

# **ANNUAL REPORT**

SYNGENTA FINANCE N.V.

AMSTERDAM

on the financial statements 31 December 2022

## TABLE OF CONTENTS

Directors' report	3
Financial statements	
Balance sheet	8
Profit and loss account	9
Notes to the financial statements	10
Other information	
Other information	27
Independent auditor's report	28

## DIRECTORS' REPORT

The Managing Board of Syngenta Finance N.V. hereby presents its directors' report for the financial year ended on 31 December 2022.

### General information

Syngenta Finance N.V. (hereafter the "Company") was incorporated on 20 March 2007. Its principal activities are to borrow, lend and raise funds in order to finance Syngenta AG group companies. The sole shareholder of the Company is Syngenta Treasury N.V. The Company's ultimate holding company Sinochem Holdings Corporation Ltd, Beijing, People's Republic of China.

The Company and Syngenta Finance AG of Switzerland are issuers under the Syngenta Euro Medium Term Note Programme (the "EMTN Programme"), for which the updated Base Prospectus was dated 10 May 2022. Syngenta AG of Switzerland, the intermediate holding company, guarantees, as applicable, the payment of all amounts due in respect of the Notes issued under the EMTN Programme. The maximum aggregate nominal amount of all notes that may from time to time be outstanding under the EMTN Programme is USD 7,500,000,000 (2021: USD 7,500,000,000). Risks associated with the Notes are disclosed in the Base Prospectus, which is available at the website [www.bourse.lu](http://www.bourse.lu) or [www.syngenta.com](http://www.syngenta.com).

Notes issued by the Company under the EMTN Programme are admitted to the official list of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange.

In March 2012 the Company issued Notes under the US Shelf programme, for which the Initial Prospectus was dated 16 November 2011 and the Supplementary Prospectus was dated 21 March 2012. Syngenta AG guarantees the payment of all amounts due in respect of the Notes issued under the US Shelf Program. Risks associated with the Notes are disclosed in the Initial and Supplementary Prospectus, that are available at the website [www.sec.gov](http://www.sec.gov).

Notes issued by the Company under the US Shelf Programme were deregistered from the SEC with effective date 19 April 2018.

In April 2018 the Company issued Senior Unsecured Notes under a 144A / Reg S format (without registration rights) in the amount of USD 4,750,000,000. These notes are admitted to the official list of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange. Syngenta AG guarantees the payment of all amounts due in respect to the 144A / Reg S Notes. Risks associated with the 144A / Reg S Notes are disclosed in the prospectus which is available at the website [www.bourse.lu](http://www.bourse.lu).

The financing activities are fully dependent on developments and funding needs within the Syngenta AG group. No substantial change of activities is foreseen.

### Financial information

The financial income of the Company amounted to USD 269,756,000 (2021: USD 300,913,000). The interest expenses of the Company decreased from USD 296,884,000 in 2021 to USD 266,847,000 in 2022. The decrease of the financial income and interest expenses was mainly caused by repayments of bonds

during the year. All raised funds are lent on a back-to-back basis to Syngenta Crop Protection AG with mirroring conditions.

The net profit of the Company decreased to USD 2,022,000 (2021: USD 2,763,000). The 2022 profit was lower mainly due to a decrease in the amount lent on to Syngenta Crop Protection AG. The Company together with Syngenta Treasury N.V. constitutes a fiscal unity with Syngenta Treasury N.V. being the head of the fiscal unity.

During the year 2022, the following major transactions have been conducted:

- In March 2022 a USD Bond with a face value of USD 500,000,000 matured and was repaid.
- In July 2022 the Company made a tender offer on any and all of the outstanding bonds on the in 2012 issued USD Bond maturing in 2042 with a face value of USD 29,234,000. A total amount of USD 9,129,000 has been tendered resulting in a decreased face value of USD 20,105,000.
- In July 2022 the Company made a tender offer on any and all of the outstanding bonds on the in 2018 issued USD Bond maturing in 2048 with a face value of USD 405,670,000. A total amount of USD 252,946,000 has been tendered resulting in a decreased face value of USD 152,724,000.
- In July 2022 the Company made a maximum tender offer on the outstanding bonds of the in 2018 issued USD Bond maturing in 2025 with a face value of USD 750,000,000. A total amount of USD 73,260,000 has been tendered resulting in a decreased face value of USD 676,740,000.
- In July 2022 the Company made a maximum tender offer on the outstanding bonds of the in 2018 issued USD Bond maturing in 2028 with a face value of USD 1,000,000,000. A total amount of USD 664,265,000 has been tendered resulting in a decreased face value of USD 335,735,000.

The Company was able to repay the tender offers because loans granted to Syngenta Crop Protection AG relating to the Notes that were tendered have been partially repaid by the borrower.

The nature of Company's business exposes it to a range of financial and non-financial risks. These risks include (i) market risks – specifically foreign exchange and interest rate, (ii) counterparty credit risk, (iii) liquidity and refinancing risk, and (iv) operational risks, such as litigation.

The management of the financial risks is covered by participating in global, integrated risk management processes of the Syngenta AG Group. Within Syngenta AG Group, a financial risk management framework is in place in the form of a Treasury policy, approved by the Managing Board. This policy provides guidance over all Treasury and finance related matters, is underpinned by delegated authority guidelines and is additionally supported by detailed procedures.

In accordance with its Treasury policy, the Company actively monitors and manages financial risks as follows:

- Market risks: Although the Company's interest income and profitability are exposed to fluctuations in foreign currency and interest rates, it has transferred the vast majority of foreign currency and interest rate risk on to Syngenta Crop Protection AG by means of conditions mirroring its liabilities, leaving a negligible market risk exposure at the Company level.

- Counterparty credit risk: The Company's transactions within Syngenta AG Group expose it to a significant concentration of credit risk. The Company benefits from a guarantee from Syngenta AG, as a result of which – above a certain first loss - it is insured against credit risk resulting from lending.
- Fraud risk: The Company assessed fraud risk as being low. Anti-Fraud process level controls are in place including segregation of duties as well as entity level controls including a robust speak-up-line and case investigation and resolution process.
- All the Company's financial liabilities from transactions with third parties on the money markets, credit and capital markets are guaranteed by Syngenta AG. The current credit rating of Syngenta AG by Moody's is Ba1/Not Prime, by S&P's BBB/A-2 and Fitch BBB+/F2.
- Liquidity and refinancing risk are managed by the following instruments:
  - In the first place, the operating cash inflows generated from the other members of the Syngenta AG Group (through the sole borrower Syngenta Crop Protection AG) that are applied to pay the financial liabilities of the Company, are considered sufficient to cover the financial obligations of the Company. This is evidenced by the current ratio of 1.01 (2021: 1.02) and the debt ratio 0.998 (2021: 0.998).
  - Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by the Company.
  - The Company together with Syngenta Wilmington Inc. has access to a USD 2,500,000,000 Global Commercial Paper program guaranteed by Syngenta AG. Commercial Paper issues are backed by a USD 3,000,000,000 committed, revolving, multi-currency syndicated credit facility. As at 31 December 2022, an amount of USD 0 (2021: USD 0) was issued under the global commercial paper program by the Syngenta AG group via Syngenta Wilmington Inc. and an amount of EUR 0 (2021: EUR 0) via the Company.
  - The amount of the committed, revolving, multi-currency syndicated credit facility is USD 3,000,000,000 (2021: USD 3,000,000,000). The contractual expiry of the committed, revolving, multi-currency syndicated credit facility date is in 2024. At 31 December 2022 USD 0 (2021: USD 0) was drawn under this facility by the Company.
  - The Company's interest rates, duration and terms of financial assets and liabilities as well as their currency are generally matching, therefore leading to a reduced market and liquidity risk.

Furthermore, the Company is exposed to operational risks, such as transaction processing, legal, compliance, litigation and security. Additional information about policies and risks regarding financial instruments is described in note 14 of the financial statements.

### **Going concern**

The Board made an assessment of relevant events and conditions, including current uncertainties related to Covid-19 and the Russia – Ukraine conflict and is of the view that this does not result into the identification of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

### **Proposed appropriation of the profit for 2022**

To the General Meeting of Shareholders, it will be proposed to pay a dividend of USD 2,000,000 and add the remaining profit for 2022 of USD 22,000 to the retained earnings. Pending approval of the General Meeting of Shareholders, the financial statements do not reflect the proposed dividend payment for 2022.

The Board proposes to the General Meeting of Shareholders to have the dividend due and payable directly after it is declared.

### **Personnel**

There is one employee in the service of the Company. In addition, the Company is being supported by various employees on the payroll of other Dutch based Syngenta companies.

### **Research and Development**

The Company does not perform research and development activities.

### **Board**

The Board of the Company consists of three directors, all male. The board recognises the benefits of diversity, including gender balance. However, the Board feels that gender is only one part of diversity. The Board members will continue to be selected on the basis of wide-ranging experience, backgrounds, skills, knowledge and insights.

There have been no changes in the board since 31 March 2022.

### **Audit committee**

The Company is a Public Interest Entity (Organisatie van Openbaar Belang, OOB), as a result of which the Company is in principle obliged to set up an audit committee on the basis of Article 39 of the Directive 2014/56/EU (Audit Directive). An audit committee, meeting the requirements of the Regulation (EU) no. 537/2014 and the Audit Directive has been provided for at the level of the Company's parent Syngenta Treasury N.V. This audit committee will also perform the required tasks for the Company. As a result of this, the Company is exempt from this obligation.

### **Subsequent events**

There have been no material subsequent events after balance sheet date.

### **Prospects for 2023**

The Company will continue its activities for financing Syngenta AG Group companies. The level of investments during 2023 is fully dependent on developments within the Syngenta AG Group. In future years, climate change may have both positive and negative impacts on Syngenta AG Group. Climate change may make growing certain crops more or less viable in different geographic areas, but is not likely to reduce overall demand for food and feed.

Enkhuizen, 5 April 2023

The Managing Board:

R.C. Peletier

L.W.F. Veldhuizen

M.M.L.M. Nijhof

**BALANCE SHEET AS AT 31 DECEMBER 2022**

before appropriation of profit

	Note	2022	2021
(in thousands of USD)			
<b>Fixed assets</b>			
Financial fixed assets	2	<u>4,000,346</u>	<u>6,090,749</u>
		4,000,346	6,090,749
<b>Current assets</b>			
Receivables	3	1,328,471	590,129
Income tax	10	17	-
Cash at bank	4	<u>32</u>	<u>34</u>
		1,328,520	590,163
<b>Total assets</b>		<u><u>5,328,866</u></u>	<u><u>6,680,912</u></u>

	Note	2022	2021
(in thousands of USD)			
<b>Shareholder's equity</b>	5		
Paid-up and called-up share capital		48	51
Currency translation reserve		13	10
Retained earnings		9,049	12,286
Profit for the year		<u>2,022</u>	<u>2,763</u>
		11,132	15,110
<b>Long-term liabilities</b>	6	3,998,546	6,086,961
<b>Current liabilities</b>	7	1,319,188	578,841
<b>Total shareholder's equity and liabilities</b>		<u><u>5,328,866</u></u>	<u><u>6,680,912</u></u>



**PROFIT AND LOSS ACCOUNT 2022**

	Note	2022	2021
(in thousands of USD)			
Financial income		269,756	300,913
Financial expense		<u>(266,847)</u>	<u>(296,884)</u>
<b>Net financial income (expense)</b>	8	2,909	4,029
<b>Operating expenses</b>	9	<u>(284)</u>	<u>(382)</u>
<b>Profit before taxation</b>		2,625	3,647
Income taxes	10	(603)	(884)
<b>Net profit</b>		<u><u>2,022</u></u>	<u><u>2,763</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

#### General

Syngenta Finance N.V. (hereafter “the Company”) is a public limited liability company incorporated on 20 March 2007. The registration number at the Chamber of Commerce is 37131823. The Company has its registered office at Westeinde 62, 1601 BK, Enkhuizen, the Netherlands. Its statutory seat is in Amsterdam.

The objects of the Company are to participate in, take an interest in any other way in and conduct the management of other business enterprises of whatever nature, to borrow, lend and raise funds, amongst other by issuing bonds, promissory notes and other financial instruments and evidence of indebtedness as well as to enter into agreements, of any kind whatsoever in connection with such financing activities, to finance group companies and third parties and in any way to provide security or undertake the obligations of group companies and third parties, to invest in securities of any kind whatsoever to enter into foreign exchange transactions of any kind whatsoever as well as any kind of commodity and derivative transactions with group companies as well as with other parties and finally all activities which are incidental or may be conducive to any of the foregoing.

Syngenta Treasury N.V. is the direct shareholder of the Company. The Company's ultimate holding company is Sinochem Holdings Corporation Ltd, Beijing, People's Republic of China. At balance sheet date, all raised funds are lent on a back-to-back basis to Syngenta Crop Protection AG.

The bonds of the Company are admitted to trading in Luxembourg on an EU regulated market; therefore, the Company is a Public Interest Entity (Organisatie van Openbaar Belang, OOB). The Netherlands is the home member state of the Company.

These financial statements cover the year 2022, which ended at the balance sheet date of 31 December 2022.

#### Basis of preparation

The Company's financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. These financial statements have been prepared on the basis of the going concern assumption.

#### Going concern

The Board made an assessment of relevant events and conditions, including current uncertainties related to Covid-19 and the Russia – Ukraine conflict and is of the view that this does not result into the identification of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

## Foreign currency translation

The functional and presentation currency of the Company is United States Dollar ("USD"). As a result, the financial statements are presented in USD. All amounts have been rounded to the nearest thousand.

At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the Company at the exchange rates at the date of the transactions.

Monetary balance sheet items denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the exchange rates prevailing at the date of transaction. Non-monetary balance sheet items that are measured at fair value are translated at the exchange rates prevailing at the date of valuation. Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the profit and loss account. Exchange differences arising on the translation of non-monetary items in foreign currencies are taken directly to the foreign currency translation reserve. The foreign currency translation reserve is included under the legal reserves.

The year-end rate used for balance sheet items for 2022 is EUR 1 to USD 1.0670.

The year-end rate used for balance sheet items for 2021 is EUR 1 to USD 1.1325.

## Estimates

The preparation of the financial statements requires the use of estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed periodically. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

The financial fixed assets in note 2 and receivables in note 3 are to the opinion of the management of the Company the most critical for the purpose of presenting the financial position and require estimates and assumptions. In note 15 the fair market value is disclosed.

## Balance sheet

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise measured in the further accounting principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities. An asset or liability that is recognised in the balance sheet, remains recognised

on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment. An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction. If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed.

#### Financial instruments

These financial statements contain the following financial instruments: loans granted to group companies, other receivables, cash, loans obtained from third parties and other liabilities. Financial instruments are recognised in the balance sheet when the contractual rights or obligations in respect of that instrument arise. A financial instrument is no longer recognised in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position.

#### Determination of fair value

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other. The fair value of listed financial instruments is determined on the basis of the exit price. The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

The fair value of derivatives involving the exchange of collateral is determined by discounting the cash flows to present value, applying a swap curve. This is used because the credit and liquidity risk is mitigated by the collateral exchange. The fair value of derivatives that do not involve exchange of collateral is determined by discounting the cash flows to present value, applying the relevant swap curve plus credit and liquidity surcharges.

#### Financial fixed assets

Financial fixed assets represent loans granted to Syngenta Crop Protection AG. Initial measurement is at fair value plus transaction costs. After initial measurement, financial fixed assets are carried at amortised cost based on the effective interest rate method less impairment (if applicable).

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably. An impairment loss in respect of a financial asset 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. A previously recognised impairment loss is reversed if the decrease of the impairment can be related objectively to an event occurring after the impairment was recognised. The reversal is limited to at most the amount required to measure the asset at

its original amortised cost at the date of reversal had the impairment not been recognised. Impairment losses and reversals thereof are recognised in the profit and loss account. Interest on assets that are subject to impairment, continues to be recognised by unwinding the discount on the assets.

#### Receivables

Receivables represent loans receivable from Syngenta AG group companies with a maturity of less than one year and other receivables. Upon initial recognition, receivables are carried at fair value plus transaction costs and subsequently measured at amortized cost based on the effective interest rate method less impairments, if applicable.

#### Impairment of financial assets

A financial asset that is not stated at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and financial assets that are held to maturity) both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. Those individually significant assets found not to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated 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.

Losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

### Cash and cash equivalents

Cash and cash equivalents are carried at their face value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies. In case cash and cash equivalents are not readily available to the Company within 12 months, they are presented under financial fixed assets.

### Liabilities

Liabilities are recognized initially at their fair value less transaction costs, which represents the net proceeds of issuing the liability. Subsequently, liabilities are stated at amortized cost using the effective interest rate method. Liabilities are classified as current if the debt agreement terms require repayment within one year of the balance sheet date. Otherwise, they are classified as long-term.

### Income taxes

The Company together with its parent company Syngenta Treasury N.V. constitute a fiscal unity.. Taxes are settled within this fiscal unity as if each Company were an independent taxable entity, taken into account advantages of the fiscal unity on the tax positions. The result of this accounting policy is that all deferred tax assets and liabilities within the Company are in principle receivables from or payables to the head of the fiscal unity Syngenta Treasury N.V.

### **Profit and loss account**

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability. Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

### Net financial income (expense)

This represents the proceeds and costs from borrowing and lending.

Interest income and expense (including any premiums and discounts treated as interest charges) is recognised in the profit and loss account, based on the effective interest rate method in the period to which they belong.

### Operating expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Any other obligations as well as potential losses arising before the financial year-end are recognised, if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

## Cash flow statement

The consolidated financial statements of Syngenta AG Group include a consolidated cash flow statement. Therefore the Company has not included a cash flow statement in its statutory financial statements. The Syngenta AG Group consolidated financial statements are available on the website [www.syngenta.com](http://www.syngenta.com).

## Events after the balance sheet date

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

## 2. Financial fixed assets

	2022	2021
(in thousands of USD)		
<b>Loans to group companies</b>		
Balance as at 1 January	6,090,749	6,788,586
Reclassification to short-term receivables	(999,254)	(499,685)
Amortisation of loans	(4,347)	(138)
Additions	-	249,352
Repayments	(994,564)	(312,602)
Foreign currency movements	(92,238)	(134,764)
Total financial fixed assets as at 31 December	4,000,346	6,090,749

Loans to group companies bear interest between 1.35% and 5.726% (2021: 1.35% and 5.726%). The interest rates are on an arms' length basis. The face value of loans to group companies is EUR 1,400,000,000 (2021: EUR 1,400,000,000) and USD 2,501,304,000 (2021: USD 4,500,904,000).

The foreign currency movements of USD (92,238,000) relates to the EUR denominated loans to group companies.

The maturity dates of the loans to group companies range from 2024 up to 2048 (2021: 2023 up to 2048). The carrying amounts of the loans to group companies can be split based on the maturity dates as follows:

- Loans maturing within 1-5 years: USD 2,954,755,000 (2021: USD 4,086,168,000).
- Loans maturing after 5 years: USD 1,045,591,000 (2021: USD 2,004,581,000).

As part of its credit policies, the Company has defined an internal credit limit for the sole borrower Syngenta Crop Protection AG for a maximum amount of USD 12,000,000,000 (2021: USD 12,000,000,000) at interest

rates corresponding to the Company's borrowing costs increased by all costs (if any) relating to the issue of debt securities which fund receivables under these credit limit. As at 31 December 2021 an amount of USD 5,228,615,000 was outstanding (2021: USD 6,561,482,000).

### 3. Receivables

Receivables and receivables from group companies

	2022	2021
(in thousands of USD)		
Other receivables	116	350
Amounts receivable from group companies	333,355	92,839
Loans receivable from group companies	995,000	496,940
Balance as at 31 December	<u>1,328,471</u>	<u>590,129</u>

Amounts receivable from group companies consists mainly of accrued interest on the on-lent and the recharge of expenses to Syngenta Crop Protection AG relating to the spread on bonds and guarantees. Recharges to group companies are calculated based on an arm's length principle.

### 4. Cash at bank

	2022	2021
(in thousands of USD)		
Cash at bank	<u>32</u>	<u>34</u>

There are no restrictions on the availability of cash at bank.

### 5. Shareholder's equity

Movements in the individual items of equity in 2022 were as follows:

	Share capital	Currency translation reserve	Retained earnings	Profit for the year	Total
(in thousands of USD)					
Balance at 1 January 2022	51	10	12,286	2,763	15,110
Currency translation	(3)	3	-	-	-
Profit appropriation	-	-	2,763	(2,763)	-
Dividend distribution	-	-	(6,000)	-	(6,000)
Profit for the year	-	-	-	2,022	2,022
Balance at 31 December 2022	<u>48</u>	<u>13</u>	<u>9,049</u>	<u>2,022</u>	<u>11,132</u>



Movements in the individual items of equity in 2021 were as follows:

	Share capital	Currency translation reserve	Retained earnings	Profit for the year	Total
(in thousands of USD)					
Balance at 1 January 2021	55	6	11,722	564	12,347
Currency translation	(4)	4	-	-	-
Profit appropriation	-	-	564	(564)	-
Profit for the year	-	-	-	2,743	2,763
Balance at 31 December 2021	<u>51</u>	<u>10</u>	<u>12,286</u>	<u>2,763</u>	<u>15,110</u>

The financial statements for the reporting year 2021 have been adopted by the General Meeting of Shareholders on 12 April 2022. The General Meeting of Shareholders has adopted the appropriation of profit after tax as proposed by the Managing Board of the Company.

#### Paid-up and called-up share capital

Issued share capital is equal to the paid-up and called-up share capital of 45,000 ordinary shares of EUR 1.00 each. Shares were paid up in cash in 2007. The authorised share capital consists of 225,000 ordinary shares of EUR 1.00 each.

#### Currency translation reserve

As per 01 May 2018 the functional currency and presentation currency is USD. Therefore the currency translation reserve reflects only the impact of the translation of the Company's share capital in EUR to USD at the rate of exchange at the balance sheet date. The currency translation reserve is a legal reserve.

## 6. Long-term liabilities

(in thousands of USD)	2022			2021		
	> 5 years	1-5 years	Total	> 5 years	1-5 years	Total
<b>Amounts payable to third parties</b>						
Balance as at 1 January	2,002,848	4,084,113	6,086,961	3,487,395	3,297,460	6,784,855
Reclassification to short-term debt	-	(999,565)	(999,565)	-	(499,648)	(499,648)
Reclassification between long-term liabilities	(531,337)	531,337	-	(1,125,184)	1,125,184	-
New Bonds addition	-	-	-	-	250,000	250,000
Repayment of payables	(926,340)	(73,260)	(999,600)	(315,096)	-	(315,096)
Amortisation	4,220	(1,056)	3,164	3,134	(1,353)	1,781
Foreign currency movements of payables	(32,590)	(59,824)	(92,414)	(47,401)	(87,530)	(134,931)
Balance as at 31 December	<u>516,801</u>	<u>3,481,745</u>	<u>3,998,546</u>	<u>2,002,848</u>	<u>4,084,113</u>	<u>6,086,961</u>

Amounts payable bear interest between 1.25% and 5.676% (2021: 1.25% and 5.676%). The face value of payables to third parties is EUR 1,400,000,000 (2021: EUR 1,400,000,000) and USD 2,501,304,000 (2021: USD 4,500,904,000). Except for the bank loan amounting to USD 1,000,000,000 due on 3 April 2024 and the

bank loan amounting to USD 250,000,000 due on 9 April 2025, the interest rates are fixed and do not depend on future changes in certain factors.

The foreign currency movements of USD (92,414,000) relates to the EUR denominated payables to third parties.

(in thousands of USD)	2022			2021		
	> 5 years	1-5 years	Total	> 5 years	1-5 years	Total
USD Private placements 2025	-	53,616	53,616	-	53,202	53,202
USD Private placements 2035	10,089	-	10,089	10,046	-	10,046
USD bond 2042	19,968	-	19,968	29,029	-	29,029
USD bond 2023	-	-	-	-	998,574	998,574
USD bank loan 2024	-	1,000,000	1,000,000	-	1,000,000	1,000,000
USD bank loan 2025	-	250,000	250,000	-	250,000	250,000
USD bond 2025	-	675,489	675,489	-	748,061	748,061
USD bond 2028	334,733	-	334,733	996,545	-	996,545
USD bond 2048	152,011	-	152,011	403,745	-	403,745
Eurobond 2026	-	971,303	971,303	-	1,034,276	1,034,276
Eurobond 2027	-	531,337	531,337	563,483	-	563,483
Amounts payable to third parties	516,801	3,481,745	3,998,546	2,002,848	4,084,113	6,086,961

The Company partly finances its intra-group financing activity through the issuance of debt securities.

- In 2012 an USD Bond was issued with a face value of USD 250,000,000 and net proceeds of USD 247,710,000 maturing on 28 March 2042 and bearing interest at a fixed rate of 4.375%. During 2021 and 2022 the company made tender offers on any and all of the outstanding bonds. The tender offers resulted in a remaining face value of USD 20,105,000 and net proceeds of USD 19,920,838 maturing on 28 March 2042 and bearing interest at a fixed rate of 4.375%.
- In 2015 an Eurobond was issued with a face value of EUR 500,000,000 and net proceeds of EUR 494,865,000 maturing on 10 September 2027 and bearing interest at a fixed rate of 1.25%.
- In 2018 an USD Bond was issued with a face value of USD 1,000,000,000 and net proceeds of USD 995,000,000 maturing on 24 April 2023 and bearing interest at a fixed rate of 4.441%. This USD Bond has been reported as a current liability since 24 April 2022.
- In 2018 an USD Bond was issued with a face value of USD 750,000,000 and net proceeds of USD 746,250,000 maturing on 24 April 2025 and bearing interest at a fixed rate of 4.892%. During 2022 the company made a maximum tender offer on the outstanding bonds. The tender offer resulted in a remaining face value of USD 676,740,000 and net proceeds of USD 673,356,300 maturing on 24 April 2025 and bearing interest at a fixed rate of 4.892%.
- In 2018 an USD Bond was issued with a face value of USD 1,000,000,000 and net proceeds of USD 995,000,000 maturing on 24 April 2028 and bearing interest at a fixed rate of 5.182%. During 2022 the company made a maximum tender offer on the outstanding bonds. The tender offer resulted in a remaining face value of USD 335,735,000 and net proceeds of USD 334,056,325 maturing on 24 April 2028 and bearing interest at a fixed rate of 5.182%.
- In 2018 an USD Bond was issued with a face value of USD 500,000,000 and net proceeds of USD 497,500,000 maturing on 24 April 2048 and bearing interest at a fixed rate of 5.676%. During 2021 and 2022 the company made tender offers on any and all of the outstanding bonds. The tender offers resulted in a remaining face value of USD 152,754,000 and net proceeds of USD 151,960,380 maturing on 24 April 2048 and bearing interest at a fixed rate of 5.676%.

- In 2019 an USD long term loan was issued with a face value of USD 500,000,000 and net proceeds of USD 500,000,000 maturing on 3 April 2024 and bearing interest at 3 months LIBOR plus a margin of 1.0333%.
- In 2020 the existing 2019 USD long term loan was increased with a face value of USD 500,000,000 and net proceeds of USD 500,000,000 maturing on 3 April 2024 and bearing interest at 3 months LIBOR plus a margin of 1.0333%.
- In 2020 Eurobonds with a total face value of EUR 900,000,000 and total net proceeds of EUR 916,448,000 maturing on 16 April 2026 and bearing interest at a fixed rate of 3.375%.
- In 2021 an USD long term loan was issued with a face value of USD 250,000,000 and net proceeds of USD 250,000,000 maturing on 9 April 2025 and bearing interest at 3 months LIBOR plus a margin of 1.25%.

The 2012 USD bonds were deregistered from the SEC with effective date 19 April 2018. The Eurobonds and the 2018 USD Bonds are traded at the Luxembourg Stock Exchange.

In 2005 three tranches of fixed rate notes under a Note Purchase Agreement in the US Private Placement market were issued with a group of investors for a total amount of USD 250,000,000. Due to a change in control and a rating downgrade of Syngenta AG in May 2017, the US Private Placement investors had the right to require the Company to prepay its notes at par together with interest thereon to the prepayment date. In July 2017 USD 146,500,000 of the total of USD 250,000,000 was repaid. The prepayment right due to the change of control elapsed in August 2017. In December 2020 the first tranche matured and has been repaid by the Company. After the partial repayment of the notes and maturity of the first tranche, the two remaining tranches mature as follows:

- USD 55,000,000 due on 8 December 2025 and bearing interest at a fixed rate of 5.35%.
- USD 11,000,000 due on 8 December 2035 and bearing interest at a fixed rate of 5.59%.

Syngenta AG has fully and unconditionally guaranteed the bonds, long term loan and the private placement notes. The current credit rating of Syngenta AG by Moody's is Ba1/Not Prime, by S&P's BBB/A-2 and Fitch BBB+/F2.

## 7. Current liabilities

	2022	2021
(in thousands of USD)		
Amounts owed to group companies	10,313	14,538
Other liabilities	59,224	64,303
Current financial debts	1,249,651	500,000
<b>Total</b>	<b>1,319,188</b>	<b>578,841</b>

Amounts owed to group companies consists mainly of guarantee fees and accruals for overhead expenses.

The current financial debts at 31 December 2022 concerns a USD 1,000,000,000 bond maturing in April 2023 and a short term facility of USD 250,000,000. The 2021 current financial debts consist mainly of a USD 500,000,000 bond maturing in March 2022.

Other liabilities can be broken down as follows:

	2022	2021
(in thousands of USD)		
Accrued interest 3rd party	59,224	64,273
Audit fees payable	-	30
Total	<u>59,224</u>	<u>64,303</u>

## 8. Financial income and expense

	2022	2021
(in thousands of USD)		
Interest income from group companies	269,600	300,806
Foreign exchange losses	(149,634)	(221,535)
Foreign exchange gains	<u>149,790</u>	<u>221,642</u>
Net foreign exchange gains (losses)	<u>156</u>	<u>107</u>
Financial income	269,756	300,913
Financial expense	(266,847)	(296,884)
Net financial income (expense)	<u>2,909</u>	<u>4,029</u>

The financial income and expense represents the income and expense related to the amounts receivable from group companies and bonds, private placements and drawings under the global commercial paper program and the committed, revolving, multi-currency syndicated credit facility.

## 9. Operating expenses

	2022	2021
(in thousands of USD)		
Salaries and wages	(71)	(104)
Social security	(21)	(31)
Recharges from group companies	(124)	(128)
Other operating expenses	(25)	(82)
Audit fees	(43)	(37)
Total operating expenses	<u>(284)</u>	<u>(382)</u>

Recharges from group companies are mainly finance operating support expenses from Syngenta Crop Protection AG. Recharges from group companies are calculated based on an arm's length principle.

The following fees were charged by KPMG Accountants N.V. to the Company as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code:

	2022			2021		
	KPMG Accountants N.V.	Other KPMG network	Total KPMG	KPMG Accountants N.V.	Other KPMG network	Total KPMG
(in thousands of USD)						
Audit of the financial statements	43	-	43	37	-	37
Other audit engagements	-	-	-	-	-	-
Tax-related advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
<b>Total</b>	<b>43</b>	<b>-</b>	<b>43</b>	<b>37</b>	<b>-</b>	<b>37</b>

## 10. Income taxes

### Reconciliation of the effective tax rate

	2022	2021
(in thousands of USD)		
Profit before taxation	2,625	3,647
Taxes for the year under review	603	884
Changes previous years	-	-
<b>Tax expense for the year</b>	<b>603</b>	<b>884</b>

The applicable tax rate for the Company's financial statements is 15% for the first EUR 395,000 taxable income and 25.8% for taxable income above this amount (2021: 15% for the first EUR 245,000 taxable income and 25% for taxable income above this amount). The Company is part of the fiscal unity with its immediate holding company, Syngenta Treasury N.V. The effective tax rate for 2022 is 23.0% (2021 24.2%).

There are no differences in tax rates or any other differences between situations in which profits or reserves are retained and situations in which profits or reserves are distributed.

## 11. Employees

### Workforce

There is one employee in the service of the Company (2021: 1). In addition, the Company is being supported by various employees on the payroll of other Dutch based Syngenta companies.

### Remuneration of and loans to members of the Board of Directors

The members of the Board of Directors did not receive any remuneration and have not taken out loans from the Company.

## 12. Related parties

### Related parties

Syngenta Treasury N.V., Syngenta Crop Protection AG, Syngenta AG, Syngenta Wilmington Inc. and Syngenta Seeds B.V., are considered related parties. Syngenta Treasury N.V. is the Company's parent company and provides treasury support services. Syngenta Seeds B.V. and Syngenta Crop Protection AG provide support finance and treasury services, office space, (IT) facilities and administrative services to the Company. All services delivered to the company are on an at arm's length basis. Together with Syngenta Wilmington Inc., the Company has access to a USD 2,500,000,000 Global Commercial Paper program. Syngenta AG is the guarantor of the Company's liabilities. The total fees paid for guarantees provided by Syngenta AG to the Company amount to USD 25,604,000 in 2022 (2021: USD 28,650,000).

### Ultimate holding company

Sinochem Holdings Corporation Ltd, Beijing, People's Republic of China, is the ultimate holding company of the Company. Syngenta AG, the guarantor of the Company includes the financial data of the Company in its consolidated financial statements. The financial statements are available on the website [www.syngenta.com](http://www.syngenta.com).

## 13. Commitments not shown in the balance sheet

### Liability

The Company together with Syngenta Treasury N.V. constitutes a fiscal unity for corporate income tax and value-added tax. The Company is jointly and severally liable for the tax liabilities of the Dutch group companies forming part of the fiscal unity. Total tax liability of the fiscal unity at 31 December 2022 amount to USD 37,000 (2021: liability of USD 278,000).

### Other commitments not shown in the balance sheet

The Company, acting as borrower, entered into a Revolving Credit Facility Agreement between the Company, Syngenta AG as guarantor, other group entities acting as borrowers and a group of international banks acting as lenders for USD 1,500,000,000 in 2012. In 2016 the credit facility was increased to USD 2,500,000,000 and in 2017 to USD 3,000,000,000. The credit facility matures in 2024. At 31 December 2022 USD 0 (2021: USD 0) was drawn under this facility.

No guarantees have been issued for members of the Board of Directors by the Company.

## 14. Financial risks

### Foreign currency risk

The Company is not exposed to any significant foreign currency risks as it has lent on all proceeds from the issue of debt securities to the sole borrower Syngenta Crop Protection AG with mirroring conditions.

**Interest rate risk**

The Company is not exposed to any significant interest rate risks as it has lent on all proceeds from the issue of debt securities to the sole borrower Syngenta Crop Protection AG with mirroring conditions.

**Counterparty credit risk**

The Company's transactions with its sole borrower Syngenta Crop Protection AG expose it to a significant concentration of credit risk. The Company benefits from a guarantee from Syngenta AG, as a result of which – above a certain first loss - it is insured against credit risk resulting from lending. Furthermore, all of the Company's financial liabilities from transactions with third parties on the money markets, credit and capital markets are guaranteed by Syngenta AG. The current credit rating of Syngenta AG by Moody's is Ba1/Not Prime, by S&P's BBB/A-2 and Fitch BBB+/F2.

**Fraud risk**

The Company assessed fraud risk as being low. Anti-Fraud process level controls are in place including segregation of duties as well as entity level controls including a robust speak-up-line and case investigation and resolution process.

**Liquidity and refinancing risk**

Liquidity and refinancing risk are managed by the following instruments:

- In the first place, the operating cash inflows generated from the other members of the Syngenta AG Group (through the sole borrower Syngenta Crop Protection AG) that are applied to pay the financial liabilities of the Company, are considered sufficient to cover the financial obligations of the Company. This is evidenced by the current ratio of 1.01 (2021: 1.02) and the debt ratio 0.998 (2021: 0.998).
- Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by the Company.
- The Company together with Syngenta Wilmington Inc. has access to a USD 2,500,000,000 Global Commercial Paper program guaranteed by Syngenta AG. Commercial Paper issues are backed by a USD 3,000,000,000 committed, revolving, multi-currency syndicated credit facility. As at 31 December 2022, an amount of USD 0 (2021: USD 0) was issued under the global commercial paper program by the Syngenta AG group via Syngenta Wilmington Inc. and an amount of EUR 0 (2021: EUR 0) via the Company.
- The amount of the committed, revolving, multi-currency syndicated credit facility is USD 3,000,000,000 (2021: USD 3,000,000,000). The contractual expiry of the committed, revolving, multi-currency syndicated credit facility date is in 2024. At 31 December 2022 USD 0 (2021: USD 0) was drawn under this facility by the Company.
- The Company's interest rates, duration and terms of financial assets and liabilities as well as their currency are generally matching, therefore leading to a reduced market and liquidity risk.

The Company does not make use of derivative financial instruments.

## 15. Fair value

The carrying value and fair value of the Company's financial assets and liabilities can be broken down as follows:

(in thousands of USD)	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Financial fixed assets	4,000,346	3,816,151	6,090,749	6,519,231
Receivables and receivables from group companies	1,328,488	1,328,488	590,129	590,129
Cash at bank	32	32	34	34
	<u>5,328,866</u>	<u>5,144,671</u>	<u>6,680,912</u>	<u>7,109,394</u>
Financial liabilities				
Long-term liabilities	3,998,546	3,816,151	6,086,961	6,519,231
Current liabilities	1,319,188	1,319,188	578,841	578,841
	<u>5,317,734</u>	<u>5,135,339</u>	<u>6,665,802</u>	<u>7,098,072</u>

The estimated fair value of the financial assets and liabilities is determined using available market information and appropriate valuation methods. The following methods and assumptions have been used to estimate the market value of the financial instruments:

- Current and non-current assets and liabilities representing the bonds issued with financial counterparties and the fixed rate notes under a Note Purchase Agreement in the US Private Placement market, and the related loans to Syngenta AG group companies.
- The levels of fair value hierarchy used for the bonds and private placements are defined as follows:
  - o Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
  - o Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
  - o Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.
- Financial liabilities represent both exchange traded bonds and non-exchange traded private placement notes issued by the Company. The fair value disclosed consists of level 2 fair value measurements derived from observable price quotations for the bonds.
- All raised funds are lent on a back-to-back basis to the sole borrower Syngenta Crop Protection AG with a small spread to cover for the Company's expenses. Therefore the fair value of the financial fixed assets and long-term liabilities are the same.
- All other financial assets and liabilities: given the short term of these instruments, the carrying value is close to the market value.



## **16. Events after the balance sheet date**

There have been no material subsequent events after balance sheet date.

## **17. Proposed appropriation of the profit for 2022**

To the General Meeting of Shareholders, it will be proposed to pay a dividend of USD 2,000,000 and add the remaining profit for 2022 of USD 22,000 to the retained earnings. Pending approval of the General Meeting of Shareholders, the financial statements do not reflect the proposed dividend payment for 2022.

The Board proposes to the General Meeting of Shareholders to have the dividend due and payable directly after it is declared.

Enkhuizen, 5 April 2023

The Managing Board:

R.C. Peletier

L.W.F. Veldhuizen

M.M.L.M. Nijhof

## **OTHER INFORMATION**

### **Articles of Association provisions governing profit appropriation**

Profit is appropriated in accordance with Article 17.2 of the Articles of Association, which states that the General Meeting of Shareholders shall determine the allocation of the profit.

## **INDEPENDENT AUDITOR'S REPORT**

To: The General Meeting of Shareholders and the Board of Directors of Syngenta Finance N.V.



# Independent auditor's report

To: the General Meeting of Shareholders and the Audit Committee of Syngenta Finance N.V.

## **Report on the audit of the financial statements 2022 included in the annual report**

### ***Our opinion***

In our opinion the accompanying financial statements give a true and fair view of the financial position of Syngenta Finance N.V. as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### ***What we have audited***

We have audited the financial statements 2022 of Syngenta Finance N.V. (the Company) based in Amsterdam.

The financial statements comprise:

- 1 the balance sheet as 31 December 2022;
- 2 the profit and loss account for 2022; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

### ***Basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Syngenta Finance N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and key audit matter should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Information in support of our opinion

### Summary

#### Materiality

- Materiality of USD 26.6 million
- 0.5% of total assets

#### Going concern and Fraud/Noclar

- Going concern: no significant going concern risks identified
- Fraud & Non-compliance with laws and regulations (Noclar): management override of controls (presumed risk)

#### Key audit matters

- Recoverability of financial fixed assets and receivables from group companies

#### Opinion

Unqualified

### Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at USD 26.6 million (2021: USD 33.4 million). The materiality is determined with reference to total assets (0.5%). We consider total assets as the most appropriate benchmark because the Company is a financing entity for the Syngenta AG Group and not driven by profitability. Materiality significantly changed compared to last year due to the decrease in the total assets as a result of redemptions of bonds used to provide on-lending facilities to related entities in 2022 compared to previous year. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee that misstatements in excess of USD 1.30 million which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Audit response to the risk of fraud and non-compliance with laws and regulations

As included on page 5 of the Director's report, the Managing Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we gained insight into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the group company's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management. As part of our audit procedures, we:



- evaluated other positions held by Managing Board members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest; and
- evaluated correspondence with the Luxembourg stock exchange and tax authorities as well as legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and did not identify areas that likely have a material effect on the financial statements.

We evaluated the fraud and non-compliance risk factors to consider whether those factors by themselves would cause the existence of a reasonable possibility of a risk of material misstatement in the financial statements.

Further we assessed the presumed fraud risk on revenue recognition as irrelevant, since the Company's sole significant source of income is finance income. Such finance income is derived from long term loan agreements with Syngenta Crop Protection AG including fixed terms and conditions in respect of interest. As a consequence, we did not identify an incentive nor pressure for the Managing Board members to achieve certain results or specific finance income targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

Based on the above and the relevant auditing standards, we identified the following presumed fraud risk in respect of management override of controls that is relevant to our audit and responded as follows:

— **Management override of controls (a presumed risk)**

Risk:

- The Managing Board is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and Recoverability of financial fixed assets and receivables from group companies.
- We performed a data analysis of high-risk journal entries and evaluated judgments for bias by the Company's Managing Board, including retrospective review of prior years' Recoverability of financial fixed assets and receivables from group companies. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit such as using other keys in finding high risk journal entries.

We communicated our risk assessment, audit responses and results to the Managing Board and the Audit Committee



Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit and did not result in a key audit matter.

### **Audit response to going concern – no significant going concern risks identified**

The Managing Board performed its going concern assessment, in which amongst others the Company's high dependency of the group companies' ability to fulfill its obligations towards the Company was considered. As disclosed on page 10 of the financial statements the Managing Board did not identify any significant going concern risks.

To assess the Managing Board's assessment, we performed, inter alia, the following procedures:

- we considered whether the Managing Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit. This includes the possible impact of the Russia Ukraine conflict;
- we analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks; and
- we considered whether the outcome of our audit procedures, to determine the recoverability of the intercompany loans, as described in the key audit matter on recoverability of financial fixed assets and receivables from group companies, could indicate a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Managing Board's going concern assessment.

### **Our key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Audit Committee. The key audit matter is not a comprehensive reflection of all matters discussed. Last year we reported the same key audit matter.

## **Recoverability of financial fixed assets and receivables from group companies**

### **Description**

The main purpose of the Company is the financing of companies belonging to the Syngenta AG Group. The Company does not have any significant assets other than the Financial fixed assets and loan receivables which comprises of loans to group companies. As at 31 December 2022, the carrying value of these loans, when taking into account the long term and current portions, amounted to USD 5.3 billion. As disclosed in note 1, these loans to group companies are valued at amortised cost less accumulated impairment losses.

The Company is dependent on the performance of Syngenta AG Group for repayment of these loans to group companies. Given the pervasive impact of the recoverability of these loans to group companies on the financial statements of the Company as a whole, we consider the recoverability of these loans to group companies to be a key audit matter.

### **Our response**

Our audit procedures included, amongst others, evaluating whether there were objective indicators for impairment of the loans to group companies, such as a decline of the fair value of the loans to group companies below their carrying value. In this respect we assessed the Managing Board's fair value determination.





Further we have analysed the financial performance, financial position and liquidity ratios of Syngenta AG to determine whether it has the ability to fulfil the guarantee of the loans issued by Syngenta Finance N.V., as principal borrower, to the Syngenta AG group companies.

### **Our observation**

Based on our procedures performed on the valuation of the loans to group companies these are fairly reflected in the balance sheet as per 31 December 2022, based on the accounting principles as disclosed in note 1 and no significant issues noted in respect of the recoverability of these receivables.

### **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **Report on other legal and regulatory requirements**

#### ***Engagement***

We were engaged by the General Meeting of Shareholders as auditor of Syngenta Finance N.V. on 25 February 2015, as of the audit for the year 2014 and have operated as statutory auditor ever since that financial year.

#### ***No prohibited non-audit services***

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.



## **Description of responsibilities regarding the financial statements**

### ***Responsibilities of the Managing Board and Audit Committee for the financial statements***

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in appendix. This description forms part of our auditor's report.

Amstelveen, 5 April 2023

KPMG Accountants N.V.

M.A. Huiskers RA

### ***Appendix:***

Description of our responsibilities for the audit of the financial statements



## Appendix

### Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Board;
- concluding on the appropriateness of the Managing Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.