54 96

Annual report

1 October 2020 - 30 September 2021

The annual report was submitted and approved by the general meeting on the 18 January 2022.

Gert Graff

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 %.

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report on extended review	2
Management commentary	
Company information	4
Management commentary	5
Financial statements 1 October 2020 - 30 September 2021	
Income statement	6
Statement of financial position	7
Statement of changes in equity	9
Notes	10
Accounting policies	12

Management's report

Today, the board of directors and the managing director have presented the annual report of Graff Young Plants 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, 18 January 2022

Managing Director

Jesper Skjellerup Slot

Board of directors

Erik Bo Christensen

Gert Graff

Poul Graff

Jesper Skjellerup Slot

Independent auditor's report on extended review

To the shareholders of Graff Young Plants A/S

Opinion

We have performed an extended review of the financial statements of Graff Young Plants 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 18 January 2022

Redmark

Approved Audit Partnership Firm
Company reg. no. 29 44 27 89

Morten Ryberg Nielsen
State Authorised Public Accountant
mne33221

Marianne Fog Jørgensen
State Authorised Public Accountant
mne21405

Company information

The company	Graff Young Plants A/S Viborgvej 717 A, 8471 Sabro
	Company reg. no. 39 85 54 96 Financial year: 1 October - 30 September
Board of directors	Erik Bo Christensen Gert Graff Poul Graff Jesper Skjellerup Slot
Managing Director	Jesper Skjellerup Slot
Auditors	Redmark Godkendt Revisionspartnerselskab Sommervej 31C 8210 Aarhus V
Parent company	GRAFF Growing A/S
Associated enterprise	Q-iRose Breeding ApS, Sabro

Management commentary

The principal activities of the company

The company's main activity is collaboration with international breeders and companies around supply chain management. During the financial year, several agreements were entered into regarding this.

The company is working with companies in Vietnam and Africa on the production and delivery of plants etc.

Development in activities and financial matters

The gross profit for the year totals DKK 1.623.547 against DKK 795.680 last year. Income or loss from ordinary activities after tax totals DKK 647.007 against DKK 9.868 last year. Management considers the net profit or loss for the year satisfactory.

The expected development

The company expects a positive operating and profit development and has the necessary liquidity to implement any necessary strategic measures.

Events subsequent to the financial year

After the balance sheet date, no significant events have occurred that are deemed to be significant influence on the assessment of the financial statements.

Income statement 1 October - 30 September

All amounts in DKK.

<u>Note</u>	<u>2020/21</u>	<u>2019/20</u>
Gross profit	1.623.547	795.680
1 Staff costs	-747.188	-728.272
Profit from ordinary operating activities	876.359	67.408
Income from equity investment in associate	-13.310	-19.654
2 Other financial costs	-28.492	-28.602
Pre-tax net profit or loss	834.557	19.152
Tax on ordinary results	-187.550	-9.284
Net profit or loss for the year	647.007	9.868
Proposed appropriation of net profit:		
Reserves for net revaluation according to the equity method	-42.643	-19.654
Transferred to retained earnings	689.650	29.522
Total allocations and transfers	647.007	9.868

Statement of financial position at 30 September

All amounts in DKK.

Assets		<u>2021</u>	<u>2020</u>
<u>Note</u>			
Non-current assets			
3	Equity investments in associate	29.333	42.643
	Total investments	<u>29.333</u>	<u>42.643</u>
	Total non-current assets	<u>29.333</u>	<u>42.643</u>
Current assets			
	Trade debtors	152.414	156.534
	Receivables from associates	768	3.595
	Income tax receivables	0	267.762
	Accrued income and deferred expenses	<u>0</u>	<u>373</u>
	Total receivables	<u>153.182</u>	<u>428.264</u>
	Available funds	<u>1.704.076</u>	<u>414.146</u>
	Total current assets	<u>1.857.258</u>	<u>842.410</u>
	Total assets	<u>1.886.591</u>	<u>885.053</u>

Statement of financial position at 30 September

All amounts in DKK.

Equity and liabilities		<u>2021</u>	<u>2020</u>
<u>Note</u>			
Equity			
Contributed capital		500.000	500.000
Reserve for net revaluation according to the equity method		0	42.643
Results brought forward		<u>-237.860</u>	<u>-927.510</u>
Total equity		<u>262.140</u>	<u>-384.867</u>
Liabilities other than provisions			
Income tax payable		<u>187.550</u>	<u>9.284</u>
Total long term liabilities other than provisions		<u>187.550</u>	<u>9.284</u>
Trade creditors		482.209	142.414
Debt to group enterprises		389.654	580.566
Other debts		<u>565.038</u>	<u>537.656</u>
Total short term liabilities other than provisions		<u>1.436.901</u>	<u>1.260.636</u>
Total liabilities other than provisions		<u>1.624.451</u>	<u>1.269.920</u>
Total equity and liabilities		<u>1.886.591</u>	<u>885.053</u>

4 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 October 2019	500.000	0	-957.032	-457.032
Share of results	0	0	29.522	29.522
Adjustment reserve	0	42.643	0	42.643
Equity 1 October 2020	500.000	42.643	-927.510	-384.867
Share of results	0	0	689.650	689.650
Adjustment reserve	0	-42.643	0	-42.643
	500.000	0	-237.860	262.140

Notes

All amounts in DKK.

	<u>2020/21</u>	<u>2019/20</u>
1. Staff costs		
Salaries and wages	672.500	660.000
Pension costs	68.272	68.272
Other costs for social security	6.416	0
	<u>747.188</u>	<u>728.272</u>
Average number of employees	<u>1</u>	<u>1</u>
2. Other financial costs		
Financial costs, group enterprises	9.831	14.200
Other financial costs	18.661	14.402
	<u>28.492</u>	<u>28.602</u>
3. Equity investments in associate		
Acquisition sum, opening balance 1 October 2020	<u>55.000</u>	<u>55.000</u>
Cost 30 September 2021	<u>55.000</u>	<u>55.000</u>
Revaluation, opening balance 1 October 2020	-12.357	7.297
Results for the year before goodwill amortisation	-13.310	-19.654
30 September 2021	<u>-25.667</u>	<u>-12.357</u>
Carrying amount, 30 September 2021	<u>29.333</u>	<u>42.643</u>

Financial highlights for the enterprise according to the latest approved annual report

	Equity interest	Equity	Results for the year	Carrying amount, Graff Young Plants A/S
Q-iRose Breeding ApS, Sabro	50 %	58.666	-26.619	29.333
		<u>58.666</u>	<u>-26.619</u>	<u>29.333</u>

Notes

All amounts in DKK.

4. Contingencies

Joint taxation

G. Graff Holding ApS, company reg. no 32155243 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

About the total tax to be paid under the joint taxation, please refer to the management company.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Accounting policies

The annual report for Graff Young Plants A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

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.

Income statement

Gross profit

Gross profit comprises the revenue, and external costs.

Accounting policies

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.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration and premises.

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.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses etc.

Results from equity investment in associate

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the equity investment in the associate is recognised in the income statement as a proportional share of the associates' post-tax profit or loss.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Financial fixed assets

Equity investments in associate

Equity investments in associate is recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

Equity investments in associate is recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Equity investments in associate with a negative equity value is measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investment in associate transferred to the reserve under equity for net revaluation according to the equity method. The reserve is adjusted by other equity movements in associate.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Cash on hand and demand deposits comprise cash at bank.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Graff Young Plants A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

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

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Gert Graff

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Marianne Fog Jørgensen

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