

**Nuseed Europe Limited**

**Annual report and financial statements**

**Registered number 08635995**

**30 September 2020**



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## Strategic Report

During the period, Nuseed Europe Limited's (the company) year end date changed from 31 July to 30 September. Accordingly, the current year period is for 14 months whilst the comparative period is for 12 months.

The company's strategy is focused on the development of a European sunflower business.

The company has a strong and developing Central and Eastern European customer base in key markets such as Bulgaria, Moldova, Romania and Hungary.

The company also acts as an intercompany supplier to both Nuseed Russia and Nuseed Ukraine.

Total turnover for the period ending 30 September 2020 was £17,667,000, an increase of 17% from prior year. The extension of the accounting period to 30 September 2020 does not affect the analysis of turnover due to the seasonality of the business.

The development of our internal and external production partnerships - being key 3rd party relationships with Remington Seeds and MayAgro - drove quality and consistency into the product supply.

The establishment of a logistics hub in Hungary delivered operational and cost efficiencies and facilitated the optimisation of demand planning.

The company participates fully in Nuseed Global R&D reviews to continue the development of class leading sunflower hybrids which will drive growth.

As the company remained loss-making whilst developing the business, the wider group recapitalised the company during the period. This included subscribing to £28m of share capital and the extension of a debt facility in respect of both amount and maturity date. The share capital proceeds were subsequently used in full to fully repay two existing debt facilities that were subsequently terminated and partially repaid the one remaining extended debt facility. These actions provide sufficient facility headroom to enable the company to continue trading for the foreseeable future.

## Business Environment

The Central & Eastern European market is a well-established sunflower market in which Nuseed has delivered year on year share growth since 2018 (see table).

|          | Market Ha | Market Bags | Nuseed Market Share |      |      |                 |
|----------|-----------|-------------|---------------------|------|------|-----------------|
|          |           |             | FY18                | FY19 | FY20 | FY21 (forecast) |
| Country  |           |             |                     |      |      |                 |
| Bulgaria | 850,000   | 346,000     | 5.7%                | 5.9% | 8.3% | 11.4%           |
| France   | 561,000   | 267,000     | 1.3%                | 1.3% | 2.2% | 2.7%            |
| Hungary  | 663,000   | 269,000     | 2.0%                | 3.1% | 4.0% | 4.6%            |
| Moldova  | 300,000   | 120,000     | 3.0%                | 4.8% | 6.5% | 8.6%            |
| Romania  | 1,156,000 | 476,000     | 0.7%                | 1.2% | 2.4% | 3.3%            |

\*Source: Kleffmann; Customer feedback

The Nuseed brand is established in the confection sunflower market and uses this as a basis to grow the sunflower oils market.

The key strategic risks are the performance of Nuseed hybrids compared to the competition. This is mitigated through the Nuseed Global R&D program to develop and deliver higher performing (yield, performance in varying agronomic conditions) hybrids.

All external sales are in Euros/US Dollars minimising any currency fluctuation risk from operating in non-EU27 countries. The Nufarm parent company provides hedging for EUR and USD transactions.

## Sustainability

Sustainability is central to Nuseed's business values. Our employees, shareholders and customers expect us to act responsibly in everything we do, including ensuring we operate sustainably and safely.

## Strategic Report (*continued*)

The company aligns to the Nufarm parent company initiatives that were implemented through its sustainability strategy, including Nufarm's health, safety and environment standard and procedures. The company also adheres to all relevant country legislation regarding Health & Safety at Work and Human Rights.

The company recognise climate change risks and that this can affect the profitability and viability of the business. Consequently, Nuseed globally heavily invests in R&D to enhance seed tolerance to droughts and high temperatures as well as introducing hybrids that can flower up earlier providing the grower with the options if the growing season get shorter.

### Business Performance

In the period to 30 September 2020 the company delivered a pre-tax loss of £6,572,000 (compared to a loss of £4,713,000 in the previous period) due to higher cost of sales, and exposure to foreign exchange movements.

The company continued to invest in its people and subsequent to period end has employed two sales representatives to support coverage of the Central & Eastern European market.

The breakdown by key category of employees and gender at the financial period ended 30 September 2020 is shown below:

| Category        | Female | Male |
|-----------------|--------|------|
| Directors       | 1      | 3    |
| Senior Managers | 1      | 1    |
| Employees       | 4      | 3    |

By order of the board

*Gary Barber*

**G Barber**  
*Director*

Dated: 12 November 2021

*C/O Wework,  
 No 1 Spinningfields  
 Quay Street  
 Manchester  
 M3 3JE*

## **Directors' report**

The directors present their report and the financial statements of the company for the 14 month period ended 30 September 2020.

### **Business review**

The 14 month period ended 30 September 2020 delivered sales of £17,666,000 (*12 month period ended 31 July 2019: £14,523,000*), a 17% increase from prior year driven by growing presence in local markets and focusing on building key customer relationship. The company delivered growth across key distributors and geographies. A royalty is paid to Nuseed Global Innovation Limited annually equivalent to 15% of gross revenue.

Management continue to grow the Nuseed Europe seed region workforce to support future growth plans, expansion into the Confection Sunflower category, and further growth in Russia, Ukraine, Central and Western Europe.

To support this growth the company invested £1,938,000 into Nuseed Serbia Doo in the period ending 30 September 2020.

The directors have reviewed the implications of Brexit since the United Kingdom officially left the European Union on 31 January 2020 and are of the opinion that due to the nature of the company's operations there is a minimal risk to the operations of the company.

### **Results and dividends**

The loss for the period after taxation amounted to £5,446,000 (*2019: £3,903,000*). The directors do not recommend the payment of a dividend (*2019: £nil*).

### **Directors**

The directors who held office during the year were as follows:

Gary A Barber

Brent J Javra

Brent E Zacharias

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the period (*2019: none*).

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **The impact of uncertainties of Covid-19 pandemic**

The Covid-19 pandemic has brought public life to a standstill in many countries with the UK impact most felt from March 2020. Following the UK government response to the pandemic, the company therefore exercised the business continuity plan to protect its employees and to continue to serve customers, in the best way possible.

As an integral part of the agri-food chain, which is considered "critical infrastructure", the company qualifies for special support from governments to mitigate the impact on the supply of well needed inputs for agriculture in the UK and most European countries.

All employees are doing everything they can to maintain the company's ability to operate and act. The company aims to supply the end customers as promptly as possible despite high demand and challenges regarding the logistics chains. Some delays are inevitable, but the company is trying to minimise them to the greatest extent possible.

## **Directors' report** *(continued)*

### **The impact of uncertainties of Covid-19 pandemic** *(continued)*

The UK company is fully operational and delivering products to customers worldwide. There is no disruption to manufacturing schedules and the company is open for business, even if its staff are now working from home.

The customer service teams, although they are also partially working from home, continue to process all orders, and we do not anticipate any significant disruption to the order entry process. Customer service and sales can continue to be reached during normal office hours by phone or email.

### **Going concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and any continued impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In coming to this conclusion, the Directors have considered the following:

- During the period the company was recapitalised by the wider group with £28m of share capital being issued for cash consideration. Subsequent to the period end this cash was used to repay in full two of the three debt facilities in addition to partially repaying the remaining debt facility with Nuseed Global Innovation Limited ("NGI").
- At the same time, the Company extended the remaining debt facility with NGI to 31 October 2024. The facility was also increased to £40m. Amounts owed under this facility are approximately £27m, providing available headroom of approximately £13m.
- Base case forecasts indicate sufficient headroom through to the end of November 2022 ("the forecast period"). The severe but plausible downside scenario results in a reduction of headroom during the forecast period but this remains sufficient and does not change the conclusions reached
- The debt facility is owed to NGI, a wider group company, and is not external to the group. There are no covenants attached to the debt facility.
- Consistent with the experience of the Company, the wider group as a whole has not been significantly adversely impacted by COVID-19 and has significant financial resources for cash to be provided through the intercompany debt facilities.

The financing of the Company currently relies on NGI having access to sufficient cash to be able to advance funds under the debt facility described above. The Directors have therefore considered the financial position of NGI and are satisfied NGI has access to sufficient funds, through NGI's own cash generation and access to a \$100m facility with Nufarm Treasury Pty Limited ("Nufarm"), of which there is available headroom of approximately £16m, to fund the Company as required. The Directors note that NGI's facility with Nufarm matures on 31 October 2023. Although the maturity of this facility falls outside the forecast period, after making inquiries the Directors are satisfied that there is a reasonable expectation that NGI will be able to extend the facility with Nufarm.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **Directors' report** *(continued)*

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

*Gary Barber*

Dated: 12 November 2021

**G Barber**  
*Director*  
*C/O Wework,*  
*No 1 Spinningfields*  
*Quay Street*  
*Manchester*  
*M3 3JE*

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.





## **Independent auditor's report to the members of Nuseed Europe Limited**

### **Opinion**

We have audited the financial statements of Nuseed Europe Ltd ("the company") for the period ended 30 September 2020 which comprise the Profit and loss account, Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.



## **Independent auditor's report to the members of Nuseed Europe Limited** *(continued)*

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in dark ink, appearing to read 'CB'.

**Christian Bower-Sloane** (Senior Statutory Auditor)

*for and on behalf of KPMG LLP, Statutory Auditor*  
Chartered Accountants  
1 St Peter's Square  
Manchester, M2 3AE

Dated: 12 November 2021

**Profit and loss account**  
*for period ended 30 September 2020*

|  | <i>Note</i> | <b>2020</b><br><b>£000</b> | <b>2019</b><br><b>£000</b> |
|--|-------------|----------------------------|----------------------------|
| <b>Turnover</b>                                    | 2           | 17,666                     | 14,523                     |
| Cost of sales                                      |             | (18,858)                   | (14,236)                   |
| <b>Gross (loss)/profit</b>                         |             | (1,192)                    | 287                        |
| Administrative expenses                            |             | (3,184)                    | (3,852)                    |
| <b>Operating loss</b>                              | 3           | (4,376)                    | (3,565)                    |
| Interest payable and similar charges               | 7           | (4,262)                    | (2,812)                    |
| Interest receivable and similar income             | 6           | 2,066                      | 1,664                      |
| <b>Loss on ordinary activities before taxation</b> |             | (6,572)                    | (4,713)                    |
| Tax credit on loss on ordinary activities          | 8           | 1,126                      | 810                        |
| <b>Loss for the financial period</b>               |             | (5,446)                    | (3,903)                    |

**Statement of comprehensive income**  
*for period ended 30 September 2020*

|   | <b>2020</b><br><b>£000</b> | <b>2019</b><br><b>£000</b> |
|---|----------------------------|----------------------------|
| <b>Loss for the period</b>  | (5,446)                    | (3,903)                    |
| <b>Other comprehensive income</b>                                   | -                          | -                          |
| Income tax on other comprehensive income                            | -                          | -                          |
| <b>Other comprehensive income for the period, net of income tax</b> | -                          | -                          |
| <b>Total comprehensive income for the period</b>                    | (5,446)                    | (3,903)                    |

The notes on pages 12 to 24 form an integral part of the financial statements.

**Balance sheet**  
*at 30 September 2020*

|  | Note | 2020<br>£000              | 2019<br>£000                |
|--|------|---------------------------|-----------------------------|
| <b>Fixed assets</b>  |      |                           |                             |
| Investments  | 9    | 11,889                    | 9,900                       |
| Intangible assets  | 10   | 2,184                     | 2,891                       |
| Tangible assets  | 11   | 30                        | 31                          |
|  |      | <hr/>                     | <hr/>                       |
|  |      | 14,103                    | 12,822                      |
| <b>Current assets</b>  |      |                           |                             |
| Stocks   | 12   | 1,003                     | 1,056                       |
| Debtors  | 13   | 41,352                    | 6,674                       |
| Cash at bank and in hand                                       |      | 2,054                     | 3,717                       |
| Other financial assets   |      | -                         | 302                         |
|  |      | <hr/>                     | <hr/>                       |
|  |      | 44,409                    | 11,749                      |
| <b>Creditors: amounts falling due within one year</b>          | 14   | <hr/> (20,098) <hr/>      | <hr/> (20,070) <hr/>        |
| <b>Net current assets</b>                                      |      | 24,311                    | (8,321)                     |
| <b>Total assets less current liabilities</b>                   |      | 38,414                    | 4,501                       |
| <b>Creditors: amounts falling due after more than one year</b> | 15   | <hr/> (28,350) <hr/>      | <hr/> (16,991) <hr/>        |
| <b>Net assets</b>  |      | <hr/> <u>10,064</u> <hr/> | <hr/> <u>(12,490)</u> <hr/> |
| <b>Capital and reserves</b>                                    |      |                           |                             |
| Called up share capital  | 16   | 28,000                    | -                           |
| Profit and loss account  |      | <hr/> (17,936) <hr/>      | <hr/> (12,490) <hr/>        |
| <b>Shareholders' funds</b>                                     |      | <hr/> <u>10,064</u> <hr/> | <hr/> <u>(12,490)</u> <hr/> |

These financial statements were approved by the board of directors on 12 November 2021 and were signed on its behalf by:

*Gary Barber*

**G Barber**  
*Director*

Company registered number: 08635995

The notes on pages 12 to 24 form an integral part of the financial statements.

## Statement of changes in equity

|  | Called<br>up share<br>capital<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|--|---------------------------------------|------------------------------------|----------------------|
| Balance at 1 August 2018                       | -                                     | (8,587)                            | (8,587)              |
| <b>Total comprehensive income for the year</b> |                                       |                                    |                      |
| Loss for the year                              | -                                     | (3,903)                            | (3,903)              |
| Other comprehensive income                     | -                                     | -                                  | -                    |
|  | <u>-</u>                              | <u>-</u>                           | <u>-</u>             |
| <b>Balance at 31 July 2019</b>                 | <u>-</u>                              | <u>(12,490)</u>                    | <u>(12,490)</u>      |

|  | Called<br>up share<br>capital<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|--|---------------------------------------|------------------------------------|----------------------|
| Balance at 1 August 2019                         | -                                     | (12,490)                           | (12,490)             |
| <b>Total comprehensive income for the period</b> |                                       |                                    |                      |
| Loss for the period                              | -                                     | (5,446)                            | (5,446)              |
| Other comprehensive income                       | -                                     | -                                  | -                    |
| <b>Transactions with shareholders</b>            |                                       |                                    |                      |
| Issue of share capital                           | 28,000                                | -                                  | 28,000               |
|  | <u>28,000</u>                         | <u>-</u>                           | <u>28,000</u>        |
| <b>Balance at 30 September 2020</b>              | <u>28,000</u>                         | <u>(17,936)</u>                    | <u>10,064</u>        |

The notes on pages 12 to 24 form an integral part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Nuseed Europe Limited (the “Company”) is a private company limited by shares and incorporated and domiciled in the UK. The registered number is 08635995 and the registered address is C/O Wework, No1 Spinningfields, Quay Street, Manchester, M3 3JE.

The company is exempt, by virtue of s401 of the Companies Act 2006, from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Nufarm Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Nufarm Limited are available to the public and may be obtained from [www.nufarm.com](http://www.nufarm.com) or Nufarm Limited, 103-105 Pipe Road, Laverton North, Victoria 3026, Australia. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Financial Instruments;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1. Measurement convention

The financial statements are prepared on the historical cost basis, except from derivative financial instruments, which are stated at their fair value.

#### 1.2. Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and any continued impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

In coming to this conclusion the Directors have considered the following:

- During the period the company was recapitalised by the wider group with £28m of share capital being issued for cash consideration. Subsequent to the period end this cash was used to repay in full two of the three debt facilities in addition to partially repaying the remaining debt facility with Nuseed Global Innovation Limited (“NGI”).
- At the same time, the Company extended the remaining debt facility with NGI to 31 October 2024. The facility was also increased to £40m. Amounts owed under this facility are approximately £27m, providing available headroom of approximately £13m.
- Base case forecasts indicate sufficient headroom through to the end of November 2022 (“the forecast period”).
- The severe but plausible downside scenario results in a reduction of headroom during the forecast period but this remains sufficient and does not change the conclusions reached
- The debt facility is owed to NGI, a wider group company, and is not external to the group. There are no covenants attached to the debt facility.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.2 Going concern (continued)**

- Consistent with the experience of the Company, the wider group as a whole has not been significantly adversely impacted by COVID-19 and has significant financial resources for cash to be provided through the intercompany debt facilities.

The financing of the Company currently relies on NGI having access to sufficient cash to be able to advance funds under the debt facility described above. The Directors have therefore considered the financial position of NGI and are satisfied NGI has access to sufficient funds, through NGI's own cash generation and access to a \$100m facility with Nufarm Treasury Pty Limited ("Nufarm"), of which there is available headroom of approximately £16m, to fund the Company as required. The Directors note that NGI's facility with Nufarm matures on 31 October 2023. Although the maturity of this facility falls outside the forecast period, after making inquiries the Directors are satisfied that there is a reasonable expectation that NGI will be able to extend the facility with Nufarm.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **1.3. Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **1.4. Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### **1.5. Basic financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.5 Basic financial instruments** *(continued)*

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **1.6 Other financial instruments**

##### *Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### **1.7 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.14 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- computers                      5 years
- fixtures and fittings      5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### **1.8 Intangible assets**

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.



## Notes (continued)

### 1. Accounting policies (continued)

#### 1.8. Intangible assets (continued)

##### *Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Currently, customer development seeds, agronomy and demo costs are all subject to a 2-year capitalisation period as part of product data collection programmes. After the two-year period, the assets are considered available for use. Intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows

- Product development                      2 years
- software                                      shorter of licence period or 10 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

#### 1.9. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### 1.10. Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

## **Notes (continued)**

### **1. Accounting policies (continued)**

#### **1.10. Impairment excluding stocks and deferred tax assets (continued)**

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

#### **1.11. Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### **1.12. Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### **1.13. Turnover**

Turnover is recognised when the stock items are dispatched and the risks and rewards are transferred to the customer. Turnover is recognised net of discounts, rebates, royalties and VAT.

Rights to receive royalties from customers are determined based on the performance and yield of the crop sold.

#### **1.14. Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.15. Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.16. Significant Estimates and Judgements

The preparation of financial statements requires the Directors to make estimates and judgements that affect the amounts reported for assets and liabilities in the balance sheet and the amounts reported for income and expenses during the year. The nature of these means that actual outcomes could differ from those judgements or estimates. The key sources of uncertainty in these financial statements are as follows:

- **Recoverability of trade receivables:** Many of the company's customers operate in seasonal cycles, and as such, timing of recovery of balances is often linked to the timing of the customers' ability to on-sell the company's products. As a result, at the time of signing these financial statements there remain balances of approximately £0.5m that have not yet been recovered. The directors have therefore had to form a judgement on the likely ability of the customer to settle these balances and estimate the level of provision required for potential non-recovery. They have, as a result, included a provision of £0.4m against these balances. Due to the inherent uncertainty in this matter, the actual level of recovery could be materially higher or lower than the amount actually provided.
- **Investments:** The carrying amount of the company's investments are reviewed at each balance sheet date. In testing for impairment, management have made certain assumptions concerning the future development of the underlying business that are consistent with the long-range plan for each entity. The future cash flows have been discounted to provide a net present value for the business is based on rates for the cash generating units of 11%. These judgements can materially affect the results of the company.

### 2 Turnover

| Turnover by geographical market | 2020<br>£000  | 2019<br>£000  |
|---------------------------------|---------------|---------------|
| Europe                          | 11,721        | 9,203         |
| Rest of the world               | 5,945         | 5,320         |
| Total Turnover                  | <u>17,666</u> | <u>14,523</u> |

## Notes (continued)

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

|   | 2020<br>£000      | 2019<br>£000      |
|---|-------------------|-------------------|
| Depreciation of owned fixed assets              | 12                | 13                |
| Amortisation of intangible assets               | 1,123             | 1,038             |
| Net loss/(gain) on foreign currency translation | 717               | 431               |
| Operating leases - buildings                    | 129               | 131               |
|   | <u>          </u> | <u>          </u> |

*Auditor's remuneration:*

|                                     | 2020<br>£000      | 2019<br>£000      |
|-------------------------------------|-------------------|-------------------|
| Audit of these financial statements | 55                | 60                |
|                                     | <u>          </u> | <u>          </u> |

### 4 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

|                        | Number of employees |                   |
|------------------------|---------------------|-------------------|
|                        | 2020                | 2019              |
| Managerial and support | 13                  | 11                |
|                        | <u>          </u>   | <u>          </u> |

The aggregate payroll costs of these persons were as follows:

|   | 2020<br>£000      | 2019<br>£000      |
|---|-------------------|-------------------|
| Wages and salaries                          | 1,136             | 942               |
| Social security costs                       | 116               | 95                |
| Contributions to defined contribution plans | 40                | 33                |
|   | <u>          </u> | <u>          </u> |
|   | 1,292             | 1,070             |
|   | <u>          </u> | <u>          </u> |

### 5 Directors' emoluments

The directors received no emoluments for their services to the company during the year (2019: £nil). This is on the basis that the directors' emoluments have been borne by another group company, the services provided by the directors of the company are insignificant and an amount in respect of those services provided by the directors cannot realistically be attributed.

## Notes (continued)

### 6 Other interest receivable and similar income

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Group recharges in respect of group treasury       | -            | 1,092        |
| Net foreign exchange gain                          | 1,892        | 504          |
| Interest receivable from intercompany undertakings | 24           | 68           |
| Interest receivable from customer late payment     | 149          | -            |
|  | <hr/>        | <hr/>        |
| Total interest receivable and similar income       | 2,066        | 1,664        |
|  | <hr/>        | <hr/>        |

### 7 Interest payable and similar charges

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| Interest payable on intercompany borrowings      | 1,508        | 1,078        |
| Net foreign exchange loss                        | 91           | 1,734        |
| Group recharges in respect of group treasury     | 2,643        | -            |
| Interest payable to supplier late payment        | 20           | -            |
|  | <hr/>        | <hr/>        |
| Total other interest payable and similar charges | 4,262        | 2,812        |
|  | <hr/>        | <hr/>        |

### 8 Taxation

#### Total tax (credit)/expense recognised in the profit and loss account, other comprehensive income and equity

|                                      | 2020<br>£000 | 2019<br>£000 |
|--------------------------------------|--------------|--------------|
| <i>Current tax</i>                   |              |              |
| Current tax on income for the year   | (1,134)      | (858)        |
| Adjustment in respect of prior years | (36)         | (1)          |
| Foreign Tax Suffered                 | 44           | 49           |
|                                      | <hr/>        | <hr/>        |
| Total current tax                    | (1,126)      | (810)        |
| <i>Deferred tax:</i>                 |              |              |
| Deferred tax for the year            | -            | -            |
|                                      | <hr/>        | <hr/>        |
| Total tax                            | (1,126)      | (810)        |
|                                      | <hr/>        | <hr/>        |

## Notes (continued)

### 8 Taxation (continued)

#### Reconciliation of effective tax rate

|  | 2020<br>£000   | 2019<br>£000   |
|--|----------------|----------------|
| Loss for the period                                      | (5,446)        | (3,903)        |
| Total tax credit   | (1,126)        | (810)          |
| Loss excluding taxation                                  | <u>(6,572)</u> | <u>(4,713)</u> |
| Tax using the UK corporation tax rate of 19% (2019: 19%) | (1,249)        | (895)          |
| Expenses not deductible                                  | 3              | 36             |
| Effects of overseas tax rates                            | 36             | 49             |
| Deferred tax not recognised                              | 13             | 1              |
| Adjustment in respect of prior years                     | (35)           | (1)            |
| Effects of group relief/ other reliefs                   | 106            | -              |
| Total tax credit included in profit or loss              | <u>(1,126)</u> | <u>(810)</u>   |

The company has deferred tax of £nil (2019: £nil) not recognised. In 2020 the tax losses were surrendered to other group companies and in 2019 they were not recognised due to uncertainty around the ability to utilise these assets in the foreseeable future.

### 9 Investments

|                         | 2020<br>£000  | 2019<br>£000 |
|-------------------------|---------------|--------------|
| Cost and carrying value | <u>11,889</u> | <u>9,900</u> |

The company directly owns the ordinary share capital of the following companies:

|                    | Registered office   | Country of<br>incorporation | Activity  | %<br>shareholding<br>2020 | 2019 |
|--------------------|---|-----------------------------|---|---------------------------|------|
| Nuseed Ukraine LLC | 4 M. Hrichenka Kiev<br>03680 Ukraine                            | Ukraine                     | Sale and distribution of<br>industrial supplies   | 99                        | 99   |
| Nuseed Russia LLC  | Piterskaya str, 18, office<br>20, Krasnodar, Russia  <br>350005 | Russia                      | Sale and distribution of<br>industrial supplies   | 99                        | 99   |
| Nuseed Serbia Doo  | Atar 102 Kac,<br>Serbia, 21241                                  | Serbia                      | Scientific research and<br>development in natural<br>and technical-technology<br>sciences | 100                       |      |

## Notes (continued)

### 9 Investments (continued)

During the period, consideration of £1,938,000 was paid on 26 September 2020 for 100% share interest in Nuseed Serbia Doo from Nufarm Hungaria. In the prior period, the consideration of £4,288,000 and £5,663,000 was paid on 26 July 2019 for Nuseed Ukraine LLC and Nuseed Russia LLC respectively. The remaining 1% shareholding in Nuseed Ukraine LLC and Nuseed Russia LLC is under the ownership of Nuseed Global Innovation (Company Reg: 08715519).

The Directors have performed a valuation in use impairment calculation for the Russia and Ukraine investments and are satisfied the investments are recoverable based on the cash flow projections of those investees.

### 10 Intangible assets

|                                    | Software<br>£000 | Product<br>development<br>£000 | Total<br>£000 |
|------------------------------------|------------------|--------------------------------|---------------|
| <b>Cost</b>                        |                  |                                |               |
| Balance at 1 August 2019           | -                | 4,417                          | 4,417         |
| Additions                          | -                | 416                            | 416           |
| Disposals                          | -                | -                              | -             |
|                                    | <hr/>            | <hr/>                          | <hr/>         |
| Balance at 30 September 2020       | -                | 4,833                          | 4,833         |
|                                    | <hr/>            | <hr/>                          | <hr/>         |
| <b>Amortisation and impairment</b> |                  |                                |               |
| Balance at 1 August 2019           | -                | 1,526                          | 1,526         |
| Amortisation for the period        |                  | 1,123                          | 1,123         |
|                                    | <hr/>            | <hr/>                          | <hr/>         |
| Balance at 30 September 2020       | -                | 2,649                          | 2,649         |
|                                    | <hr/>            | <hr/>                          | <hr/>         |
| <b>Net book value</b>              |                  |                                |               |
| <b>At 30 September 2020</b>        | -                | <b>2,184</b>                   | <b>2,184</b>  |
|                                    | <hr/>            | <hr/>                          | <hr/>         |
| At 31 July 2019                    | -                | 2,891                          | 2,891         |
|                                    | <hr/>            | <hr/>                          | <hr/>         |

## Notes (continued)

### 11 Tangible fixed assets

|                                    | Fixtures<br>and fittings<br>£000 | Computer<br>hardware<br>£000 | Total<br>£000 |
|------------------------------------|----------------------------------|------------------------------|---------------|
| <b>Cost</b>                        |                                  |                              |               |
| Balance at start of year           | 6                                | 106                          | 112           |
| Additions                          | 1                                | 10                           | 11            |
|                                    | <hr/>                            | <hr/>                        | <hr/>         |
| Balance at 30 September 2020       | 7                                | 116                          | 123           |
|                                    | <hr/>                            | <hr/>                        | <hr/>         |
| <b>Depreciation and impairment</b> |                                  |                              |               |
| Balance at the start of year       | -                                | 81                           | 81            |
| Depreciation charge for the period | 2                                | 10                           | 12            |
|                                    | <hr/>                            | <hr/>                        | <hr/>         |
| Balance at 30 September 2020       | 2                                | 91                           | 93            |
|                                    | <hr/>                            | <hr/>                        | <hr/>         |
| <b>Net book value</b>              |                                  |                              |               |
| <b>At 30 September 2020</b>        | <b>5</b>                         | <b>25</b>                    | <b>30</b>     |
|                                    | <hr/>                            | <hr/>                        | <hr/>         |
| At 31 July 2019                    | 6                                | 25                           | 31            |
|                                    | <hr/>                            | <hr/>                        | <hr/>         |

### 12 Stocks

|                          | 2020<br>£000 | 2019<br>£000 |
|--------------------------|--------------|--------------|
| Finished goods           | 1,003        | 1,016        |
| Raw Material & Packaging | -            | 40           |
|                          | <hr/>        | <hr/>        |
|                          | <b>1,003</b> | <b>1,056</b> |
|                          | <hr/>        | <hr/>        |



## Notes (continued)

### 13 Debtors

|                                    | 2020<br>£000  | 2019<br>£000 |
|------------------------------------|---------------|--------------|
| Trade debtors                      | 4,269         | 2,736        |
| Amounts owed by group undertakings | 32,713        | 1,625        |
| Other debtors                      | 1             | -            |
| Prepayments and accrued income     | 1,839         | 184          |
| VAT receivable                     | 34            | 32           |
| Corporation tax                    | 2,498         | 2,097        |
| Other financial assets             | -             | 302          |
|                                    | <u>41,352</u> | <u>6,976</u> |

Amounts owed by group undertakings primarily represent £28m receivable (interest free and repayable on demand) from the intermediate holding company in respect of the share capital issue during the period. This was subsequently settled post period end in cash. The remaining amounts owed by group undertakings are interest free and repayable on demand.

### 14 Creditors: amounts falling due within one year

|                                    | 2020<br>£000  | 2019<br>£000  |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 375           | 185           |
| Amounts owed to group undertakings | 19,275        | 17,042        |
| Other creditors                    | 63            | 12            |
| Accruals and deferred income       | 511           | 2,831         |
|                                    | <u>20,098</u> | <u>20,070</u> |

At 30 September 2020 amounts owed to group undertakings primarily consisted of £15,965,00 (2019: £16,518,000) loans owed to Nufarm UK Limited on a revolving, variable rate, unsecured, loan facility. The termination date of the loan was originally 31 July 2020 but was extended by 90 days. Subsequent to the year end, during October 2020, this loan was fully paid in cash and the agreement terminated following the equity injection as disclosed in notes 13 and 16.

### 15 Creditors: amounts falling due after more than one year

|                                  | 2020<br>£000  | 2019<br>£000  |
|----------------------------------|---------------|---------------|
| Loans owed to group undertakings | <u>28,350</u> | <u>16,991</u> |

Loans owed to group undertakings consisted of £17,746,000 (2019: £5,855,000) owed to Nuseed Global Innovation Limited on a revolving, variable rate, unsecured, loan facility. Subsequent to the year end the termination date of the loan was amended to 31 October 2024 and the facility limit increased from £25m to £40m (see note 19).

Loans owed to group undertakings also consisted of £10,604,000 (2019: £11,136,000) owed to Nuseed America on a revolving, variable rate, unsecured, loan facility. The termination date of the loan was 16 July 2022, unless extended. Subsequent to the year end, during October 2020, this loan was fully repaid and the agreement terminated following the equity injection as disclosed in notes 13 and 16.

## Notes (continued)

### 16 Share capital

|   | 2020<br>£000  | 2019<br>£000 |
|---|---------------|--------------|
| <i>Allotted, called up and fully paid</i>                           |               |              |
| 28,000,100 ordinary shares of £1 each (2019: 100 shares of £1 each) | 28,000        | -            |
|   | <u>28,000</u> | <u>-</u>     |

On 19 August 2020 the company issued £28m of share capital to its intermediary parent company Nuseed Europe Holding Company Ltd. This resulted in an intercompany receivable of the same amount and was settled in cash subsequent to the period end (see note 13). The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                            | 2020<br>£000 | 2019<br>£000 |
|----------------------------|--------------|--------------|
| Less than one year         | 136          | 112          |
| Between one and five years | -            | 136          |
| More than five years       | -            | -            |
|                            | <u>136</u>   | <u>248</u>   |

### 18 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Nuseed Europe Holdings Company Limited. The ultimate controlling party is Nufarm Limited, a company incorporated in the state of Victoria, Australia. This is also the controlling party which is the parent undertaking of the smallest and largest group to consolidate the results of Nuseed Europe Limited. Copies of the consolidated financial statements can be obtained from the Company Secretary at the registered address of Nufarm Limited, 103-105 Pipe Road, Laverton North, Victoria 3026, Australia or from the website [nufarm.com](http://nufarm.com).

### 19 Post balance sheet events

#### *Financing*

The £28m receivable at period end relating to the £28m share capital issue during the period was settled in cash during October 2020. These cash proceeds were then used to fully settle the intercompany loans owed to Nufarm UK Limited and Nuseed America (with both loan agreements also terminated) and to partially settle the facility owed to Nuseed Global Innovation Limited.

In addition, the facility agreement with Nuseed Global Innovation Limited was extended to 31 October 2024 with the facility amount increasing from £25m to £40m.