schouw&co

A steady hand in turbulent times

ANNUAL REPORT 2021

Aktieselskabet Schouw & Co. · Chr. Filtenborgs Plads 1 · 8000 Aarhus C · Denmark · Company reg. (CVR) no. 63965812

Contents

The management review includes the sections 'Management's report', 'Our businesses' and 'Group information'

This publication is a translation of the Danish Annual Report 2021. The original Danish text shall be controlling for all purposes, and in cases of discrepancy, the Danish wording shall be applicable.

Overview

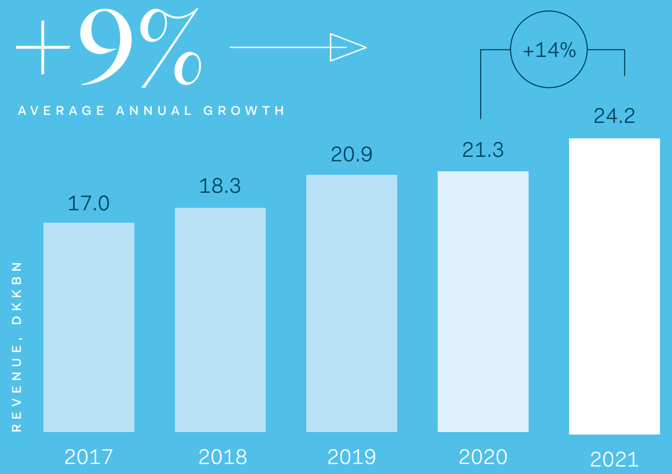
Ambitious ESG targets launched for 2030

ESG reporting further strengthened in 2021

EBITDA
2.2
DKKBN

ROIC
14.1%
EXCLUDING GOODWILL

+9%
AVERAGE ANNUAL GROWTH



10,250 skilled and dedicated employees

Low financial leverage with NIBD/ EBITDA of **1.2x** allows for additional value-creating investment for increased capacity and company acquisitions

34 year track record of making successful transformations and long-term investments

144 year history as an industrial business

60 factories in 30 countries

"Schouw & Co. delivered strong execution in a challenging 2021, maintaining the bottom line coupled with top-line growth. We are well positioned to continue our growth journey in 2022"

Jens Bjerg Sørensen, President and CEO

Solid platform for **profitable growth** in the future backed by substantial investments and priority given to maintaining **strong customer relations** and strong supply capacity

Strong portfolio of six industry-leading B2B businesses headquartered in Denmark

- **BioMar**
- **Fibertex Personal Care**
- **Fibertex Nonwovens**
- **GPV**
- **HydraSpecma**
- **Borg Automotive**

EXPANSION IN 2021:

5 projects launched to expand capacity

2 attractive bolt-on acquisitions completed

Our purpose:

Schouw & Co. is a responsible long-term owner enabling growth through transformation.
We build the companies of tomorrow by putting people first

schouw&co | BRIGHT MINDS | STEADY HANDS | BETTER BUSINESS

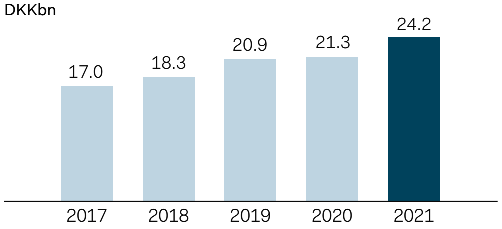
Management's report

Financial highlights and key ratios

GROUP SUMMARY (DKKm)	2021	2020	2019	2018	2017
Revenue and income					
Revenue	24,219	21,273	20,946	18,253	17,032
Operating profit before depreciation/amortisation (EBITDA)	2,208	2,209	1,951	1,579	1,568
Depreciation and impairment losses	861	833	802	532	475
EBIT	1,346	1,376	1,149	1,047	1,093
Profit/loss after tax in associates and joint ventures	46	-36	50	70	42
Gains on divestments	3	2	29	9	0
Net financials	-64	-133	-79	-40	-30
Profit before tax	1,332	1,209	1,149	1,086	1,105
Profit for the year	1,039	909	906	796	875
Cash flows					
Cash flows from operating activities	531	2,296	1,410	837	763
Cash flows from investing activities	-950	-533	-1,043	-1,360	-2,763
Of which investment in property, plant and equipment	-751	-454	-774	-685	-809
Cash flows from financing activities	250	-1,630	-421	623	818
Cash flows for the year	-170	133	-54	100	-1,181
Invested capital and financing					
Invested capital (ex. goodwill)	11,211	9,421	10,510	8,831	7,337
Total assets	21,524	17,994	18,777	16,940	14,389
Working capital	4,566	3,107	3,738	3,441	2,505
Net interest-bearing debt (NIBD)	2,773	1,936	3,298	2,425	1,275
Share of equity attributable to shareholders of Schouw & Co.	10,670	9,606	9,519	8,652	8,317
Non-controlling interests	15	0	2	7	15
Total equity	10,684	9,605	9,521	8,659	8,332
Financial data					
EBITDA margin (%)	9.1	10.4	9.3	8.7	9.2
EBIT margin (%)	5.6	6.5	5.5	5.7	6.4
EBT margin (%)	5.5	5.7	5.5	6.0	6.5
Return on equity (%)	10.2	9.5	10.0	9.4	10.9
Equity ratio (%)	49.6	53.4	50.7	51.1	57.9
ROIC excluding goodwill (%)	14.1	15.3	12.3	14.5	17.6
ROIC including goodwill (%)	11.4	12.3	10.0	11.3	13.8
NIBD/EBITDA ratio	1.2	0.9	1.7	1.5	0.8
Average no. of employees	10,210	9,393	9,683	7,174	6,087
Per share data					
Earnings per share (of DKK 10)	43.30	38.04	38.27	33.43	36.85
Diluted earnings per share (of DKK 10)	43.12	38.00	38.27	33.35	36.63
Dividends per share (of DKK 10)	15.00	14.00	14.00	13.00	13.00
Net asset value per share (of DKK 10)	445.15	400.58	397.34	365.17	346.99
Share price, end of period (per share DKK 10)	569.00	616.00	560.00	485.60	581.50
Price/Net asset value	1.28	1.54	1.41	1.33	1.68
Market capitalisation, end of period	13,638	14,771	13,415	11,505	13,939

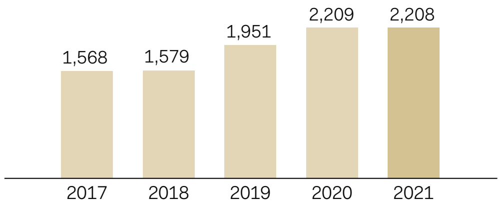
Revenue

DKKbn



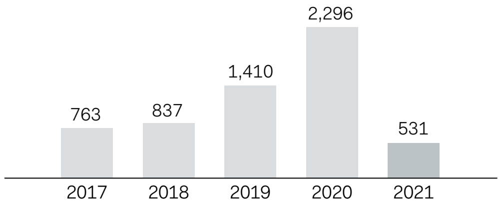
Operating profit before depreciation/amortisation (EBITDA)

DKKm



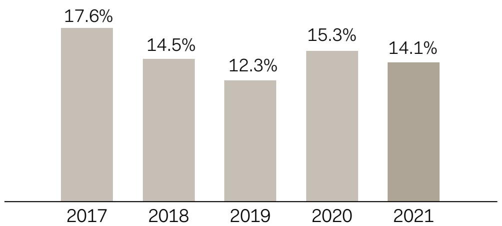
Cash flows from operating activities

DKKm



Return on invested capital

ROIC excluding goodwill



A word from the CEO

SEE VIDEO WITH CEO JENS BJERG SØRENSEN ON WWW.SCHOUW.DK

2021 was a year of major shifts in global value chains and unfortunate spillovers of the coronavirus pandemic. At Schouw & Co., we managed to steer a stable course through these turbulent times, and we stand well prepared for the future. For 2022, we expect growth to continue and earnings to remain at an attractive level.

A steady hand in turbulent times

Schouw & Co. constantly evolving
Schouw & Co. is a responsible long-term owner enabling growth through transformation. We are working on a broad range of operational improvements in our businesses, while always staying focused on both organic and acquisitive growth. We believe businesses that are constantly evolving is the foundation for long-term value creation. It is the fundamental improvements that create lasting value.

We build the companies of tomorrow by putting people first. We go to great lengths to provide the best conditions for our management teams and their employees, and by being visionary and bold and challenging each other, we build a value-generating culture. We delegate a lot of responsibility to the managements of our businesses, and it was reassuring to witness how our managements and their employees stepped up, worked hard and remained focused during the entire year. Soaring prices of input and raw materials, surging costs of freight and energy, prolonged lead times and allocation of goods were everyday occurrences in 2021. As subcontractors to B2B industries we have no choice but to pass on massive cost hikes to our customers, and both our procurement and sales teams have had more than enough to deal with. It has been tough going at times. We have done well so far, but we are not quite home and dry.

Growth journey continues
We managed to grow our revenue by 14% in 2021. This was very much an effect of capacity-expanding investments made in

prior years, but it was also partly driven by higher prices of raw materials that lifted revenue but with no effect filtering through to the bottom line. A wide range of costs went up during the year: direct freight and energy costs alone impacted our earnings by about DKK 150 million compared to 2020. With that in mind, we are pleased to note that our consolidated EBITDA has remained at the attractive level we reported for 2020.

> Our ambition is to grow our consolidated revenue, including from new acquisitions to more than DKK 35 billion with EBITDA of at least DKK 3 billion by the end of 2025.

We expect to continue to generate substantial growth in the years ahead. In 2021, we invested almost DKK 1 billion, and in 2022, we expect a capex spend of more than DKK 1.2 billion. Thinking big in times of uncertainty requires a bold approach, but we expect that, in a few years, our massive investments will be cornerstones of earnings well above the current level. Our investment programme consists mainly of capacity expansion in BioMar, the two Fibertex businesses and in GPV. Our ambition is to grow our consolidated revenue, including from new acquisitions to more than DKK 35 billion with EBITDA of at least DKK 3 billion by the end of 2025, while always maintaining an attractive return on invested capital.

Acquiring new businesses is an intrinsic part of our growth ambitions. Late in 2020 and again in 2021, we acquired some relatively small businesses for Borg Automotive. At Schouw & Co., we have the financial strength to expand through company acquisitions. Our main focus is on bolt-on acquisitions for our existing businesses and within fields where we can build on strong existing positions.

Despite the challenges of our times, we are generally optimistic about the future. All of our businesses operate in industries experiencing growth, and they all have leading positions in their segment or niche area of operation. We regularly consider new markets and technologies that will support development and innovation and make us stronger, and investments will continue to be at the root of our long-term value creation in the years ahead.

Responsible, credible and with integrity

The power of diversification in our portfolio becomes clear in times of global upheaval and turbulence. Our extensive risk diversification in terms of both geographies and industries, makes for strong resilience at group level. Schouw & Co.'s strategy and business model are very clear. We develop and transform a diversified portfolio of leading B2B businesses – and long-term value creation is always our top priority.

We intend to create part of our future value through an even greater focus on responsible conduct, for example by reducing our climate impact and by securing good and safe working conditions for the more than 10,000 employees in our portfolio businesses. This year, we have further upgraded our ESG reporting, which is available as a separate document to this Annual Report. The ESG Report presents our non-financial indicators for energy consumption and Lost Time Injuries, and this year, we are presenting very ambitious targets towards 2030 at both group and company levels. In the climate field, we are working to reduce by 35% the direct greenhouse gas emissions from our factories, and our goal is to use electicity exclusively from renewable sources. We aim to increase our employee satisfaction ratings and lower the number of Lost Time Injuries, and we require all our businesses to include ESG improvements in their innovation efforts.

We fully anticipate that 2022 will be challenging and exciting in equal measure, and we expect to grow both revenue and earnings. Our priority is to invest for capacity expansion, innovation and for a more responsible and sustainable future.

Jens Bjerg Sørensen, President and CEO
Aarhus, 4 March 2022

Business model

Schouw & Co. has a long-term investment horizon. We invest in Danish industrial businesses with an international perspective and the potential to grow and evolve. We believe in long-term value creation through active ownership

VALUES

Long-term and visionary

As owners, we willingly take risks and invest to future-proof our businesses when the long-term potential is consistent with the expected risk.

Results are created by people

We generate earnings and returns on a par with the best, but always in adecent and trustworthy manner.

Making every penny count

We have an industrial mindset and view operational streamlining as the foundation for greater efficiency and competitive strength.

A relevant owner

As owners, we know that change is necessary and we continually adapt, but we always safeguard Schouw & Co.'s reputation and values.

Patient, but demanding

We exercise an engaging and consistent ownership approach through and together with the current management team, supporting them in exercising their full operational responsibility.

Schouw & Co. as an active owner

When exercising ownership of a business, Schouw & Co. will always be guided by an intention to create value in a decent and trustworthy manner. Our aim is to consistently be a relevant and meaningful owner and to challenge and develop our businesses. We do not believe that micromanagement and unnecessary reporting and intervention create long-termvalue.

INVESTING AT VARIOUS LEVELS

Schouw & Co. implements investments at various levels, but always for the purpose of generating the best return with due consideration for the risk involved.

Shareholders of Schouw & Co. gain exposure to businesses and investment opportunities that would not otherwise be available in the market.

1. Capacity-expanding investments in the core markets of our existing businesses
2. Bolt-on acquisitions for existing businesses
3. Expanding into new markets or new segments (greenfield)
4. Acquiring new business not related to existing businesses

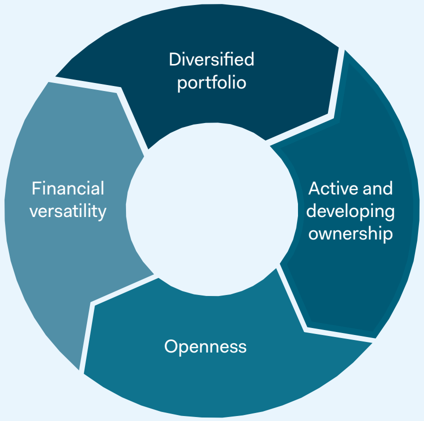
Identifying and making decision to invest

BEST POSSIBLE RETURNS WITH DUE CONSIDERATION TO RISK

Active ownership

At Schouw & Co., our strategy is based on three 'wheels' that reflect the Group's modus operandi and our mindset. The wheels combine to illustrate how our diversified conglomerate strategy sets a common direction for financial and responsible development.

CONGLOMERATE STRATEGY



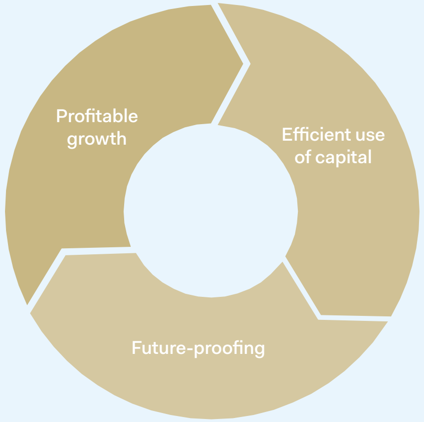
Diversified portfolio
Since 1988, the cornerstone of our strategy has been to own and operate a portfolio of businesses in different industries.

Active and developing ownership
Businesses under Schouw & Co. ownership consistently evolve and transform – and active ownership is deeply entrenched in our business model.

Openness
As a listed company, we communicate openly about our targets and strategy, always with due consideration for our competitive situation.

Financial versatility
Schouw & Co. must always have the financial resources to support its portfolio businesses and to pursue opportunities that may arise.

ACTIVE AND DEVELOPING OWNERSHIP



Profitable growth
All Schouw & Co. companies are focused on long-term profitability and growth, which we consider fundamental to value creation.

Efficient capacity utilisation
Our businesses must optimally use the capital made available to them by applying assets and working capital in the best way possible.

Future-proofing
Investing in innovation, organisation and development is essential for long-term value creation and is given special priority by all of our businesses.

RESPONSIBILITY

Produce responsibly
The companies of the Schouw & Co. Group are required to manufacture their products efficiently in terms of resource consumption and climate impact.

Protect workers
All employees of the Schouw & Co. Group must be able to go to work and return home safely every day, no matter where in the world they are employed.

Promote innovation
Our companies assume a responsibility for ensuring strong governance and compliance, and they allocate resources for the development of sustainable solutions.

Our businesses

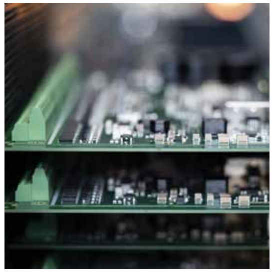
BioMar

One of the world's largest manufacturers of quality feed for the fish and shrimp farming industries. The core business areas are feed for salmon, trout, sea bass, sea bream and shrimp.

REVENUE
13.3
DKKBN

Global leader with a presence in 13 countries

Contributor to sustainable food production



GPV

One of Europe's leading EMS businesses. Manufacturer of electronics, mechanics, cable harnessing and mechatronics. Serves leading global customers in its various segments.

EBITDA
27%
IMPROVEMENT

The Group's second-largest company

Expanding operations in Thailand and Sri Lanka

Fibertex Personal Care

One of the world's largest manufacturers of spunmelt nonwovens for the personal care industry. Mainly sells products for baby diapers, sanitary towels and incontinence products.

EBITDA
14%
MARGIN

Global demand for personal care products

Most innovative player in the industry

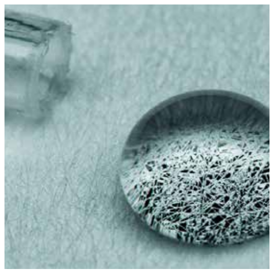
HydraSpecma

Market-leading specialist within hydraulic solutions and components. Customers include major Nordic-based OEM manufacturers and the aftermarket.

ORGANIC GROWTH
17%
BY 2021

Combining hydraulic and electric solutions

Supplier to the wind turbine and other industries



Fibertex Nonwovens

A leading global manufacturer of special-purpose nonwovens. A wide range of applications, including for cars, construction and filtration solutions.

INVESTMENT OF
600
DKKM IN ADVANCED SPUNLACE TECHNOLOGY

Replacing plastics with sustainable alternatives

Challenging H2 2021

Borg Automotive

Europe's largest independent automotive remanufacturing company. Sells to distributors and OE customers for almost all car makes.

EARNINGS
50%
IMPROVEMENT

Business model based on the circular economy

Two acquisitions completed in 2020/21

Strategic goals

We work with strategic goals for investment returns, leverage and dividends at group level. We define strategic goals at portfolio company level along with specific earnings targets for the different industries and competitive environments relevant to the individual companies.

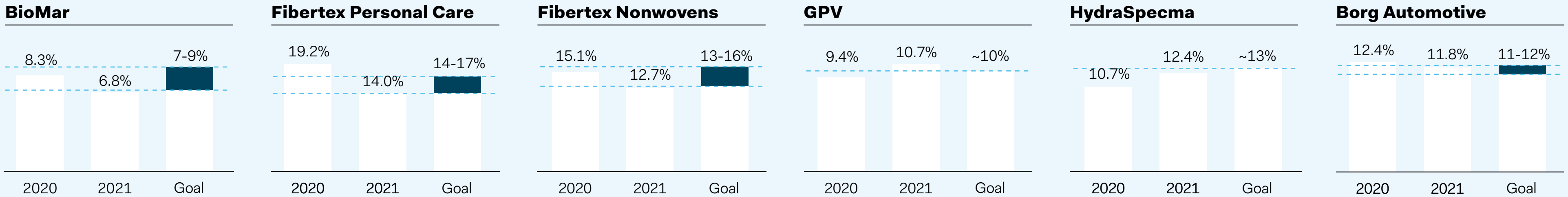
STRATEGIC GROUP GOALS

GOALS	STATUS
RETURN ROIC > 15%	Average return on invested capital (ROIC) of 15% over the past five years
GEARING NIBD/EBITDA preferably 1–2.5x	Average NIBD/EBITDA of 1.2x over the past five years
DIVIDENDS Constant or rising dividends	Dividends raised twice and total dividends of DKK 1.8 bn paid in the past five years

STRATEGIC PORTFOLIO COMPANY GOALS

GOALS	STATUS
GROWTH Significant growth every year	Average growth rate across our portfolio companies of 9% over the past five years
EARNINGS On a par with the best	Our portfolio companies' earnings are generally considered to be among the best in their respective industries
RESPONSIBILITY Innovative products and responsible production	All portfolio companies have set strong 2030 ambitions for the ESG area

EBITDA TARGETS FOR THE PORTFOLIO BUSINESSES



The companies of the Schouw & Co. Group operate in a number of different industries and face different competitive environments. All the industries are generally very competitive, but our companies hold strong positions and we believe they all generate earnings at the top end of their peer groups.

We believe most of our businesses have the potential to increase their earnings from current levels to the indicated targets within a brief time horizon. That horizon is a bit longer for Fibertex Nonwovens due to the company's massive capacity expansion.

When coupled with an outlook for continuing growth in all businesses, this would imply a substantial value potential over the coming years.

"We create long-term value for our shareholders in a decent and trustworthy manner

Jørn Ankær Thomsen, Chairman of the Board of Directors, Schouw & Co.

Our focus for 2022

Our companies will be investing massively in 2022 to expand capacity, aiming to ensure earnings at attractive high levels. Our financial strength enables us to invest for long-term value-creating transformation of our portfolio companies.

At group level, Schouw & Co. will primarily focus on the following areas in 2022

Sound profitability
- Secure compensation for increased prices of raw materials and higher costs of energy and freight
- Conclude contracts and value-creating partnerships with international customers

Expansion and growth
- Invest more than DKK 1 billion in new capacity
- Apply our strong capital resources to make attractive acquisitions and investments

Capital applications
- Secure efficient use of working capital and capitalise on business opportunities
- Focus on large-scale operations and optimal capacity utilisation by all portfolio companies

Responsible conduct
- Reduce climate impact and GHG emissions
- Continue to develop and improve occupational health and safety and employee engagement

In 2022, our portfolio companies will primarily focus on

BIOMAR
- Sustain growth and increase earnings in major salmon markets
- Install new capacity for shrimp feed in Ecuador
- Start up operations in Vietnam

FIBERTEX PERSONAL CARE
- Commission ninth production line in Malaysia and secure sales
- Continue to develop printing operations
- Implement sustainable solutions

FIBERTEX NONWOVENS
- Install capacity and strengthen positions in the USA and the Czech Republic
- Secure necessary compensation for higher costs
- Accelerate innovation

GPV
- Convert historically high order backlog into sales and earnings
- Secure supplies of components and raw materials in challenging market conditions
- Generate growth through new customers and projects

HYDRASPECMA
- Maintain solid earnings from OEMs and the aftermarket
- Build skills in electrification
- Ensure cost-efficient distribution and production setup

BORG AUTOMOTIVE
- Integrate recent acquisition SBS
- Increase automation and digitalisation
- Invest in scalability and in future-proofing the business to sustain growth

Management's report

A very good year, with revenue improvements exceeding expectations. Steady operations in turbulent conditions kept EBITDA at a high level. Continuing to invest to grow and develop the businesses.

The Schouw & Co. Group had a very good year in 2021 despite disrupted global supply chains, soaring prices of raw materials and much higher energy and freight costs and changing market conditions as the year progressed. The guidance provided at the release of Annual Report 2020 was for 2021 EBITDA at the same high level as reported for 2020, and after a satisfying fourth quarter the full-year EBITDA ended fully in line with the 2020 figure.

QUARTER (DKKm)	**2021 Q4**	**2020 Q4**	**Change**	
Revenue	6,836	5,473	1,363	24.9%
EBITDA	550	582	-32	-5.5%
EBIT	332	373	-42	-11.1%
Income from associates	10	0	10	n/a
Profit before tax	337	335	2	0.7%
Cash flows from operating activities	-128	429	-557	-129.8%

The Q4 2021 consolidated revenue was up by 25% to DKK 6,836 million from DKK 5,473 million in Q4 2020, for a 14% increase in FY 2021 consolidated revenue to DKK 24,219 million in 2021, up from DKK 21,273 million. This was better than expected after the third quarter. The improvement was driven by a combination of increased business activity, higher prices of raw materials and a few company acquisitions. BioMar was the largest contributor to the improvement, but Borg Automotive, HydraSpecma, GPV and Fibertex Personal Care also made considerable contributions.

The realised EBITDA for Q4 2021 was DKK 550 million, compared with DKK 582 million in Q4 2020. The Q4 EBITDA was better than had been expected, with GPV, HydraSpecma and Borg Automotive reporting better-than-expected results, and the other portfolio businesses reporting within the ranges guided for after the third quarter. This brought the full-year 2021 EBITDA to DKK 2,208 million, in line with both the level reported for 2020 and the preliminary profit announcement provided on 4 February 2022.

The good performance for the year was achieved despite the turbulent supply situation the portfolio companies experienced with soaring prices of materials and surging freight and energy costs, while unstable supplies led to below-normal production efficiency. The negative earnings impact of higher energy and freight costs are estimated in the neighbourhood of DKK 150 million in 2021.

Associates and joint ventures, which are recognised at a share of profit after tax, contributed a DKK 46 million profit for 2021 compared with a DKK 36 million loss in 2020. The share of profit derived from BioMar operations, as especially Chilean fish farming company Salmones Austral reported a significant improvement in earnings driven by higher prices of farmed salmon.

Consolidated net financial items were an expense of DKK 64 million in 2021, compared with a DKK 133 million expense in 2020. As actual net interest expenses decreased from DKK 76 million in 2020 to DKK 66 million in 2021, the remaining reduction in total net financing was attributable to the other financial items, including in particular foreign exchange adjustments, which unlike in 2020 were positive in 2021.

This brought the consolidated profit before tax for 2021 to DKK 1,332 million against DKK 1,209 million in 2020. The profit for the year results in corporate income tax of DKK 293 million against DKK 300 million in 2020.

A detailed review of the tax for the year is provided on pages 79-82, while consolidated financial highlights are provided on page 50 and financial highlights for the six portfolio businesses are set out on pages 32-33.

FULL YEAR (DKKm)	**2021**	**2020**	**Change**	
Revenue	24,219	21,273	2,946	13.8%
EBITDA	2,208	2,209	-1	-0.1%
EBIT	1,346	1,376	-29	-2.1%
Income from associates	46	-36	82	n/a
Profit before tax	1,332	1,209	123	10.2%
Cash flows from operating activities	531	2,296	-1,765	-76.9%
Net interest-bearing debt	2,773	1,936	836	43.2%
Working capital	4,566	3,107	1,459	47.0%
ROIC excluding goodwill	14.1%	15.3%	-1.2%	
ROIC including goodwill	11.4%	12.3%	-0.9%	

Liquidity and capital resources

The Schouw & Co. Group's operations generated a cash inflow of DKK 531 million in 2021, compared with DKK 2,296 million in 2020. The steep reduction was due to BioMar in particular, but all portfolio businesses reported reduced cash flows from operations mainly as a result of increases in working capital.

A total of DKK 950 million was spent on investing activities in 2021, which was less than expected. In addition to ongoing maintenance purposes in all businesses, investments were made mainly for capacity-expanding investments in BioMar, Fibertex Nonwovens and Fibertex Personal Care. By

Management's report

comparison, the 2020 cash flows for investing activities amounted to DKK 533 million, which were mainly for capacity-expanding investments in BioMar and HydraSpecma and for a company acquisition by Borg Automotive.

The Group's overall working capital grew from DKK 3,107 million at 31 December 2020 to DKK 4,566 million at 31 December 2021. The sharp increase was very much driven by the increase in business activity and higher prices of raw materials and components, but was also the result of a strategic decision to secure adequate supplies during the turbulent market conditions.

Group developments

During 2021, the companies of the Schouw & Co. Group worked to align their businesses to a situation of global supply chain disruption, soaring prices of raw materials and much higher energy and freight costs.

DIVIDEND

The Board of Directors recommends to the Annual General Meeting that the dividend for 2021 be raised to DKK 15 per share, for an amount equal to 2.6% of the market capitalisation at 31 December 2021. As a result, total dividend payments will amount to DKK 383 million, equal to a payout ratio of 37% after tax.

This was a complex task given the Group's geographical diversification with business areas and production in 30 countries, but diversification and a presence in local markets also offers good development opportunities.

Thanks to the Group's financial strength, the portfolio companies are able to take a good competitive position. Recent years' investments in production capacity combined with a strategic decision to try to source adequate supplies have given the companies attractive business opportunities, which they have successfully capitalised on.

Growing and developing the business remains a high priority for Schouw & Co. In fact, several of the Group's businesses already have major capacity-expanding investments underway, and we expect additional attractive profitable investment opportunities going forward.

The following is a brief review of business developments of the portfolio companies for 2021.

BioMar reported a 14% revenue improvement on an 8% increase in volumes sold, which was more than expected. As expected, EBITDA for the year fell short of the 2020 figure following a change in the geographical breakdown of sales, the negative effects of disrupted global supply chains, soaring costs of raw materials and much higher energy and freight costs. As expected, associates and joint venture reported a significant improvement. New production capacity is underway in Ecuador.

Fibertex Personal Care reported a 6% revenue improvement, which was a bit higher than expected and driven in particular by higher prices of raw materials. As expected, EBITDA declined year on year, mainly due to unfavourable developments in prices of raw materials. New production capacity is underway in Malaysia.

Fibertex Nonwovens reported a marginal revenue improvement in line with expectations. As expected, EBITDA declined year on year, mainly due to soaring prices of raw materials and much higher energy and freight costs. New production capacity is underway in the USA and the Czech Republic.

GPV reported an 11% revenue improvement. This was better than expected and also drove the full-year EBITDA past the guidance for a substantial year-on-year improvement. The performance was supported by higher sales to a broad range of customers, efficient cost management and high capacity utilisation at GPV's factories.

HydraSpecma reported a 17% revenue improvement, which was better than expected and driven in particular by increased sales of products to the vehicles segment. This brought the full-year EBITDA past the guidance for a substantial year-on-year improvement supported by a change in the product mix.

SUBSEQUENT EVENTS

After the end of the financial year, the critical developments in the situation involving Ukraine have led to generally increased risks.

Other than as set out elsewhere in this annual report, Schouw & Co. is not aware of events occurring after 31 December 2021 which are expected to influence the Group's financial position or outlook.

Borg Automotive reported a 57% revenue improvement, which was better than expected. Unsurprisingly, revenue was lifted by the acquisitions of TMI and SBS Automotive, but even when adjusted for these factors, the company generated an 18% improvement. The full-year EBITDA was better than expected and improved sharply year on year.

Amortisation, depreciation and capital expenditure

Amortisation and depreciation
In recent years, Schouw & Co. has described its financial results and guidance at EBITDA level. However, the Group believes in the importance of reporting developments further down the income statement and so also discloses each portfolio company's depreciation/amortisation and impairment charges.

Total PPA-related depreciation and amortisation from the acquisition of businesses amounted to DKK 98 million in 2021 and related mainly to the acquisitions of Alimentsa (BioMar), CCS (GPV) and Specma (HydraSpecma) as well as from the acquisition of Borg Automotive and subsequent acquisitions made by that company. In 2022, PPA-related depreciation and amortisation is expected to increase to about DKK 105 million, due to additions under Borg Automotive.

Other depreciation/amortisation and impairment charges will increase from DKK 763 million in 2021 to about DKK 780 million in 2022 due to ongoing additions and disposals and the full-year effects of investments made in 2021. Details of depreciation/amortisation for the individual portfolio companies are shown in the table below. Obviously, the expected depreciation/amortisation charges may be affected by changing investment volumes or timing differences. The depreciation/amortisation charges may also be affected by changes in foreign exchange rates.

Capital expenditure
Investing for growth and development is a high priority for Schouw & Co., including in particular capacity-expanding investments in the Group's portfolio companies, many of which have extensive investment programmes underway.

In the years prior to 2020, Schouw & Co. completed several significant investment processes with total annual capex investments in the DKK 700–900 million range. For various reasons, 2020 was an unusual year, as capex investments were reduced to DKK 493 million, but as growth ambitions remained intact, capex investment were restored to around DKK 1 billion in 2021. In other words, the actual amount of the 2021 capex investments of DKK 745 million was less than expected, which was mainly due to timing differences.

Due to the timing differences for individual investments in 2021 combined with the sustained growth ambitions, capex investments in 2022 are expected to increase to an amount in the neighbourhood of DKK 1,250 million. In addition to ongoing maintenance requirements and minor expansion projects in all portfolio businesses, the expected capex investments for 2022 include about DKK 700 million still outstanding in ongoing major capacity-expansion investment programmes for BioMar in Ecuador, Fibertex Personal Care in Malaysia, Fibertex Nonwovens in the USA and the Czech Republic and GPV in Thailand and Sri Lanka.

Capacity expansion
Due to the nature of the operations run by the companies of the Schouw & Co. Group, large capacity-expanding investments made by the Group will often trigger a sudden massive increase of production capacity. It almost goes without saying that a capacity increase of, say, 20% to 30% will not be fully absorbed in the market on acceptable terms overnight.

At Schouw & Co., a decision to make an investment of such magnitude will always be based on an assessment of anticipated demand at the time the added capacity becomes operational, combined with a strategic assessment of the general market prospects in subsequent years. Obviously, given such a long investment horizon, actual developments may prove to be different from an assessment made at the time of the investment decision, but often such deviations will mainly be due to timing differences.

When large facilities are commissioned, capacity will often be phased in gradually, meaning that the company may not have the desired capacity utilisation during the first two or three years. The companies will obviously endeavour to use the excess capacity as efficiently possible. The obvious means of doing that would be by addressing potential customers, but alternative actions could be to optimise the operation of the overall production facilities by running maintenance programs or refurbishing older facilities or by using some of the extra capacity to test new products and technologies.

Regardless of the steps taken, the lower capacity utilisation will typically weigh on the relevant company's financial results for a given period, and for the Group as a whole with ongoing investment programmes of significant volume current results will not necessarily reflect the full potential of its overall assets.

	PPA depreciation/ amortisation		Other depreciation/ amortisation and impairment		Total depreciation/ amortisation and impairment	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
BioMar	30	30	314	322	344	352
Fibertex Personal Care	1	1	135	132	136	133
Fibertex Nonwovens	0	0	98	100	98	100
GPV	17	17	112	94	129	111
HydraSpecma	17	17	85	78	102	95
Borg Automotive	40	33	35	36	75	69
Other	0	0	1	1	1	1
Total	105	98	780	763	885	861

Outlook

Strong demand and increased production capacity form the basis of increased revenue. EBITDA expected to remain high subject to potentially negative effects of the situation involving Ukraine.

Outlook for 2022
Initial expectations were for a good year in 2022 with strong demand and increased production capacity providing a base for higher revenue, although turbulent supply chains, high raw materials prices, and high costs of energy and freight would still be a challenge. However, the current critical developments involving Ukraine have brought renewed uncertainty, which at the present time cannot be meaningfully factored into our guidance.

While Russia and Ukraine are not among the Group's most important markets, BioMar, Fibertex Personal Care and Borg Automotive did report total revenue from the two countries of DKK 338 million in 2021, corresponding to 1.4% of the Group's revenue. The Group does not have production facilities in the area.

The following is a brief review of the revenue and EBITDA guidance for the individual companies in 2022:

BioMar expects to grow volume sales, increase revenue and strengthen earnings. The expected improvement is based on the strong market position achieved and the strategic investments made in recent years.

Fibertex Personal Care expects to increase revenue and strengthen earnings. The expected improvement is based on investments in new technology and added capacity as well as other initiatives to increase the company's competitive strength.

Fibertex Nonwovens expects revenue improvements as demand gradually normalises. However, 2022 will be a year of transition in which costs and selling prices will need to be aligned and earnings are expected to be somewhat lower than in the previous year.

GPV expects business activity to remain high coupled with good opportunities for revenue improvements. Reported financial results are expected to drop slightly year on year.

HydraSpecma expects to continue to increase sales to customers in the vehicles segment, and based on sustained business activity in other areas the company projects revenue improvements. Reported financial results may turn out lower than last year, however.

Borg Automotive expects a positive trend in demand and, with the full-year effects from the acquisition of the trading company SBS Automotive, a strong improvement in revenue and strengthened earnings.

Schouw & Co. Group's overall guidance
Schouw & Co. projects full-year 2022 consolidated revenue in the DKK 25.5-27.5 billion range against DKK 24.2 billion in 2021, equal to a 5-14% increase. As always, however, changes in prices of raw materials and foreign exchange rates may impact revenue, and the critical situation involving Ukraine has added further to the uncertainty.

Schouw & Co. provides consolidated earnings guidance at EBITDA level based on an aggregation of individual portfolio company forecasts, but actual portfolio company EBITDA results may deviate from these forecasts. Accordingly, the actual guidance is expressed through consolidated EBITDA, which for 2022 is in the range of DKK 2,150-2,400 million compared with DKK 2,208 million in 2021. This guidance is distinctly subject to the potentially negative effects of the situation involving Ukraine.

Depreciation and amortisation charges are expected to increase from DKK 861 million in 2021 to approximately DKK 885 million in 2022. As a result, the Group guides for consolidated 2022 EBIT in the range of DKK 1,265-1,515 million.

Associates and joint ventures are expected to contribute a share of profit of approximately DKK 55 million in 2022, while the Group's net financial items are expected to be a DKK 110 million expense before any foreign exchange or other adjustments.

REVENUE (DKKm)	**2022 expected**	**2021 actual**	**2020 actual**
BioMar	14,000-15,000	13,300	11,649
Fibertex Personal Care	2,500-2,700	2,249	2,118
Fibertex Nonwovens	1,900-2,100	1,814	1,791
GPV	3,200-3,400	3,191	2,887
HydraSpecma	2,300-2,500	2,315	1,977
Borg Automotive	1,600-1,800	1,368	871
Other/eliminations	-	-19	-19
Revenue total	25,500-27,500	24,219	21,273

EBITDA (DKKm)	**2022 expected**	**2021 actual**	**2020 actual**
BioMar	980-1,040	911	972
Fibertex Personal Care	310-350	315	406
Fibertex Nonwovens	180-220	230	270
GPV	300-340	342	271
HydraSpecma	260-290	286	211
Borg Automotive	170-200	162	108
Other	-50-40	-39	-29
Total EBITDA	2,150-2,400	2,208	2,209
PPA depreciation/ amortisation	-105	-98	-89
Other depreciation/ amortisation	-780	-763	-744
Total EBIT	1,265-1,515	1,346	1,376
Associates and JVs	55	46	-36
Divestments	-	3	2
Other financial items	-110	-64	-133
Total profit before tax	1,210-1,460	1,332	1,209

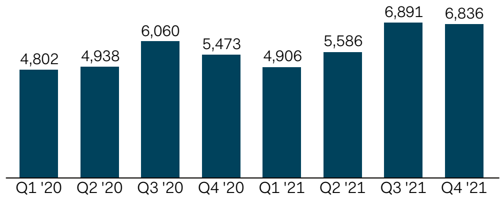
Schouw & Co.'s headquarter at Chr. Filtenborgs Plads in Aarhus

Quarterly financial highlights

(DKKm)	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
INCOME STATEMENT								
Revenue	4,802	4,938	6,060	5,473	4,906	5,586	6,891	6,836
EBITDA	434	517	676	582	486	557	614	550
Depreciation and impairment losses	205	208	211	209	211	210	222	219
EBIT	229	309	465	373	275	347	392	332
Profit after tax in associates and JVs	14	-6	-44	-0	-13	13	36	10
Gains on divestments	0	2	0	0	3	0	0	0
Net financials	-31	-33	-30	-39	7	-29	-37	-5
Profit before tax	212	272	391	335	272	332	392	337
Tax on profit for the period	-53	-69	-95	-84	-65	-86	-83	-60
Profit for the period	159	203	296	251	207	246	309	277
CASH FLOWS								
Cash flows from operating activities	181	607	1,079	429	-99	269	489	-128
Cash flows from investing activities	-134	-79	-159	-160	-129	-239	-198	-385
Cash flows from financing activities	-1	-488	-840	-301	305	-189	-105	239
BALANCE SHEET								
Intangible assets	3,561	3,510	3,421	3,423	3,443	3,501	3,546	3,571
Property, plant and equipment	4,776	4,758	4,690	4,659	4,732	4,773	4,913	5,078
Other non-current assets	1,632	1,591	1,502	1,427	1,438	1,399	1,490	1,700
Cash and cash equivalents	578	615	671	635	723	558	754	490
Other current assets	7,761	7,944	8,095	7,851	8,138	8,920	10,102	10,685
Total assets	18,308	18,419	18,379	17,994	18,473	19,152	20,804	21,524
Shareholders' equity	9,500	9,350	9,444	9,605	9,977	9,876	10,251	10,684
Interest-bearing liabilities	3,788	3,705	2,904	2,599	2,968	3,110	3,143	3,453
Other liabilities	5,020	5,364	6,031	5,790	5,529	6,165	7,411	7,386
Total equity and liabilities	18,308	18,419	18,379	17,994	18,473	19,152	20,804	21,524
Average no. of employees	9,426	9,422	9,307	9,376	9,669	10,019	10,455	10,714
FINANCIAL KEY FIGURES								
EBITDA margin	9.0%	10.5%	11.2%	10.6%	9.9%	10.0%	8.9%	8.1%
EBIT margin	4.8%	6.2%	7.7%	6.8%	5.6%	6.2%	5.7%	4.9%
ROIC excluding goodwill	12.5%	13.4%	14.2%	15.3%	15.9%	16.2%	15.1%	14.1%
ROIC including goodwill	10.1%	10.9%	11.4%	12.3%	12.7%	13.0%	12.2%	11.4%
Working capital	3,829	3,681	3,172	3,107	3,656	3,864	4,009	4,566
Net interest-bearing debt	3,164	3,046	2,190	1,936	2,214	2,511	2,357	2,773

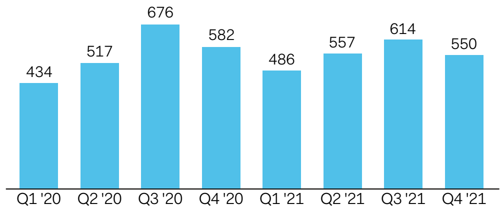
Revenue

DKKm



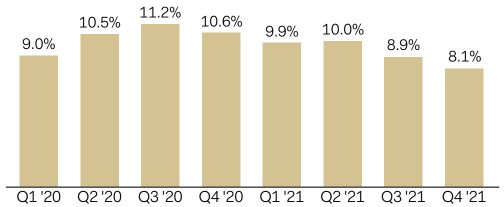
EBITDA

DKKm



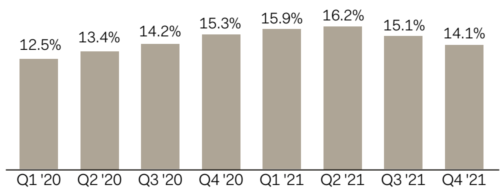
EBITDA margin

per cent



ROIC excluding goodwill

per cent



Our businesses

Fish feed

Schouw & Co.'s largest business segment, BioMar, is a global manufacturer of feed for all stages of fish and shrimp farming. More than half of volumes sold consist of feed for salmon primarily farmed in Norway, Scotland and Chile, but BioMar produces feed for more than 45 different species. BioMar is an innovative business and its ongoing feed optimisation creates opportunities for sustainable growth.

BioMar is one of the world's largest manufacturers of quality feed for the fish and shrimp farming industries and a global player with a presence in all major shrimp and fish farming regions. Schouw & Co. took an initial ownership interest in BioMar in 2005, and the company became a wholly-owned subsidiary through a merger process in 2008. BioMar accounts for about half of Schouw & Co.'s revenue.

FEED FOR SALMON

Value creation

BioMar has produced quality fish feed for farmed salmon since 1987. BioMar manufactures feed for all phases of salt-water and fresh-water fish farming operations, from larvae to fish ready for harvesting. Much of today's feed offers various value-adding properties, such as feed with a higher energy content, feed containing special raw materials and feed used for treating diseases.

Growth

Aquaculture in general, and salmon farming in particular, is a growth industry driven by global demand for healthy and tasty foods. Due to its high content of omega-3 fatty acids, salmon is considered to be particularly healthy to eat. With limited volumes of wild-caught salmon, aquaculture is the only sustainable way of increasing supply without overfishing the oceans.

Presence

Salmon is farmed mainly in the North Sea region (mostly in Norway and Scotland) and in Chile, though in other countries too, including Australia, where BioMar also has a feed factory. BioMar has a total of seven factories producing salmon feed and a market share of 20–30%.

FEED FOR OTHER FISH SPECIES

Value creation

Since the company was founded in 1962, BioMar has produced fish feed for a large number of different species. Innovation and product development is deeply entrenched in BioMar's DNA, and the company operates global test centres where new raw materials and feed concepts are trialled and feed recipes are optimised. Sustainability and responsibility are key concepts in aquaculture. BioMar is at the forefront of developments and sets the standards for quality and responsible conduct for the entire value chain.

Growth

The global population is growing, and healthy and sustainable food is in great demand including for fish and shellfish, which are eaten in all cultures and accepted in all religions. Shrimp farming takes place in many places around the world, but mainly in Asia and South America where the industry is growing the most. In Europe, farming species other than salmon is also on the increase, though at a more moderate pace.

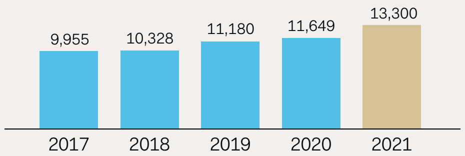
Presence

BioMar is strongly positioned in the Mediterranean and the Baltic regions with factories in Denmark, France, Spain, Greece and Turkey. Here, the company produces feed for more than forty different fish species, but mainly for trout, sea bass and sea bream. BioMar also manufactures fish feed in China through a joint venture with a local partner. Shrimp farming takes place in many different parts of the world. BioMar manufactures shrimp feed in Ecuador, Costa Rica and Vietnam.

BioMar

Strong sales volumes and a significant increase in revenue produced the expected earnings improvement in the final quarter of the year. Guiding for sustained sales growth and earnings improvements in 2022.

Revenue performance



BioMar is one of the world's largest manufacturers of quality feed for the fish and shrimp farming industries. The company's operations are divided into four divisions:

- The Salmon Division covering operations in Norway, Scotland, Chile and Australia. The division supplies high-yielding feed for Atlantic salmon, Pacific salmon and trout.
- The EMEA Division covering the EMEA region and involving all operations other than salmon. The division has production facilities in Denmark, France, Spain, Greece and Turkey.
- The LatAm Division covering Latin American operations involving shrimp and fish species other than salmon. The division has production facilities in Ecuador and Costa Rica.
- The Asia Division covering operations involving fish and shrimp in Asia. The division has production facilities in China and Vietnam.

The business operations in Turkey and China, both operated through 50/50 joint ventures with local partners, are not consolidated.

Financial performance

Through a strengthened contract base in several markets, BioMar, as expected, grew volume sales by 14% year on year in Q4 2021 and reported revenue up by 33% to DKK 4,044 million from DKK 3,045 million in Q4 2020. In addition to higher volume sales, the revenue improvement was better than expected and attributable particularly to higher selling prices caused by higher prices of raw materials.

BioMar	Q4 21	Q4 20	2021	2020
Volume ('000 of tonnes)				
Salmon Division	293	258	1,012	965
Other divisions	112	96	434	376
Total	405	354	1,446	1,342
Revenue				
Salmon Division	3,150	2,307	9,809	8,542
Other divisions	894	738	3,491	3,107
Total	4,044	3,045	13,300	11,649
EBITDA				
Salmon Division	157	157	475	553
Other divisions	118	109	435	420
Total	274	266	911	972

As a result, full-year 2021 revenue was up by 14% to DKK 13,300 million from DKK 11,649 million in 2020. The revenue improvement was based on an 8% increase in volumes sold relative to 2020, supplemented by higher selling prices caused by higher raw materials prices. Relative to last year, the effect of exchange rate developments on sales was generally positive at about DKK 140 million, mainly in the fourth quarter.

JOINT VENTURES AND ASSOCIATES

BioMar manufactures fish feed in China and Turkey through two 50/50 joint ventures with local partners. These activities are not consolidated, but having a strong presence in these markets is very important to BioMar due to their large growth potential.

The two feed businesses reported combined 2021 revenue (100% basis) of DKK 972 million and EBITDA of DKK 60 million, against revenue of DKK 682 million and EBITDA of DKK 40 million in 2020. BioMar successfully generated significant growth in both markets, whereas operations in Turkey remained challenged by difficult market conditions in 2021.

The associated businesses include the Chilean fish farming company Salmones Austral and three minor businesses, Letsea, ATC Patagonia and LCL Shipping.

The non-consolidated joint ventures and associates are recognised in the 2021 consolidated financial statements at a DKK 45 million share of profit after tax, compared with a DKK 36 million share of loss in 2020. The significant improvement was in line with expectations and was generally attributable to Salmones Austral in Chile, as settlement prices on farmed salmon are now recovering strongly in that market from a low point in 2020 caused by the coronavirus pandemic.

Supported by strengthened sales in Norway and Australia, the Salmon Division grew overall volume sales, whiles sales in Chile and Scotland softened. The division remains committed to generating growth through close collaboration with customers with a view to maintaining its position as the preferred supplier of feed solutions.

The EMEA Division reported a modest improvement in volume sales in 2020 when sales in Greece were extraordinarily strong. In other words, the factories in Denmark and Spain drove the improvement.

The LatAm Division reported significant year-on-year progress in volume sales. The sales increase was primarily attributable to increased shrimp production in the region, in part supported by the challenging conditions facing the fish farmers' Asian competition. In addition, BioMar continued the efforts to attract more large customers.

BioMar

International commodity markets and supply chains continue to be characterised by instability. The challenging supply situation has made it difficult to operate as efficiently as the company would want, while at the same time raw materials prices and freight and energy costs have increased at a pace not witnessed for many years. The entire year was marked by challenges in fully offsetting the sharp rise in prices of raw materials and the increase in freight and energy costs. In addition, disruptions to the supply of raw materials resulted in higher recipe costs and increased logistics costs in certain markets. However, performance strengthened thanks to strong sales in the latter part of the year, resulting in an increase in EBITDA from DKK 266 million in Q4 2020 to DKK 274 million in Q4 2021. This brought the full-year 2021 EBITDA to DKK 911 million, compared with DKK 972 million in 2020, which was in line with expectations.

Working capital amounted to DKK 1,399 million at 31 December 2021, as compared with DKK 955 million at 30 September 2020. Working capital includes an increase in capital tied up in inventories, attributable to a higher level of activity and higher raw materials prices combined with global logistics challenges. Capital tied up in receivables also increased as a result of increased activity and pressure in some markets for extended credit terms. The use of supply chain financing increased from DKK 829 million at 31 December 2020 to DKK 1,058 million at 31 December 2021, primarily as a result of higher prices of raw materials.

While still high, ROIC excluding goodwill fell to 15.9% at 31 December 2021 from 18.4% at 31 December 2020.

Business review

During the past two years, BioMar has consistently adapted to the coronavirus situation in each market, implementing a wide range of measures to protect its employees and to support local communities in the worst affected areas. The negative impact on BioMar's overall volume sales has been relatively modest to date, but certain markets have faced greater challenges than others.

Currently, the most significant impact of the pandemic is the surge in prices of raw materials and in freight and energy costs and the significant challenges relating to the supply of important raw materials. This affects all of BioMar's markets to varying degrees and puts earnings under pressure, as it is not always possible to fully pass on the increased costs to selling prices.

In September 2021, BioMar announced plans to establish four new extrusion lines in Ecuador. When fully executed, the investment will expand annual extruded shrimp feed capacity by about 200,000 tonnes. The initial phase of the project, involving an investment of about DKK 125 million in two extrusion lines, is expected to be completed during Q4 2022.

The Vietnamese partnership agreement signed in February 2021 with Viet-Uc, a leading player in Vietnam's shrimp farming industry, is still progressing in a promising direction, however, at a much slower pace than anticipated due to pandemic-related challenges that impacted severely on Vietnam in 2021. The new partnership is still expected to strengthen BioMar's global position in the shrimp feed market and secure a presence in the important Asian aquaculture market.

Outlook

From an overall perspective, long-term demand for farmed fish and shrimp generally seems sound, and many markets have now overcome most of the disruption caused by the coronavirus pandemic.

In 2020, BioMar will be focused on leveraging its strong market position and on realising positive effects from the strategic investments made in recent years. Successfully handling unstable supply chains and volatile prices of raw materials and energy costs will also be necessary in order to meet the guidance for 2022.

BioMar expects progress in volume sales in 2022 of not less than 5%. Full-year revenue may, as always, be strongly impacted by changes in prices of raw materials and developments in foreign exchange rates, but given the current outlook, BioMar guides for FY 2021 revenue of about DKK 14.0-15.0 billion.

Profit for the year may also be impacted by developments in exchange rates and, not least, by unstable supply chains and volatile raw materials prices and energy costs, but given the current outlook, the company now expects EBITDA of DKK 980-1,040 million.

Associates and joint ventures are recognised at a share of profit after tax. The largest contributor in this category is the fish farming company Salmones Austral, whose results are highly dependent on prices of farmed salmon in Chile. Assuming that the favourable biological conditions and stable settlement prices on farmed salmon will remain at the current attractive level, the share of 2022 profits is expected to be about DKK 55 million.

Nonwovens

Fibertex was founded as a manufacturer of nonwoven textiles in 1968, and the Personal Care activities were started up in 1998. In 2011, the two business areas became separate independent companies through a demerger. A common trait of the two companies is that they manufacture nonwoven textiles from similar raw materials, whereas their technologies, customers and markets differ completely.

THE COMPANIES HAVE BEEN UNDER SCHOUW & CO. OWNERSHIP SINCE 2002.

FIBERTEX PERSONAL CARE

Fibertex Personal Care is one of the world's largest manufacturers of spunmelt nonwovens for the personal care industry. Operations also include printing on nonwoven textiles for the personal care industry.

Value creation

Fibertex Personal Care manufactures much of the materials used for diapers, sanitary towels and incontinence products. Its customers are mainly major hygiene product manufacturers, who process and convert the nonwoven materials into finished personal care products. Innovation, product development and quality are Fibertex Personal Care's key focus areas.

Growth

In Asia the use of disposable diapers are still much less widely spread than in Europe and the USA, where disposable diapers are used for virtually all babies. Due to growing prosperity, the Asian market has seen solid growth over the past many years. Growth in Europe and the USA is more moderate and generally driven by new applications.

Presence

The production of nonwovens is based in Denmark and Malaysia. The materials can be transported relatively efficiently, and customers are based throughout Europe and in most parts of South-East Asia and in Japan. Fibertex Personal Care furthermore possesses a unique technology that allows direct printing on nonwoven fabrics. These activities are based in Germany, Malaysia and the USA.

Fibertex NONWOVENS

Fibertex Nonwovens is among the world's leading manufacturers of special-purpose nonwovens, i.e. non-woven textiles used for a number of different industrial and health-care purposes.

Value creation

Fibertex Nonwovens manufactures nonwoven textiles for use in cars and in a wide range of other industries, in construction, in filtration solutions and as materials for disposable wipes. The products can be used in place of other, often more expensive, heavier and more environmentally harmful materials and are often used as an integral part of a customer's production.

Growth

Growth in the use of nonwovens derives from new applications and increased use in existing applications. For example, nonwovens are used to reduce the weight of a car and thereby to improve its fuel economy, while new applications, such as for cleaning and filtration, are expanding the accessible market.

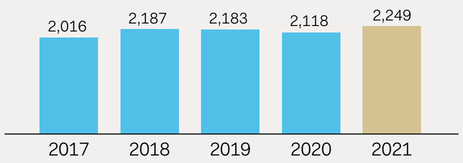
Presence

Considerable parts of production and sales take place within the EU, and Fibertex Nonwovens operates factories in Denmark, France and the Czech Republic. The company has two factories in the North American market, where growth rates are high, as well as production facilities in Turkey, Brazil and South Africa.

Fibertex Personal Care

Strong revenue growth driven by higher raw materials prices, but weaker sales in Asia caused by logistics challenges. New production capacity in Malaysia and the USA supports future growth.

Revenue performance



Fibertex Personal Care is one of the world's largest manufacturers of spunmelt nonwovens for the personal care industry. The company has nonwovens production facilities in Denmark and Malaysia. Operations also include printing on nonwoven textiles for the personal care industry. Fibertex Personal Care is the market leader in this field. Printing operations are based in Germany, Malaysia and the USA. Both business areas focus mainly on materials for diapers, sanitary towels and incontinence products.

Financial performance

Fibertex Personal Care generated revenue of DKK 568 million in Q4 2021, compared with DKK 524 million in Q4 2020. The full-year revenue was DKK 2,249 million in 2021 against DKK 2,118 million in 2020, a 6% improvement, which was slightly better than expected. The improvement was driven by higher prices of raw materials, which triggered higher selling prices, while sales volumes were lower than last year's. The volume decline was attributable to the logistics challenges in Asia which meant that Fibertex Personal Care customers faced tougher competition, as part of the production capacity normally exported to the USA and Europe was sold locally.

Consistent with expectations, EBITDA was DKK 81 million in Q4 2021 compared with DKK 83 million in Q4 2020. Full-year 2021 EBITDA came to DKK 315 million, compared with DKK 406 million in 2020. The full-year performance was strongly impacted by increasing raw materials prices. The difference compared with 2020, which saw a slight favourable trend in raw materials prices, was more than DKK 80 million.

Fibertex Personal Care's working capital increased from DKK 250 million at 31 December 2020 to DKK 397 million at 31 December 2021. The higher working capital was in great part caused by the higher prices of raw materials and the resulting increase in capital tied up in inventories and receivables. ROIC excluding goodwill fell from the high level of 18.3% at 31 December 2020 to 11.7% at 31 December 2021.

Business review

Fibertex Personal Care expects continuing solid average growth rates in the market over the coming five years. The positive expectations are driven in particular by Asia, where growth is expected to exceed the average global economic growth rate.

The European and US are consolidated markets, with stagnant sales of baby diapers. On a positive note, diaper pants are gaining a growing share of the market, and as these products comprise proportionately more nonwovens, demand is expected to rise in this area.

To meet the growing demand for nonwovens in Asia, the company in September 2020 decided to invest in a Reicofil R5 production line at the Sendayan factory in Malaysia. Based on state-of-the-art technology, the machinery allows for efficient production of light-weight products and small nonwovens rolls, which are in high demand in Asia. The new production line will be commissioned during the first half of 2022.

Fibertex Personal Care will then have nine spunmelt production lines in operation, three in Denmark and six in Malaysia, highly efficiently producing very thin, very high-quality nonwoven textiles. Each line has its own speciality, ranging from manufacturing soft products, products with high-performance leakage barriers and 3D effect products to very thin and light-weight products.

In addition to establishing the new nonwovens line in Malaysia, Fibertex Personal Care in 2021 added a new print line at its US operations, so that the company now has eight large print lines, four in Germany, two in Malaysia and two in the USA. Fibertex Personal Care has furthermore invested in digital printers in the USA, Germany and Malaysia. This, combined with the company's focus on special-purpose products, differentiation and global presence will make it possible to enter into even more important development projects with customers.

Outlook

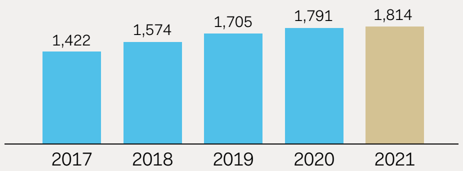
Fibertex Personal Care still expects to see continued supply chain challenges in 2022 in part resulting from capacity problems at polypropylene suppliers and partly by a global container transport market under pressure. However, the company is positioning itself to address the competitive situation by investing in new technology and capacity, developing services and launching new special-purpose products that will improve its competitive strength. A new, sharper profile and enhanced activities in sustainable solutions are also expected to have a positive impact.

Fibertex Personal Care guides for revenue of approximately DKK 2.5-2.7 billion in 2022, as always subject to changes in prices of raw materials and foreign exchange rates, and EBITDA in the range of DKK 310-350 million. The outlook includes a positive effect of price developments for raw materials during the year and a modest contribution from phasing in of new production capacity in Malaysia during the second half.

Fibertex Nonwovens

Reduced earnings due to slowing demand in the North American market and from the European automotive industry in the second half. Long-term growth forecasts support the current capacity-expanding investments.

Revenue performance



Fibertex Nonwovens is a globally leading manufacturer of nonwovens, i.e. fibre sheets produced on high-tech processing facilities with various purpose-specific post-processings. The products are used for a number of different industrial and healthcare purposes. The company's core markets are in Europe and in North and South America, while its secondary markets are in Africa.

Financial performance

Fibertex Nonwovens generated revenue of DKK 366 million in Q4 2021, compared with DKK 476 million in Q4 2020. The reduction had been expected and was attributable particularly to lower sales to the European automotive industry and to lower sales of filtration materials and materials for disposable wipes in North America. However, due to strong sales during the first half and increased selling prices, full-year revenue rose marginally from DKK 1,791 million in 2020 to DKK 1,814 million in 2021.

EBITDA was significantly down from DKK 76 million in Q4 2020 to DKK 15 million in Q4 2021, which was as expected. The reduction was mainly attributable to reduced sales volume during the quarter and a changed product mix. The negative impact of soaring prices of raw materials and surging freight and energy costs was mitigated by targeted efforts to offset higher costs in selling prices.

Full-year 2021 EBITDA fell 15% to DKK 230 million, compared with DKK 270 million in 2020.

Working capital increased from DKK 472 million at 31 December 2020 to DKK 515 million at 31 December 2021. While receivables were reduced due to the lower level of activity, the surging prices of raw materials meant an increase in capital tied up in inventories. As expected, ROIC excluding goodwill was reduced from 12.2% at 31 December 2020 to 8.8% at 31 December 2021, due to the reduced earnings and increased invested capital.

Business review

Over the last few years, Fibertex Nonwovens has consolidated its position as a leading manufacturer of special-purpose nonwovens. Recent years' investments to expand global production capacity proved instrumental in the first half of 2021 for the company to capitalise on the opportunities arising in the wake of the coronavirus pandemic, based on a surge in the consumption of filtration materials and materials for wipes, much of which is used for cleaning and disinfection purposes.

In the second half of 2021, market conditions became extremely challenging, however. By way of example, the shortage of electronics components forced the automotive industry to cut back on production, which caused a reduction of sales of nonwovens to the European automotive industry. Moreover, the strong demand for filtration materials and materials for wipes witnessed in the first half of the year was partially caused by efforts on the part of North American customers to build buffer stocks, as a result of which demand for those products was muted in the latter part of the year.

Despite the drop in sales, Fibertex Nonwovens continues to see solid growth in underlying demand and a need for local production of nonwovens in both Europe and North America, especially of the more specialised applications in, for example, the healthcare sector as well as other high-tech, sustainable and processed products. In order to meet the growing demand, Fibertex Nonwovens in 2021 launched a programme to invest approximately DKK 300 million in North American production capacity. In Europe, the company is investing some DKK 300 million to expand capacity in the Czech Republic. These two investments create a potential for strong future growth and significantly improved earnings.

Outlook

Fibertex Nonwovens expects to see good general growth in most market segments over the coming five years, although 2022 will be a transitional year in which selling prices have to be brought in alignment with the higher cost levels. The goal for 2022 is to enhance the company's earnings power and increase volume to prepare the company for its planned expansion in the coming years on the back of the recent capacity-expanding investments.

Early in the year, the level of activity will continue to be marked by lower demand, primarily due to the reduced activity in the European automotive industry. On the whole, however, Fibertex Nonwovens expects sales volumes to increase relative to 2021 based on gradually rising demand for materials for wipes during the year. Also, the automotive industry is expected to increase their production as the global supply chain turbulence subsides. The global shortage of raw materials is still causing high raw materials prices and supply shortages, which combined with high freight rates and energy costs are weighing on earnings in the short term.

As a result, Fibertex Nonwovens expects to generate revenue of approximately DKK 1.9-2.1 billion and EBITDA in the range of DKK 180-220 million in 2022.

Industrial solutions

Three of the companies in our portfolio are quite different from one another, but they have nevertheless a number of common traits as sub-suppliers of industrial solutions. They all source parts and components from various suppliers and then provide assembly, processing as well as advisory services to customers along with technical know-how and strategic cooperation. The companies offer logistics solutions and integration services to their customers.

GPV

GPV is one of Europe's leading EMS (Electronics Manufacturing Services) companies and has been under Schouw & Co ownership since 2016.

Value creation

GPV creates value by producing customised solutions in electronics, mechanics, cable harnessing and mechatronics. Its products are technically advanced mechanics components produced in relatively low volumes.

Growth

Business growth derives from customers' increasing use of outsourcing and the growing electronics content of industrial products, in part due to the impact of Industrial Internet of Things and the green transition.

Presence

GPV serves European and North American customers operating in international markets. It has production units in Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka and Mexico.

HydraSpecma

HydraSpecma is among the largest specialist hydraulics players in the Nordic region. HydraSpecma has been under Schouw & Co. ownership since 1988.

Value creation

HydraSpecma possesses engineering expertise, product know-how and market understanding in the field of Power & Motion, including hydraulics. The company provides technical advisory services, fast delivery and the most comprehensive product range in the market.

Growth

HydraSpecma supplies products to various growth industries, including the vehicles segment, for examples for lorries, buses and contractors' equipment and for wind turbines and other stationary equipment.

Presence

HydraSpecma has a strong Nordic presence and has followed its major customers to international markets, serving them from business units in Poland, the UK, China, India, the USA and Brazil.

Borg Automotive

Borg Automotive is Europe's largest independent automotive remanufacturing company. The company has been under Schouw & Co. ownership since 2017.

Value creation

Borg Automotive generates value by remanufacturing defective automotive parts and returning them to the market as part of the circular economy. Its broad product range covers almost all car makes.

Growth

A growing number of cars and increasing mileage combined with greater focus on sustainability and reusing materials is growth-supportive.

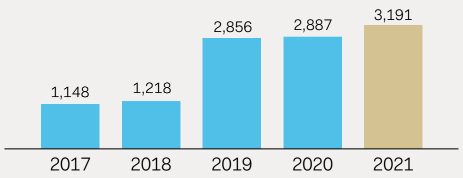
Presence

Borg Automotive is based in Europe with production in Poland, the UK and Spain. Customers are European distributors of automotive parts and OE manufacturers.

GPV

Strong revenue growth and high capacity utilisation drive significant EBITDA improvement despite a challenging supply situation. Capacity expansions in progress support continued growth.

Revenue performance



GPV is a leading European EMS (Electronics Manufacturing Services) company. The company is a high-mix/low-medium volume manufacturer in the B2B market. Core products are electronics, mechanics, cable harnessing, mechatronics (combination of electronics, mechanics and software) and associated services.

The company's customers are mainly major international businesses typically headquartered in Europe or North America, and GPV supplies its customers' international units in more than fifty countries. GPV has a strong production platform and operates production facilities in Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka and Mexico.

Financial performance

GPV reported significantly better-than-expected Q4 2021 revenue of DKK 887 million against DKK 696 million in Q4 2020, bringing full-year revenue to DKK 3,191 million, an 11% increase from DKK 2,887 million in 2020. The higher revenue reflected GPV's ability to meet growing demand from a large number of customers despite a very challenging situation concerning supplies of components and materials.

GPV reported Q4 2021 EBITDA of DKK 89 million relative to DKK 79 million in Q4 2020, which was significantly better than expected. The improvement was driven in particular by increased sales, leading to an exceptionally high capacity utilisation at GPV's factories during the quarter. Full-year 2021 EBITDA increased 27% to DKK 342 million from DKK 271 million in 2020. Throughout 2021, earnings were supported by higher sales to a broad range of customers, efficient cost management and high capacity utilisation at GPV's factories. Developments in foreign exchange rates further lifted the year's earnings by approximately DKK 15 million.

Working capital increased from DKK 701 million at 31 December 2020 to DKK 1,150 million at 31 December 2021. The large increase can be explained by the severe difficulties in obtaining supplies of components and materials, due to which GPV made the decision, based on increased order forecasts from customers, to build up inventories so as to in the best possible way to be able to secure deliveries to its customers. ROIC excluding goodwill increased to 15.8% at 31 December 2021 from 11.0% at 31 December 2020 driven by the strong earnings.

Business review

Meeting customer requirements for high quality standards and reliability of supply is a main priority for GPV. Unfortunately, the latter element – reliability of supply – has naturally been challenged by the difficulties in securing supplies of components and materials, as long lead times and uncertainty about promised deliveries have increased the pressure on GPV's production units. As a result, GPV in 2021 encouraged customers to extend their forecast periods, which has obviously made for a longer order horizon.

To ensure sufficient flexibility and ability to serve its customers in a market that continues to grow, GPV expanded its production capacity in the second half of 2021. Additional capacity will be installed in early 2022. GPV also runs an ongoing investment programme aiming to increase automation and efficiency. This involves an ongoing focus on digitising business processes.

During Q4 2021, GPV furthermore launched two major planned expansion projects at its two factories in Sri Lanka and Thailand. In Sri Lanka, GPV is constructing a new electronics facility that will double the factory's floor area. In Thailand, a new mechanics facility is being constructed, also doubling the floor area, following which the plan is to convert the existing mechanics facility in connection with an expansion of the electronics facilities. Both of these construction projects are expected to be ready for commissioning in early 2023.

Outlook

GPV expects the positive business activity experienced from customers in 2021 to continue in the early parts of 2022, while it is more uncertain how demand will develop in the second half of 2022. The challenging situation with long lead times for electronics components and major component price increases is expected to continue for much of 2022. These two expansion projects will increase GPV's total factory space to more than 100,000 m².

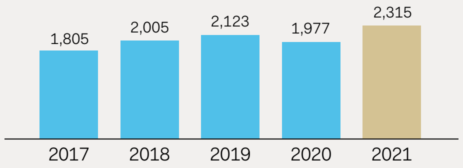
Overall, GPV expects to see continued strong demand from customers with a resulting good capacity utilisation. On the other hand, it is difficult to predict how long it will be before the supply situation starts to normalise, and it will require additional resources to be able to supply products to customers in the meantime. Finally, GPV does not expect foreign exchange rate developments to be as favourable as in 2021.

As a result, GPV expects to generate revenue of approximately DKK 3.2-3.4 billion and EBITDA in the range of DKK 300-340 million in 2022.

HydraSpecma

Significant earnings improvement driven by strong growth in the vehicles segment, high capacity utilisation and notable effect of automation investments. Capacity expansions support future growth.

Revenue performance



HydraSpecma is a manufacturing, trading and engineering company specialising in Power & Motion whose core business is hydraulic components and systems for industry and the aftermarket. The company is a market leader in the Nordic region and also serves customers from units in Poland, the UK, China, India, Brazil and the USA.

Financial performance

2021 saw strong growth in sales to global customers in the vehicles segment, particularly in the Construction Equipment, Material Handling and Commercial Vehicles segments. Sales to the wind turbine segment grew moderately, principally as a result of addition of new customers, while sales to customers in the stationary equipment segment were more subdued. Activity in the aftermarket regained momentum during the year and the segment reported moderate growth. The level of activity was very high in the latter part of the year, and despite continued global supply chain turbulence, the Q4 performance was better than expected.

As expected, HydraSpecma's revenue rose from DKK 513 million in Q4 2020 to DKK 605 million in Q4 2021, bringing full-year revenue to DKK 2,315 million, a 17% increase from DKK 1,977 million in 2020. EBITDA was up from DKK 51 million in Q4 2020 to DKK 71 million in Q4 2021. Full-year 2021 EBITDA increased 36% to DKK 286 million from DKK 211 million in 2020. The strong EBITDA improvement was mainly driven by higher revenue, a changed product mix and a high degree of capacity utilisation at all factories. However, the 2021 EBITDA was also affected by non-recurring income of DKK 17 million, mainly consisting of proceeds from the sale of a property in Denmark.

Working capital increased from DKK 621 million at 31 December 2020 to DKK 772 million at 31 December 2021 as a consequence of a strategic decision to increase inventories in order to be able to supply products to existing customers and to secure a strong market position. ROIC excluding goodwill improved from 12.9% at 31 December 2020 to 17.6% at 31 December 2021.

Business review

HydraSpecma continues its efforts to expand production capacity and optimise its production flow so as to maintain its global competitive strength.

In Asia, production capacity is being expanded in order to meet the ever growing demand in the wind turbine segment in particular. In China, the production facilities in Tianjin have been expanded by an additional 3,000 m^2 to a total of 10,000 m^2. In India, new production facilities of about 4,200 m^2 in size are being established on the outskirts of Chennai. These are expected to be completed in the second quarter of 2022.

In Poland, HydraSpecma has purchased a large building site next to its existing production facility in Stargard. The plan is to establish a large production facility at this site in order to meet the growing demand from central European customers in the vehicles segment.

In Sweden, HydraSpecma's new 11,000 m^2 logistics and production facilities outside Gothenburg were commissioned at the beginning of the third quarter of 2021. This meant an improved production flow and a significant expansion of production capacity, particularly for customers in the Commercial Vehicles segment.

In Denmark, the new tech centre at Ishøj was commissioned at the end of Q3 2021 to serve as HydraSpecma's pick-up site for customers in the Zealand region.

HydraSpecma continually reviews its product offering and takes steps to strengthen its competence centres in the most important segments with a view to offering customers the best Power & Motion solutions. This applies especially to electrification initiatives aimed at helping customers with environmentally friendly solutions on the journey towards fossil-free machines.

Outlook

HydraSpecma expects continued growth in sales to global customers in the vehicles segment in the Construction Equipment, Material Handling and Commercial Vehicles segments. Sales to customers in the wind turbine segment and other stationary equipment are expected to be maintained at the 2021 levels, while moderate growth is expected in the other industry and aftermarket segments.

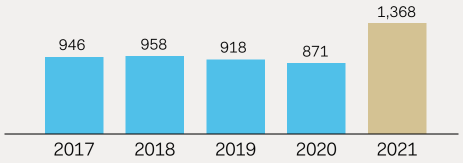
The current challenges in relation to suppliers are expected to continue in the upcoming period, resulting in long lead times, uncertain supplies and higher costs of materials, freight and energy. This is due to continued strong global demand for materials and components, but HydraSpecma is working closely with customers and suppliers to stabilise the situation.

HydraSpecma expects to generate revenue of around DKK 2.3-2.5 billion and EBITDA in the range of DKK 260-290 million in 2022.

Borg Automotive

Strong momentum to close out the year with growing demand in key markets and added revenue from the successful acquisition of trading company SBS Automotive. Expecting sharply improving revenue and EBITDA in 2022.

Revenue performance



Europe's largest independent remanufacturing company, Borg Automotive, produces, sells and distributes remanufactured automotive parts to aftermarket customers and OE manufacturers in Europe. Headquartered in Silkeborg, Denmark, Borg Automotive has a sales subsidiary in Belgium and production facilities in Poland, the UK and Spain.

Borg Automotive sells its remanufactured products under four different brands: the international brand Lucas and the company's three proprietary brands: Elstock, DRI and TMI. The company's main products are starters, alternators, brake callipers, air-condition compressors, EGR valves, steering racks, pumps and turbochargers. The company's business model is supported by a sales deposit system that encourages customers to return defective spare parts as they are replaced, so they can be used as cores for remanufacturing purposes.

Effective 1 July 2021, Borg Automotive acquired SBS Automotive, a trading company based in Støvring, Denmark, and with sales offices in Germany, France and Russia. SBS Automotive sells its goods under two brands: NK and Eurobrakes.

Financial performance
Borg Automotive reported an increase in business activity in several markets during the fourth quarter of 2021. The company was further supported by the acquired revenue of DKK 139 million from the acquisitions of TMI and SBS Automotive. Revenue for the quarter came to DKK 370 million, up from DKK 224 million in Q4 2020, which was higher than expected. Full-year revenue thus came to DKK 1,368 million, a 57% increase from DKK 871 million in 2020. Adjusted for the DKK 343 million revenue resulting from the acquisitions of TMI and SBS Automotive, revenue improved by 18%.

EBITDA for Q4 2021 was DKK 32 million, compared with DKK 35 million in Q4 2020. EBITDA was impacted by a negative inventory adjustment of DKK 4 million caused by the purchase price allocation made in connection with the acquisition of SBS Automotive. Full-year 2021 EBITDA increased by 50% to DKK 162 million from DKK 108 million in 2020, exceeding expectations.

Working capital increased from the very unusual low level of DKK 113 million at 31 December 2020 to DKK 341 million at 31 December 2021, of which amount SBS Automotive accounted for DKK 115 million. ROIC excluding goodwill improved from 17.5% at 31 December 2020 to 18.0% at 31 December 2021.

Business review
Since becoming a Schouw & Co. portfolio company in 2017, Borg Automotive has focused on strengthening its market position through a growth strategy. The most recent results of these efforts are the acquisition of the turbocharger operations of Spanish remanufacturing company Turbo Motor Inyección (TMI) on 16 December 2020 and the acquisition of trading business SBS Automotive effective 1 July 2021.

With the acquisition of TMI, Borg Automotive can now accommodate strong customer demand for expansion of the product portfolio to include remanufactured turbochargers, a rapidly growing product segment. The acquisition added about 150 employees to Borg Automotive's staff.

With the acquisition of SBS Automotive, Borg Automotive now has a trading company dealing in automotive spare parts based in Støvring, Denmark. Employing some 160 people, SBS Automotive complements Borg Automotive's remanufacturing operations and is considered an important factor in Borg Automotive's strategic development.

Most of 2021 was characterised by sales growth, although SBS Automotive encountered supply chain difficulties in Asia as a result of the coronavirus pandemic. Borg Automotive's customer base was largely the same as in the preceding year, other than the natural addition of customers in connection with the acquisition of the operations of TMI and of SBS Automotive.

Borg Automotive intends to continue developing its product portfolio, with remanufactured automotive spare parts and goods complementing each other. In addition, the company remains focused on optimising production and ensuring complementary operations at the production units in Poland, the UK and Spain.

Outlook
Over the past few years, Borg Automotive has strengthened its market position through the acquisition of TMI and SBS Automotive. Expectations for 2022 demand remain generally positive, and the new year will see the full-year effect of the acquisition of SBS Automotive.

However, as Borg Automotive generates 10-15% of its overall sales in the UK, that country's exit from the EU continues to cause a more complex trading environment and added costs. In addition, a general increase in production costs contributed to some degree of uncertainty.

Borg Automotive maintains its full-year revenue guidance for 2022 of DKK 1.6–1.8 billion. The full-year EBITDA is expected to be in the DKK 170-200 million range.

Portfolio company financial highlights – full year

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Group	
Full year	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
INCOME STATEMENT														
Revenue	13,300	11,649	2,249	2,118	1,814	1,791	3,191	2,887	2,315	1,977	1,368	871	24,219	21,273
EBITDA	911	972	315	406	230	270	342	271	286	211	162	108	2,208	2,209
Depreciation and impairment losses	352	335	133	137	100	104	111	120	95	88	69	48	861	833
EBIT	559	637	182	269	130	166	231	151	191	123	93	60	1,346	1,376
Profit after tax in associates and JVs	45	-36	0	0	0	0	0	0	1	0	0	0	46	-36
Gains on divestments	0	0	0	0	0	0	0	0	0	0	0	0	3	2
Net financial items	-58	-68	-10	-16	-20	-31	-14	-32	-9	-41	-17	-3	-64	-133
Profit before tax	546	534	172	253	110	134	217	119	183	82	76	57	1,332	1,209
Tax on profit/loss for the year	-146	-141	-43	-57	-20	-46	-21	-18	-40	-20	-20	-13	-293	-300
Profit before non-controlling interests	400	393	129	197	90	88	196	101	143	62	57	44	1,039	909
Non-controlling interests	0	0	0	0	0	3	-0	-0	-1	1	0	0	-0	3
Profit for the year	400	393	129	197	90	90	196	101	142	63	57	44	1,038	912
CASH FLOWS														
Cash flows from operating activities	249	1,028	116	423	127	225	-126	252	75	197	48	139	531	2,296
Cash flows from investing activities	-358	-131	-203	-93	-233	-92	-74	-33	-62	-113	-21	-71	-950	-533
Cash flows from financing activities	63	-845	73	-346	83	-97	194	-247	-5	-92	-12	-62	250	-1,630
BALANCE SHEET														
Intangible assets*	1,354	1,178	67	73	130	134	418	412	232	254	343	345	3,571	3,423
Property, plant and equipment	1,683	1,625	1,380	1,254	1,084	914	433	423	347	318	132	97	5,078	4,659
Other non-current assets	1,273	1,004	18	7	12	23	140	161	112	123	133	79	1,700	1,427
Cash and cash equivalents	262	293	5	14	38	62	133	133	28	18	24	9	490	635
Other current assets	5,454	4,401	721	521	819	822	2,054	1,187	1,247	1,011	1,051	530	10,685	7,851
Total assets	10,025	8,500	2,192	1,869	2,083	1,954	3,179	2,317	1,966	1,724	1,683	1,059	21,524	17,994
Shareholders' equity	2,936	2,655	1,128	1,105	745	651	1,157	899	692	575	538	543	10,684	9,605
Interest-bearing liabilities	2,820	2,258	584	341	1,030	966	1,032	820	798	751	212	34	3,453	2,599
Other liabilities	4,269	3,587	479	423	307	338	990	598	476	399	933	482	7,386	5,790
Total equity and liabilities	10,025	8,500	2,192	1,869	2,083	1,954	3,179	2,317	1,966	1,724	1,683	1,059	21,524	17,994
Average no. of employees	1,445	1,377	777	745	1,055	1,019	3,878	3,611	1,192	1,161	1,848	1,466	10,210	9,393
FINANCIAL KEY FIGURES														
EBITDA margin	6.8%	8.3%	14.0%	19.2%	12.7%	15.1%	10.7%	9.4%	12.4%	10.7%	11.8%	12.4%	9.1%	10.4%
EBIT margin	4.2%	5.5%	8.1%	12.7%	7.2%	9.2%	7.2%	5.2%	8.2%	6.2%	6.8%	6.9%	5.6%	6.5%
ROIC excluding goodwill	15.9%	18.4%	11.7%	18.3%	8.8%	12.2%	15.8%	11.0%	17.6%	12.9%	18.0%	17.5%	14.1%	15.3%
ROIC including goodwill	11.5%	13.4%	11.0%	17.2%	8.2%	11.3%	14.2%	9.8%	15.7%	11.4%	10.7%	8.8%	11.4%	12.3%
Working capital	1,399	955	397	250	515	472	1,150	701	772	621	341	113	4,566	3,107
Net interest-bearing debt	1,932	1,532	579	327	954	826	824	615	715	696	138	1	2,773	1,936

* Excluding consolidated goodwill in Schouw & Co.

Portfolio company financial highlights – Q4

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Group	
Q4	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
INCOME STATEMENT														
Revenue	4,044	3,045	568	524	366	476	887	696	605	513	370	224	6,836	5,473
EBITDA	274	266	81	83	15	76	89	79	71	51	32	35	550	582
Depreciation and impairment losses	89	84	34	33	24	24	27	32	26	24	18	12	219	209
EBIT	185	182	47	50	-10	52	62	47	45	27	14	23	332	373
Profit after tax in associates and JVs	9	-0	0	0	0	0	0	0	1	0	0	0	10	-0
Gains on divestments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	-7	-21	-3	-6	-6	-5	-5	-12	-2	-11	-5	2	-5	-39
Profit before tax	187	160	44	44	-15	47	57	35	44	17	8	25	337	335
Tax on profit/loss for the year	-50	-41	-9	-8	12	-27	0	2	-8	-4	-4	-6	-60	-84
Profit before non-controlling interests	137	119	35	36	-4	20	57	37	36	13	5	19	277	251
Non-controlling interests	0	0	0	0	1	-1	-0	0	-0	-0	0	0	1	-1
Profit for the year	138	119	35	36	-3	20	57	37	36	12	5	19	278	250
CASH FLOWS														
Cash flows from operating activities	-81	156	80	53	26	58	-144	157	-22	24	23	1	-128	429
Cash flows from investing activities	-233	-10	-44	-15	-81	-21	-11	-8	-16	-40	1	-66	-385	-160
Cash flows from financing activities	274	-181	-72	-50	47	-29	120	-139	40	-5	-52	64	239	-301
BALANCE SHEET														
Intangible assets	1,354	1,178	67	73	130	134	418	412	232	254	343	345	3,571	3,423
Property, plant and equipment	1,683	1,625	1,380	1,254	1,084	914	433	423	347	318	132	97	5,078	4,659
Other non-current assets	1,273	1,004	18	7	12	23	140	161	112	123	133	79	1,700	1,427
Cash and cash equivalents	262	293	5	14	38	62	133	133	28	18	24	9	490	635
Other current assets	5,454	4,401	721	521	819	822	2,054	1,187	1,247	1,011	1,051	530	10,685	7,851
Total assets	10,025	8,500	2,192	1,869	2,083	1,954	3,179	2,317	1,966	1,724	1,683	1,059	21,524	17,994
Shareholders' equity	2,936	2,655	1,128	1,105	745	651	1,157	899	692	575	538	543	10,684	9,605
Interest-bearing liabilities	2,820	2,258	584	341	1,030	966	1,032	820	798	751	212	34	3,453	2,599
Other liabilities	4,269	3,587	479	423	307	338	990	598	476	399	933	482	7,386	5,790
Total equity and liabilities	10,025	8,500	2,192	1,869	2,083	1,954	3,179	2,317	1,966	1,724	1,683	1,059	21,524	17,994
Average no. of employees	1,483	1,377	794	754	1,065	1,041	4,105	3,575	1,209	1,152	2,044	1,464	10,714	9,376
FINANCIAL KEY FIGURES														
EBITDA margin	6.8%	8.7%	14.2%	15.9%	4.0%	15.9%	10.0%	11.4%	11.7%	9.9%	8.7%	15.8%	8.1%	10.6%
EBIT margin	4.6%	6.0%	8.2%	9.5%	-2.7%	10.9%	7.0%	6.8%	7.4%	5.3%	3.7%	10.4%	4.9%	6.8%
ROIC excluding goodwill	15.9%	18.4%	11.7%	18.3%	8.8%	12.2%	15.8%	11.0%	17.6%	12.9%	18.0%	17.5%	14.1%	15.3%
ROIC including goodwill	11.5%	13.4%	11.0%	17.2%	8.2%	11.3%	14.2%	9.8%	15.7%	11.4%	10.7%	8.8%	11.4%	12.3%
Working capital	1,399	955	397	250	515	472	1,150	701	772	621	341	113	4,566	3,107
Net interest-bearing debt	1,932	1,532	579	327	954	826	824	615	715	696	138	1	2,773	1,936

* Excluding consolidated goodwill in Schouw & Co.

Group information

Board of Directors

Chairman
Jørn Ankær Thomsen

Born 1945. Elected to the Board in 1982. Current term expires in 2022.

LL.M., University of Copenhagen. Attorney and of counsel, Gorrissen Federspiel Law Firm. Mr Ankær Thomsen has special expertise in legal matters, including company law and capital markets, and in strategy, financial reporting, treasury and finance, as well as mergers and acquisitions. Member of the company's audit committee and chairman of the company's nomination and remuneration committee.

Directorships
Chairman: Aida A/S, Danish Industrial Equipment A/S, Ejendomsselskabet FMJ A/S, Fibertex Nonwovens A/S, Fibertex Personal Care A/S, F.M.J. A/S, Givesco A/S, Hjelmager Byggeselskab A/S, Kildebjerg Ry A/S, Leighton Foods A/S, Søndergaard Give A/S, Th. C. Carlsen Løgten A/S.

Deputy chairman: Carletti A/S, Jens Eskildsen og Hustru Mary Antonie Eskildsens Mindefond.

Board member: BioMar Group A/S, Borg Automotive A/S, Dan Cake A/S, Givesco Bakery A/S, Givesco Ejendomme A/S, GPV International A/S, HydraSpecma A/S, Jacobsens Bakery Ltd A/S, Købmand Th. C. Carlsens Mindefond, Otto Mønsteds Kollegium i Aarhus.

Executive management: Anpartsselskabet Jørn Ankær Thomsen, Galten Midtpunkt ApS, Perlusus ApS.

Shares held in Schouw & Co.
Holds 20,000 shares in Schouw & Co. (End 2020: 20,000 shares)

Independence as a board member
Jørn Ankær Thomsen is not considered to be independent due to his affiliation with the main shareholder Givesco A/S, his affiliation with a law firm which acts as an adviser to the company and the fact that he has served more than 12 years on the Board.

Deputy Chairman
Jørgen Wisborg

Born 1962. Elected to the Board in 2009. Current term expires in 2025.

MSc, Aarhus School of Business and LEAP, Leadership Programme, Insead, France. CEO of OK a.m.b.a. Mr Wisborg has special expertise in management and sales as well as in strategy, business development, financial reporting, treasury and finance. Chairman of the company's audit committee and member of the company's nomination and remuneration committee.

Directorships
Chairman: Danoil II ApS, Danoil Exploration A/S, Dansk Varme Service A/S, Energidata A/S, Kamstrup A/S, OK Energiteknik A/S, OK Plus A/S, OK Plus Butiksdrift A/S, OK Varmeservice A/S, Samfinans A/S.

Deputy chairman: Drivkraft Danmark, Per Aarsleff A/S, Per Aarsleff Holding A/S.

Board member: Formuepleje Holding A/S, FP Kapital A/S.

Executive management: OK a.m.b.a., Rotensia ApS.

Shares held in Schouw & Co.
Holds 15,000 shares in Schouw & Co. (End 2020: 15,000 shares)

Independence as a board member
Jørgen Wisborg is not considered to be independent, having served more than 12 years on the Board.

Board member
Kjeld Johannesen

Born 1953. Elected to the Board in 2003. Current term expires in 2023.

Business diploma (HD), Marketing economics, Copenhagen Business School and a professional board member. Mr Johannesen has special expertise in management, production and sales as well as in strategy, business development and international business relations.

Directorships
Chairman: Hamlet Protein A/S, KPC Holding A/S, New Nutrition ApS, New Nutrition Holding ApS, Sparekassen Nordjyllands Fond af 29. marts 1976, Spar Nord Bank A/S.

Executive management: CLK 2016 Holding ApS, Kjeld Johannesen Holding ApS.

Shares held in Schouw & Co.
Holds 22,000 shares in Schouw & Co. (End 2020: 22,000 shares)

Independence as a board member
Kjeld Johannesen is not considered to be independent, having served more than 12 years on the Board.

Board of Directors

Board member
Agnete Raaschou-Nielsen

Born 1957. Elected to the Board in 2012. Current term expires in 2024.

PhD, University of Copenhagen and a professional board member. Ms Raaschou-Nielsen has special expertise in business development and acquisitions, macroeconomics, emerging markets, as well as international production, sales and marketing. Member of the company's audit committee and of its nomination and remuneration committee.

Directorships
Chairman: AP Invest Kapitalforening, Arkil Holding A/S, Investeringsforeningen Danske Invest, Investeringsforeningen Danske Invest Index, Investeringsforeningen Danske Invest Select, Investeringsforeningen Profil Invest, Kapitalforeningen Danske Invest Institutional.

Deputy chairman: Danish Committee on Corporate Governance

Board member: University of Copenhagen

Shares held in Schouw & Co.
Holds 3,237 shares in Schouw & Co. (End 2020: 3,237 shares)

Independence as a board member
Agnete Raaschou-Nielsen is considered to be independent.

Board member
Hans Martin Smith

Born 1979. Elected to the Board in 2017. Current term expires in 2025.

M.SC. (Economics) Aarhus University and CFO of Vestas Wind Systems A/S. Mr Smith has special expertise in finance, business development, strategy, M&A, capital markets and investor relations.

Directorships
Board member: Availon Inc., Vestas Benelux B.V., Vestas Central Europe - Zagreb d.o.o., Vestas Latvia SIA, Vestas Lithuania UAB, Vestas Manufacturing Rus OOO, Vestas Switzerland AG.

Executive management: Vestas Bulgaria EOOD, Vestas Central Europe d.o.o. Beograd, Vestas CEU Romania S.R.L., Vestas Georgia LLC, Vestas Hungary Kft., Vestas Wind Systems A/S.

Shares held in Schouw & Co.
Holds 600 shares in Schouw & Co. (End 2020: 600 shares)

Independence as a board member
Hans Martin Smith is considered to be independent.

Board member
Kenneth Skov Eskildsen

Born 1973. Elected to the Board in 2018. Current term expires in 2022.

Business training from Aarhus Business College and managing director of Givesco A/S. Mr Eskildsen has special expertise in international business relations, accounting and economics as well as sales and production, including specifically in foods.

Directorships
Chairman: Coronet Cake Company ApS, Grocon Holding ApS, MTK GmbH, TC Brød ApS.

Board member: Almondy AB, Almondy Fastighets AB, Carletti A/S, Carletti Fastigheter AB, Eliza Chokolade ApS, Eliza Chokolade Holding ApS, Dina Food ApS, Givesco A/S, Givesco Ejendomme A/S, Hands-on Mikrofonden A/S, Humlum A/S, Jacobsen Bakery Ltd A/S, Jens Eskildsen og Hustru Mary Antonie Eskildsens Mindefond, JFKA Invest ApS, Kakes A/S, Leighton Foods A/S, Nykers A/S, OK Snacks A/S, SiccaDania A/S, Switsbake Int AB, Vorgod Bageri A/S.

Executive management: Givesco A/S, Givesco Bakery A/S, Givesco Ejendomme A/S, Givesco Services A/S, Grocon Holding ApS, JFKA Invest ApS, Porto ApS.

Shares held in Schouw & Co.
Holds 381,990 shares in Schouw & Co. (End 2020: 381,990 shares)

Independence as a board member
Kenneth Skov Eskildsen is not considered to be independent due to his affiliation with the main shareholder Givesco A/S.

Executive Management

President & CEO
Jens Bjerg Sørensen

Born 1957. Appointed in 2000.

Business graduate, Niels Brock Business College, Business diploma (HD), Marketing economics, Copenhagen Business School, IEP – Insead Executive Programme, Insead, France.

Directorships
Chairman: A. Kirk A/S, BioMar Group A/S, Borg Automotive A/S, F. Salling Holding A/S, F. Salling Invest A/S, GPV International A/S, HydraSpecma A/S, Købmand Herman Sallings Fond.

Deputy chairman: Danfoss A/S, Fibertex Nonwovens A/S, Fibertex Personal Care A/S, Salling Group A/S.

Board member: Aida A/S, Bitten og Mads Clausens Fond, Ejendomsselskabet FMJ A/S, F.M.J. A/S, Købmand Ferdinand Sallings Mindefond, Per Aarsleff Holding A/S.

Executive management: Jens Bjerg Sørensen Datterholding 1 ApS, Jens Bjerg Sørensen Holding ApS.

Shares held in Schouw & Co.
Holds 56,000 shares in Schouw & Co.
(End 2020: 56,000 shares)

Vice President
Peter Kjær

Born 1956. Appointed in 1993.

BSc, Electronic Engineering, Engineering College of Aarhus, Business diploma (HD), Marketing economics, Aarhus School of Business, MBA from IMD, Lausanne, Switzerland.

Directorships
Chairman: Capnova A/S, Den Gamle By, Incuba A/S.

Board member: A. Espersen A/S, Beck Pack Holding ApS, Beck Pack Systems A/S, Direktør J.P.A. Espersen og hustru, fru Dagny Espersens Fond, HydraSpecma AB, HydraSpecma A/S, Insepa A/S.

Shares held in Schouw & Co.
Holds 26,500 shares in Schouw & Co.
(End 2020: 26,500 shares)

MANAGEMENT BODIES AT SCHOUW & CO.
The Board of Directors of Schouw & Co. consists of not less than four and not more than seven shareholder-elected members who elect a chairman and a deputy chairman from among their number. Board member are elected for a term of four years. The Board of Directors of Schouw & Co. also serves as the board of directors of Direktør Svend Hornsylds Legat.

The Board of Directors is responsible for the overall management of the company, which includes appointing the members of the Executive Management, laying down guidelines for and exercising control of the work performed by the Executive Management, organising the company's business in a responsible manner, defining the company's business concept and strategy and evaluating the adequacy of the company's capital contingency programme. The Board of Directors has set up audit committee and a nomination and remuneration committee.

Ordinary board meetings are scheduled at least six months in advance. Board meetings are normally attended by all members of the Board and the Executive Management, as was the case in 2021. The Board held six board meeting and one board seminar during the year

The members of the Executive Management of Schouw & Co. are Jens Bjerg Sørensen, President & CEO, and Peter Kjær, Vice President. The Executive Management is in charge of the day-to-day management of the company both at parent company and group level and complies with the guidelines and directions issued by the Board of Directors.

Additional reporting on the composition of the management bodies and their committees as well as committee functions is provided in the statutory report on corporate governance prepared in accordance with section 107b of the Danish Financial Statements Act, which is available from the company's website at www.schouw.dk/en/cg2021.

These pages list directorships in other companies and other relevant management positions held. Shareholdings include each board member's or executive's shares in Schouw & Co. and those held by their related parties.

Investor information

CAPITAL AND SHARE STRUCTURES

The shares of Aktieselskabet Schouw & Co. are listed in the large cap segment on Nasdaq Copenhagen under the short name SCHO and the ISIN code DK0010253921.

The company has 25,500,000 issued shares of DKK 10 nominal value, equal to a total share capital of DKK 255,000,000 nominal value. Each share carries one vote, no share carries any special rights and no restrictions apply as to the transferability of the shares.

The Board of Directors reviews the company's capital and share structures at least once a year, giving priority to retaining a high equity ratio in order to ensure the necessary financial versatility. At its most recent review in December 2021, the Board of Directors found the company's capital and share structures to be appropriate and adequate relative to the company's plans and expectations.

DIVIDEND POLICY

Schouw & Co. aims to pay stable or growing dividends, always with due consideration for the company's earnings and any potential major investments or acquisitions.

The Board of Directors recommends that the dividend for the 2021 financial year be raised to DKK

15

per share.

Treasury shares and share buyback programme

Schouw & Co. acquired 10,378 treasury shares in 2021. The shares were bought as part of the Group's current share buyback programme, which allows for the purchase of treasury shares for up to DKK 350 million in the period to 30 December 2022. The share buyback programme is implemented in accordance with the safe harbour rules.

At 31 December, 2021, the company held 1,531,102 treasury shares, equal to 6.00% of the share capital, but the holding will change on a regular basis due to the ongoing share buyback programme. The company will release weekly company announcements stating current holdings of treasury shares for the duration of the share buyback programme.

The market value of the holding of treasury shares was DKK 871 million at 31 December 2021. The portfolio of treasury shares is recognised at DKK 0.

Incentive programmes

Since 2003, Schouw & Co. has operated a share-based incentive programme comprising the Executive Management and senior managers, including the executive managements of subsidiaries.

Under the share-based incentive programme, Schouw & Co. awarded, in March 2021, a total of 403,000 share options to 32 people.

The share options vest over a period of three years and are exercisable during a 13-month period following the publication of Schouw & Co.'s annual report for the 2023 financial year at a strike price of DKK 666.40 plus a 2% premium per annum from the date of grant until the date of exercise. The exercise price is adjusted by deduction of ordinary dividends, which amount cannot exceed the interest accrued.

The overall guidelines for incentive programmes can be found in the company's remuneration policy as approved by the company's shareholders in general meeting and which is available from the company's website, www.schouw.dk.

Financial calendar for 2022

08.03 2022	Deadline for submission of proposals to be considered at the annual general meeting
20.04 2022	Annual general meeting
25.04 2022	Expected distribution of dividend for the 2021 financial year
05.05 2022	Release of Q1 2022 interim report
16.08 2022	Release of Q2 2022 interim report
10.11 2022	Release of Q3 2022 interim report

Company announcements

Schouw & Co. released the following company announcements in 2021. The announcements are available at the company's website, www.schouw.dk.

05.03 2021	#1	Annual report 2020: The conglomerate shows its strength
12.03 2021	#2	Continuation of incentive programme
15.03 2021	#3	Notice of the Annual General Meeting of Aktieselskabet Schouw & Co.
15.04 2021	#4	Annual general meeting of Schouw & Co.
06.05 2021	#5	Interim report – First quarter of 2021
12.08 2021	#6	Interim report – Second quarter of 2021
11.11 2021	#7	Interim report – Third quarter of 2021
11.11 2021	#8	Change in Management of Schouw & Co.
21.12 2021	#9	Schouw & Co.'s financial calendar 2022
21.12 2021	#10	Schouw & Co. to initiate share buy-back programme of up to DKK 350 million

REGISTER OF SHAREHOLDERS

The Company's registrar is Computershare A/S, Lottenborgvej 26D, 1st floor, DK-2800 Kgs. Lyngby.

Investor information

SHARE PRICE PERFORMANCE

The Schouw & Co. share closed the year at a price of DKK 569 (official year-end price), compared with DKK 616 per share at 31 December 2020, corresponding to a decline of 8% including payment of a dividend of DKK 14 per share.

Accordingly, the total market capitalisation of the company's listed share capital amounted to DKK 14,510 million at the close of the financial year, against DKK 15,708 million at the close of 2020. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 13,638 million at 31 December 2021.

Investor relations policy

Schouw & Co. aims to create value and achieve results to match the best of our industry peers.

The company's investor relations policy is to provide reliable information and to maintain professional relations with shareholders and the market so as to ensure that investors always have the necessary information to make an assessment of the Group's true values. Schouw & Co. complies with the duty of disclosure rules applying to listed Danish companies.

The company's annual and interim reports of the past ten years and its company announcements of the past five years are available from its website, www.schouw.dk, where users can also subscribe to the company's news service.

Schouw & Co. hosts conference calls when releasing annual or interim reports. Presentations given during conference calls will subsequently be posted on the company's website.

From time to time, Schouw & Co. holds meetings with investors and other parties. Presentations from such meetings are also available from the company's website.

Schouw & Co. observes a 30-day silent period ahead of releasing financial reports. During such periods, our financial communications are subject to special restrictions.

Any queries of an investor relations nature should be e-mailed to: ir@schouw.dk or to the company at: schouw@schouw.dk.

SHAREHOLDER STRUCTURE

Schouw & Co. has about

12,000

registered shareholders, Of these, the following are listed in the Company's register in accordance with section 56 of the Danish Companies Act:

GIVESCO A/S

28.09%

DIREKTØR SVEND HORNSYLDS LEGAT

14.82%

AKTIESELSKABET SCHOUW & CO.

6.00%*

Members of the Board of Directors and the Executive Management of Schouw & Co. and their connected persons held a total of 442,827 and 82,500 shares, respectively, in the company at 31 December 2021, which holdings were unchanged from the previous year.

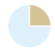
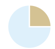
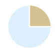
* Holding of treasury shares at the end of the financial year.

WWW.SCHOUW.DK

The company's website contains press releases and company announcements, as well as more detailed information on the Group. Interested parties are also invited to subscribe to the company's news service.

Risks

Building on different business areas and geographies, Schouw & Co. has a highly diversified business risk. The main business-specific risks relate to BioMar, the largest of the portfolio companies.

Risk areas	What is the risk?	How is the risk mitigated?	Risk assessment
Global macroeconomics	The purchasing power of customers and end customers is strongly subject to macroeconomic trends	For BioMar, Fibertex Personal Care and to some extent Fibertex Nonwovens and Borg Automotive, their business models and sales are not particularly affected by global economic developments. Demand for fish and thus for fish feed, the consumption of hygiene products, and automotive spare parts are cyclical only to a limited extent, whereas GPV and HydraSpecma face more cyclicality in sales.	
Country-specific risk	Developments in local conditions, political regimes or tensions may affect production matters as well as sales potential.	The group sells its products in more than 100 countries and has 60 production facilities in 30 countries, Some countries matter more than others, and any country-specific conditions in countries of special importance may have derived global effects on the value chain.	
Attractive investment opportunities	Capacity-expanding investments and company acquisitions have historically been major value creators.	Diversification ensures that good opportunities for capacity expansion and taking part in industry consolidation and creating acquisitive growth within the different business areas and geographies in which the portfolio businesses operate.	
Cybercrime	Malicious attacks on IT systems or vulnerabilities resulting from increasing digitalisation.	The IT systems used by the Group's companies are not interconnected. The companies are generally well protected, but there will always be a risk that individual companies will experience an IT breakdown or cybercrime.	
Climate	The world is increasingly suffering the effects of climate change and being a carbon emitter may become expensive in the future.	The geographic diversification of Schouw & Co.'s operations reduces the implications of local and regional natural disasters and weather phenomena. The Group's largest source of energy is electric power, part of which already comes from carbon-neutral sources.	
Foreign currencies	Fluctuating foreign exchange rates have a direct effect on both the statement of comprehensive income and the balance sheet.	The broad geographical diversification with strong production and sales overlap within countries creates a natural hedge at group level, but as most of its operations are based outside Denmark, the Group is exposed to foreign exchange risk.	
Financing and interest rates	Rising interest rates mean higher capital costs, and capital accessibility is necessary for making investments.	Debt is generally managed centrally, and the parent company and the companies are jointly liable for debts. The Group mainly raises financing with four major banks. The Group has moderate interest-bearing debt relative to its earnings.	
Customer dependency	Major customers have big bargaining strength and may involve a challenge to subcontractors.	All of our portfolio businesses operate in B2B markets and serve relatively large customers. No one single customer accounts for more than 5% of the Group's consolidated revenue, but in some cases, the five largest customers account for more than 50% of a particular subsidiary's revenue.	
Raw materials and energy	Rising prices of raw materials and costs of freight and energy will squeeze earnings in so far as price increases cannot be passed on to customers.	Raw materials represent the majority of costs at group level. Our portfolio businesses rely on certain raw materials and are thus sensitive to large fluctuations in the prices of such raw materials. BioMar and Fibertex Personal Care apply automatic price adjustment mechanisms to a large extent, which at long or short lags compensate for price fluctuations. Rising prices of energy and other consumables are not automatically passed on to customers and would affect the portfolio businesses.	

Corporate social responsibility and corporate governance

Schouw & Co.'s ESG reporting has been expanded to include tax, data ethics and the EU Taxonomy. Statutory reports as required under sections 99 and 107 of the Danish Financial Statements Act are available from the company's website. Go to www.schouw.dk/en/cg2021

Corporate social responsibility
Schouw & Co. is a diversified industrial conglomerate with an operational structure consisting of the parent company and six wholly-owned portfolio companies operating with a large degree of operational autonomy.

At Schouw & Co., we have an ambition to be among the best in terms of creating value in a decent and trustworthy manner, and the Group's businesses share a common frame of reference for the work on corporate social responsibility.

Individually, the Group's businesses launched a number of initiatives in 2021 in relation to the four areas of human rights, social issues and labour conditions, anti-corruption and business ethics, and climate and the environment. In addition, work was ongoing at Group level in 2021 on strengthening the strategic base for the work on ESG (Environment, Social & Corporate Governance) requirements and the further development of the Group's ESG reporting.

Responsible approach to tax
Schouw & Co. approved a tax policy in 2021 that reflects the Group's long-standing practice as a responsible taxpayer complying with local and international tax rules governing all types of taxes and duties. Acknowledging that tax payments are of great importance to the communities we operate in, Schouw & Co. will always endeavour to observe the letter and the legislator's intention of the law and is committed to applying best practice and applicable guidelines.

The Group's tax policy is available to the public and is described in further detail in the Group's 2021 ESG Report. Both of these documents are available on the company's website.

Report pursuant to section 99a
Schouw & Co. has prepared an ESG report for 2021, which constitutes the Group's full report on corporate social responsibility for the 2021 financial year pursuant to section 99a of the Danish Financial Statements Act. The ESG report is available on the company's website.

The ESG Report contains a description of our business model, our corporate responsibility and risk assessment policies as well as a description of actions and results for the year as well as a review of performance.

Reports pursuant to sections 99b and 107d
The ESG Report for 2021 includes a report on the company's diversity policy pursuant to section 107d and the Group's overall report on gender composition in management pursuant to section 99 b of the Danish Financial Statements Act. The ESG report is available on the company's website at www.schouw.dk/en/cg2021.

Report pursuant to section 99d
Schouw & Co. adopted a policy on data ethics in 2021 as part of its general internal guidelines. A result of the structure of the Group as a diversified conglomerate, the policy does not provide a specific description of the procedures and measures to be introduced by the Group's companies with a view to ensuring compliance with the data ethics values. The policy serves more to provide guidance on the Group's general view on data ethics issues.

The Group's policy on data ethics is available to the public and is described in further detail in the Group's 2021 ESG Report. Both of these documents are available on the company's website.

Corporate governance
Schouw & Co. complies with the rules applying to companies listed on Nasdaq Copenhagen, which include a code on corporate governance as set out in "Corporate Governance Recommendations".

The Board of Directors and the Executive Management of Schouw & Co. see corporate governance as a natural part of running a responsible business. Corporate governance considerations and the interaction with the company's stakeholders is a constant priority, and Schouw & Co. believes it complies in all material respects with the intentions of "Corporate Governance Recommendations".

Report pursuant to section 107b
Schouw & Co. has prepared a statutory corporate governance report for 2021 (in Danish), as required under section 107b of the Danish Financial Statements Act, which can be found in its entirety on the company's website. The report consists of three parts:

- A report on the company's work to comply with Recommendations on corporate governance.
- A description of the main elements of the Group's internal control and risk management systems in connection with the financial reporting process.
- A description of the composition of the company's management bodies, committees established and their functions.

Remuneration report
Schouw & Co. has prepared a Remuneration Report for the 2021 financial year, which can be found in its entirety on the company's website.

WWW.SCHOUW.DK/EN/CG2021

We develop and transform a diversified portfolio of leading B2B businesses — and long-term value creation is always our top priority.

Jens Bjerg Sørensen, President and CEO of Schouw & Co.

Consolidated financial statements

Statements of income and comprehensive income

1 January – 31 December

Note	Income statement	2021	2020
1, 2	Revenue	24,219	21,273
3	Operating expenses	-22,044	-19,074
4	Other operating income	39	27
4	Other operating expenses	-6	-17
	EBITDA	2,208	2,209
5	Depreciation, amortisation and impairment losses	-861	-833
	EBIT	1,346	1,376
13	Profit after tax in associates	34	-44
13	Profit after tax in joint ventures	12	8
	Gains on divestments	3	2
17	Financial income	85	76
18	Financial expenses	-149	-209
	Profit before tax	1,332	1,209
22	Tax on profit/loss for the year	-293	-300
	Profit for the year	1,039	909
	Shareholders of Schouw & Co.	1,038	912
	Non-controlling interests	0	-3
	Profit for the year	1,039	909
34	Earnings per share (DKK)	43.30	38.04
34	Diluted earnings per share (DKK)	43.12	38.00

Note	Statement of comprehensive income	2021	2020
	Items that cannot be reclassified to the income statement:		
	Actuarial gains/losses on defined benefit pension liabilities	51	-17
22	Tax on other comprehensive income	-9	3
	Total items that cannot be reclassified to the income statement	42	-15
	Items that can be reclassified to the income statement:		
	Foreign exchange adjustments of foreign subsidiaries	316	-492
	Value adjustment of hedging instruments for the year	-12	-8
	Hedging instruments transferred to operating expenses	5	-2
	Hedging instruments transferred to financials	2	2
	Other comprehensive income from associates and joint ventures	1	-11
	Other adjustments to other comprehensive income	-1	-2
22	Tax on other comprehensive income	2	1
	Total items that can be reclassified to the income statement	314	-513
	Other comprehensive income after tax	356	-528
	Profit for the year	1,039	909
	Total recognised comprehensive income	1,394	381
	Attributable to		
	Shareholders of Schouw & Co.	1,393	383
	Non-controlling interests	1	-2
	Total recognised comprehensive income	1,394	381

Amounts in DKK million

Balance sheet • Assets and liabilities

at 31 December

Note	Assets	2021	2020
10	Intangible assets	3,571	3,423
11	Property, plant and equipment	5,078	4,659
12	Lease assets	687	721
13	Equity investments in associates	411	347
13	Equity investments in joint ventures	148	134
26	Securities	91	80
23	Deferred tax	122	104
14	Receivables	241	41
	Total non-current assets	10,349	9,509
6	Inventories	5,514	3,692
7	Receivables	5,022	4,015
	Prepayments	71	56
24	Income tax receivable	77	88
	Cash and cash equivalents	490	635
	Total current assets	11,175	8,486
	Total assets	21,524	17,994

Note	Liabilities and equity	2021	2020
21	Share capital	255	255
	Hedge transaction reserve	-13	-10
	Exchange adjustment reserve	63	-253
	Retained earnings	9,982	9,257
	Proposed dividend	383	357
	Equity attributable to parent company shareholders	10,670	9,606
	Non-controlling interests	15	0
	Total equity	10,684	9,605
23	Deferred tax	372	357
27	Other payables	522	344
19	Interest-bearing debt	2,384	1,742
	Non-current liabilities	3,277	2,443
19	Interest-bearing debt	1,070	856
8	Trade payables and other payables	5,895	4,478
	Customer prepayments	111	15
	Prepayments	40	81
28	Liability regarding put option	374	360
24	Income tax	72	155
	Current liabilities	7,562	5,946
	Total liabilities	10,839	8,389
	Total equity and liabilities	21,524	17,994

Notes without reference 16, 29-33 and 35-37.

Amounts in DKK million

Cash flow statement

1 January – 31 December

Note		2021	2020
	EBITDA	2,208	2,209
	Adjustment for non-cash operating items etc.:		
9	Changes in working capital	-1,277	471
	Provisions	-12	24
	Other non-cash operating items, net	71	-5
	Cash flows from operations before interest and tax	989	2,699
	Net interest paid	-78	-94
24	Income tax paid	-381	-309
	Cash flows from operating activities	531	2,296
25	Purchase of intangible assets	-48	-48
25	Purchase of property, plant and equipment	-751	-454
	Sale of property, plant and equipment	54	9
15	Acquisitions of subsidiaries	-45	-60
	Divestment of subsidiaries	1	0
	Net loans to associates	-9	0
	Net loans to customers	-155	0
	Additions/disposals of other financial assets	3	22
	Cash flows from investing activities	-950	-533

Note		2021	2020
	Loan financing:		
19	Repayment of lease debt	-220	-196
	Repayment of other non-current liabilities	-45	-164
25	Proceeds from non-current liabilities incurred	536	0
	Increase/repayment of bank overdrafts	317	-945
20	Cash flows from debt financing	588	-1,305
	Shareholders:		
	Capital contributions by non-controlling shareholders	4	0
	Dividends paid	-336	-336
	Purchase of treasury shares	-6	0
	Sale of treasury shares	0	11
	Cash flows from financing activities	250	-1,630
	Cash flows for the year	-170	133
	Cash and cash equivalents, beginning of period	635	538
	Value adjustment of cash and cash equivalents	26	-37
	Cash and cash equivalents, end of period	490	635

Amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Shareholders' equity
Equity at 1 January 2020	255	-3	251	8,658	357	9,519	2	9,521
Profit and other comprehensive income in 2020								
Profit for the year		0	0	556	357	912	-3	909
Other comprehensive income		-8	-504	-18	0	-529	1	-528
Total recognised comprehensive income		-8	-504	538	357	383	-2	381
Transactions with the owners								
Share-based payment		0	0	20	0	20	0	20
Tax re. share-based payment		0	0	0	0	0	0	0
Distributed dividends		0	0	21	-357	-336	0	-336
Value adjustment of put option		0	0	9	0	9	0	9
Sale of treasury shares		0	0	11	0	11	0	11
Total transactions with owners during the year	0	0	0	61	-357	-296	0	-296
Equity at 31 December 2020	255	-10	-253	9,257	357	9,606	0	9,605
Profit and other comprehensive income in 2021								
Profit for the year		0	0	656	383	1,038	0	1,039
Other comprehensive income		-3	317	41	0	355	1	356
Total recognised comprehensive income		-3	317	697	383	1,393	1	1,394
Transactions with the owners								
Share-based payment		0	0	27	0	27	0	27
Tax re. share-based payment		0	0	0	0	0	0	0
Distributed dividends		0	0	21	-357	-336	0	-336
Value adjustment of put option		0	0	-14	0	-14	0	-14
Addition of non-controlling interests and capital contributions		0	0	0	0	0	14	14
Purchase of treasury shares		0	0	-6	0	-6	0	-6
Total transactions with owners during the year	0	0	0	28	-357	-329	14	-315
Equity at 31 December 2021	255	-13	63	9,982	383	10,670	15	10,684

Amounts in DKK million

Notes • Basis of preparation of the consolidated financial statements

In 2021, the income statement format has been changed from one classifying costs by function to one in which Group's primary earnings measure, EBITDA, is presented directly in the income statement. Under this presentation method, depreciation and amortisation is shown in a single line item rather than being presented under three different functions. The previous three cost items classified by function, production costs, distribution costs and administrative expenses, have been combined in the item operating expenses. In the notes, operating expenses are presented in the most significant items by type.
Cash flows from operating activities have been adjusted in accordance with the changed income statement presentation. The underlying accounting policies applying to the individual cost types are unchanged. The changed income statement presentation affects neither profit/loss nor shareholders' equity.

With the exception of the mentioned changed income statement and cash flow statement presentation, Schouw & Co.'s consolidated financial statements are consistent with those of last year. In this annual report, the notes have been grouped into five sections. Each section contains comments with a description of the Group's accounting policies, estimates and judgments. Only material items are presented in the primary statements. Both quantitative and qualitative factors are used in determining whether or not an item is deemed to be principal.

The names of Fibertex Personal Care, Fibertex Nonwovens, Hydra/Specma and Borg Automotive may be abbreviated to FPC, FIN, HS and Borg, respectively

Accounting policies

The Schouw & Co. annual report for the year ended 31 December 2021 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and other requirements pursuant to the Danish Financial Statements Act.

Recognition and measurement
Schouw & Co. has implemented the standards and interpretations which are effective from 2021. The consolidated accounting policies are consistent with those of last year. The annual report is presented in Danish kroner.

iXBRL reporting
As from 2021, Schouw & Co. is required to present its annual report in accordance with the new EU Single Electronic Format (ESEF). The 2021 annual report is therefore prepared in XHTML format, which is readable in a normal internet browser. The annual report's primary statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tagging was performed in accordance with the ESEF taxonomy included in the ESEF Regulation and developed on the basis of the IFRS taxonomy issued by IFRS. Where financial statement items in the annual report are not defined in the ESEF taxonomy, an extension has been made to the taxonomy. Apart from extensions related to subtotals, extensions to the taxonomy are linked to elements of the ESEF taxonomy. The annual report filed with the Danish authorities consists of a special technical zip file containing an XHTML document.

Roundings and presentation
In the preparation of the annual report, the Schouw & Co Group uses minimum amounts of DKK 1000 in the measurement of underlying data. As the annual report is generally presented in millions of Danish kroner, all amounts provided have been rounded, for which reason some additions may not add up.

Consolidated financial statements
The financial statements of the Group consolidate the financial statements of Schouw & Co. and subsidiaries controlled by Schouw & Co. Control is achieved by directly or indirectly holding or having the disposal of more than 50% of the voting rights or otherwise exercising a controlling influence over the relevant enterprise. Enterprises in which the Group exercises significant influence but not control are classified as associates. Significant influence is generally achieved by directly or indirectly holding or controlling 20% or more, but less than 50%, of the voting rights. Factors used to determine whether or not the Group has control include de facto control and potential voting rights exercisable at the balance sheet date.

Non-controlling interests are recognised in consolidated enterprises that are not wholly owned by the Group.

Joint arrangements are activities or companies in which the Group has joint control through collaborative agreements with one or more parties. Joint control implies that unanimous decisions on the relevant activities are required by the parties sharing the controlling influence.

Joint arrangements are classified either as joint ventures or as joint operations. A joint operation refers to activities where the parties have direct rights to assets and direct obligations for liabilities, whereas a joint venture means activities for which the parties only have rights to the net assets.

Schouw & Co. has joint operations consisting of fish feed activities in Costa Rica. This business is consolidated on a pro-rata basis. Schouw & Co. also has joint ventures, including BioMar's operations in Turkey and China. These businesses are recognised in a single line at the proportionate share of the profit or loss after tax attributable to the Group.

The consolidated financial statements have been prepared by aggregating the financial statements of the parent company, the individual subsidiaries and joint operations prepared in accordance with the Group's accounting policies. Intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains on transactions between the consolidated companies are eliminated. Unrealised gains on transactions with associates and joint ventures are eliminated in proportion to the Group's share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that no impairment has occurred.

Foreign currency translation
A functional currency is determined for each of the reporting enterprises of the Group. The functional currency is the currency used in the primary economic environment in which the reporting entity in question operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currency are translated at the exchange rate ruling on the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of actual payment are recognised in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currency are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate ruling at the date when the receivable or payable arose or the exchange rate applied in the most recent annual report is recognised in the income statement under financial income or financial expenses.

On consolidation of enterprises with functional currencies other than Danish kroner, the income statements are translated at the exchange rates ruling at the transaction date and the balance

Notes • Basis of preparation of the consolidated financial statements

sheets are translated at the exchange rates ruling at the balance sheet date. The average exchange rate for each individual month is used as the transaction date exchange rate. Exchange differences arising on the translation of the opening equity of such enterprises at the exchange rates ruling at the balance sheet date and on the translation of the income statements from the exchange rates ruling at the transaction date to the exchange rates ruling at the balance sheet date are recognised in other comprehensive income in the exchange adjustment reserve under equity. Foreign exchange adjustment of balances that are considered as part of the overall net investment in enterprises with functional currencies other than Danish kroner, are recognised directly in other comprehensive income in the exchange adjustment reserve under equity. Similarly, exchange gains and losses on the part of loans and derivative financial instruments effectively hedging the net investment in such enterprises are recognised in other comprehensive income in the exchange adjustment reserve under equity.

On consolidation of associates and joint ventures with functional currencies other than Danish kroner, the pro-rata share of the results is translated at the exchange rates ruling at the transaction date, and the share of equity including goodwill is translated at the exchange rates ruling at the balance sheet date. Exchange differences arising on the translation of the share of the opening equity of foreign associates at exchange rates ruling at the balance sheet date and on the translation of the share of the results for the year from average exchange rates to the exchange rates ruling at the balance sheet date are recognised in other comprehensive income in the exchange adjustment reserve under equity.

Derivative financial instruments
Derivative financial instruments are measured at fair value and recognised in the balance sheet under other receivables or other payables, respectively. The fair value of derivative financial instruments is calculated on the basis of current market data and recognised valuation methods.

Changes in the fair value of derivative financial instruments that effectively hedge the fair value of a recognised asset or a recognised liability are recognised in the income statement together with any changes in the value of the hedged asset or hedged liability. Hedging of future cash flows under agreements are treated as hedging of the fair value of a recognised asset or a recognised liability.

Changes in the part of the fair value of derivative financial instruments effectively hedging future cash flows are recognised in other comprehensive income in the reserve for hedging transactions under equity. On realisation of the hedged transaction, any gains or losses relating to such hedge transactions are transferred from other comprehensive income and recognised in the same item as the hedged item.

Changes in the fair value of derivative financial instruments effectively hedging net investments in foreign subsidiaries

or associates are recognised in other comprehensive income in the exchange adjustment reserve under equity.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised as interest income or expenses and similar items in the income statement as they occur.

Shareholders' equity
The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised. The exchange adjustment reserve in the consolidated financial statements comprises exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into Danish kroner including exchange differences on financial instruments considered to be a part of the net investment or as hedging of the net investment.

Treasury shares
The purchase and sale sums of treasury shares and dividends thereon are taken directly to retained earnings under equity. Proceeds from the sale of treasury shares in Schouw & Co. in connection with the exercise of share options are taken directly to equity.

Dividend
Dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the date of declaration). Dividends expected to be declared in respect of the year are stated as a separate line item under equity.

Significant accounting estimates

In preparing the financial statements, management makes a number of assessments, estimates and makes assumptions necessary for calculating the carrying amount of certain assets and liabilities.

The estimates and assumptions applied are based on factors such as historical experience and other factors that management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Due to the risks and uncertainties the Group is subject to, actual outcomes may deviate from estimates made. It may be necessary to revise previous estimates as a result of changes to the assumptions on which such estimates were based or due to new information or subsequent events.

Management has identified two areas of particular materiality for the financial reporting:

- Total trade receivables, amounting to DKK 4,726 million, is one of the largest balance sheet items and has had a significant effect on the income statement of BioMar in particular when viewed in terms of historical business cycles. Management reviews the need for bad debt provisions on an ongoing basis. See note 7 and page 54.
- Valued at DKK 2,536 million, goodwill represents a significant amount in the balance sheet, and the value of goodwill is subject to a number of estimates in relation to purchase price allocation on acquisition and the future earnings of the underlying units. Management performs at least one impairment test annually. See note 16 and page 64.

Notes • Basis of preparation of the consolidated financial statements

Definitions of financial ratios
The financial ratios in the annual report are defined as follows:

Return on equity	Profit for the year excluding minorities / Avg. equity excluding non-controlling interests
ROIC excluding goodwill	EBITA / Avg. invested capital excluding goodwill
ROIC including goodwill	EBITA / Avg. invested capital including goodwill
Equity ratio	Equity at year end / Total liabilities and equity at year end
Earnings per share (EPS)	Profit for the year excluding minorities / Average number of shares in circulation
Diluted earnings per share (EPS-D)	Profit for the year excluding minorities / Diluted average number of shares in circulation
Net asset value per share	Equity at year end excluding non-controlling interests / Number of shares at year end excluding treasury shares
Price/net asset value (P/NAV)	Market capitalisation, end of period / Equity at year end excluding non-controlling interests
Market cap	(Number of shares excluding treasury shares) multiplied by share price

Performance measures
Schouw & Co.'s consolidated financial statements apply the following Alternative Performance Measures (APM) not defined by IFRS: EBIT, EBITA, EBITDA, working capital, net interest-bearing debt and invested capital both with and without goodwill. These Alternative Performance Measures are used in the daily Group controlling and in the communication with Group stakeholders. These alternative performance measures are calculated in the following manner:

APM:	**2021**	**2020**	**Change**
Income statement ratios:			
EBIT	1,346	1,376	-2.1%
Amortisation of intangible assets	-134	-129	
Impairment of intangible assets	0	0	
EBITA	**1,480**	**1,505**	**-1.6%**
EBITA	1,480	1,505	
Depreciation of property, plant and equipment	-507	-493	
Impairment/reversed impairment of property, plant and equipment	2	-8	
Depreciation of lease assets	-222	-202	
Impairment of lease assets	-1	-2	
EBITDA	**2,208**	**2,209**	**-0.1%**

Balance sheet ratios	**2021**	**2020**	**Change**
Inventories	5,514	3,692	
Trade receivables	4,726	3,781	
Other current receivables (non-interest bearing)	275	208	
Other non-current receivables (operating)	56	25	
Prepayments	71	56	
Trade payables	-4,661	-3,479	
Core liability	-281	-237	
Other current payables (non-interest bearing)	-951	-794	
Customer prepayments (current)	-111	-15	
Other non-current payables (operating)	-33	-49	
Prepayments (current)	-40	-81	
Working capital	**4,566**	**3,107**	**47.0%**
Interest-bearing debt	3,453	2,599	
Other non-current receivables (interest-bearing)	-170	-2	
Other current receivables (interest-bearing)	-21	-26	
Cash and cash equivalents	-490	-635	
Net interest-bearing debt (NIBD)	**2,773**	**1,936**	**43.2%**
Working capital	4,566	3,107	
Intangible assets	3,571	3,423	
Goodwill	-2,536	-2,366	
Property, plant and equipment	5,078	4,659	
Lease assets	687	721	
Provisions (non-current)	-31	-33	
Prepayments (non-current)	-59	-63	
Provisions (current)	-66	-27	
Invested capital (ex. goodwill)	**11,211**	**9,421**	**19.0%**
Invested capital (ex. goodwill)	11,211	9,421	
Goodwill	2,536	2,366	
Invested capital (including goodwill)	**13,747**	**11,787**	**16.6%**

Amounts in DKK million

Notes • EBITDA, working capital and cash flows

This section of the annual report contains notes relating to the Group's primary operations, including a breakdown by operating segments.

The following notes are presented in this section:

1 Segment reporting
2 Revenue
3 Operating expenses
4 Other operating income and expenses
5 Depreciation, amortisation and impairment losses
6 Inventories
7 Receivables (current)
8 Trade payables and other payables
9 Changes in working capital

Comments

Revenue
Consolidated revenue was up by 13.8% from DKK 21,273 million to DKK 24,219 million. Of the DKK 2,946 million growth achieved in 2021, acquired revenue accounted for DKK 343 million. Adjusted for this, organic growth in 2021 amounted to DKK 2,603 million, equal to 12.2%. All the Group's businesses contributed to the revenue growth.

The greatest contribution stemmed from BioMar, whose revenue increased by DKK 1,652 million, equivalent to 14.2%. The underlying volume growth in tonnes was 7.8%. The remainder of the improvement was due to rising raw materials prices, which were to some extent passed on to customers in the form of higher selling prices.

Fibertex Personal Care reported revenue growth of DKK 132 million, which was entirely due to rising raw materials prices in 2021, as underlying sales measured in tonnes were down by almost 3%.

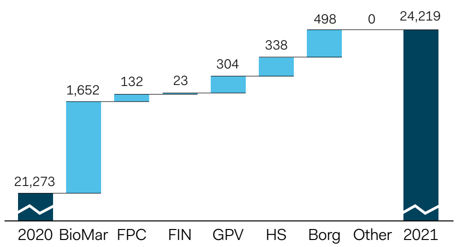
Fibertex Nonwovens increased its revenue by DKK 23 million to DKK 1,814 million in 2021. The moderate revenue growth covers large fluctuations over the course of the year, with sales up 23% in the first half and down 18% in the second half.

GPV reported organic growth of DKK 304 million, equivalent to 10.5%. The revenue growth was achieved despite difficult market conditions marked by component shortages, rising raw materials prices and considerable logistics challenges. In addition to the increase in revenue, GPV in 2021 managed to increase in its order book quite significantly.

Despite challenging market conditions, HydraSpecma recorded growth of DKK 338 million, equivalent to an organic growth rate of 17.1%. The growth was partially due to higher prices of components and materials, which were to some extent passed on to customers through index-based contracts.

At 57.2%, Borg Automotive reported the highest revenue growth rate. The acquisition of TMI at the end of 2020 and the acquisition of SBS in mid-2021 contributed DKK 343 million to the increase. Adjusted for acquisitions, Borg Automotive achieved an organic revenue growth rate of 17.7% over 2020.

Changes in revenue, 2020 to 2021



EBITDA
EBITDA fell slightly by DKK 1 million, from DKK 2,209 million in 2020 to DKK 2,208 million in 2021. This was satisfactory in light of sharply increasing costs of raw materials, energy and freight, which impacted EBITDA by approximately DKK 150 million on, especially in the second half. The EBITDA performance covered major declines in the BioMar and Fibertex businesses, whereas GPV, HydraSpecma and Borg Automotive delivered strong EBITDA improvements.

BioMar's EBITDA was DKK 911 million, down by DKK 62 million compared with 2020. The reduction was explained by rising raw materials prices, which could not be passed on to customers entirely, and rising energy costs, which reduced 2021 earnings by approximately DKK 45 million.

Fibertex Personal Care reported an EBITDA of DKK 315 million in 2021, a DKK 90 million reduction relative to 2020. Throughout 2021, the company experienced surging raw materials prices, which could not be passed on to customers until the subsequent quarter. The effect of raw materials prices alone was assessed to have reduced EBITDA by more then DKK 80 million compared with last year.

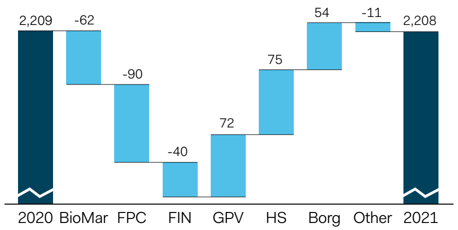
Fibertex Nonwovens reported EBITDA of DKK 230 million, which was DKK 40 million lower than in 2020. The fall was caused by a steep decline revenue in Q4, rising raw materials prices and an increase in energy and freight costs of approximately DKK 25 million.

GPV reported a DKK 72 million, or 26.5%, improvement in EBITDA. The increase was in part attributable to a 10.5% revenue growth that contributed to efficient capacity utilisation at GPV's factories. In addition, the company was able to optimise production due to a substantial order book and increased inventories of materials.

HydraSpecma's EBITDA increased by DKK 75 million, or 35.7%. The reason was a major 17.1% increase in revenue, which improved capacity utilisation at particularly the Swedish facilities, which again contributed significantly to the higher EBITDA. Another positive contribution was non-recurring income of DKK 17 million, mainly consisting of the proceeds from the sale of a property.

Borg Automotive reported EBITDA of DKK 162 million. This represented a DKK 53.9 million, or 49.8%, year-on-year improvement, 11.5% of which came from the acquired businesses TMI and SBS.

Changes in EBITDA, 2020 to 2021



Working capital
The Group's working capital increased significantly from DKK 3,107 million at 31 December 2020 to DKK 4,566 million at 31 December 2021. The DKK 1,459 million year-on-year increase was due to a combination of an increase in business activity, higher prices of raw materials and components and strategic decisions to build up inventories in order to maintain delivery power.

All portfolio companies reported revenue improvements, and particularly BioMar, GPV and HydraSpecma stepped up their underlying business activity and volume sales considerably. Borg Automotive not only generated more business activity, but also acquired the company SBS. The combined effect of the increased level of business activity accounts for about half of the increase in working capital.

A large part of the raw materials, materials and components used within the Group were affected by steep price increases in 2021, particularly

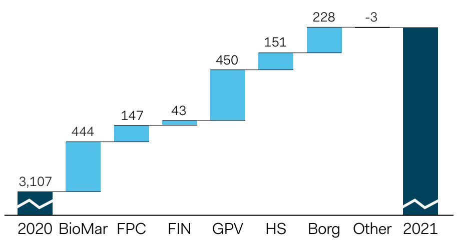
Amounts in DKK million

Notes • EBITDA, working capital and cash flows

towards the end of the year. Higher prices of raw materials drive capital tied up in inventories higher, although this is to some extent offset by an increase in trade payables. It also leads to higher selling prices at a certain time lag and increased trade receivables. The combined effect of the higher prices accounts for about one quarter of the increase in working capital.

The rest of the increase was mainly due to a strategic choice to increase inventories of selected components and materials in GPV and HydraSpecma to maintain delivery power.

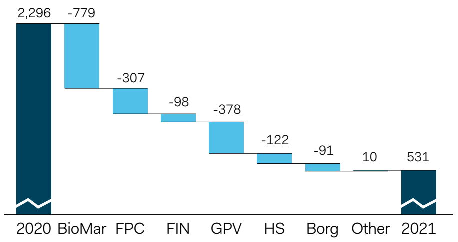
Changes in working capital, 2020 to 2021



As can be seen from the chart above, all six portfolio businesses increased their working capital.

Cash flow statement
Cash flows from operations for the year before interest and tax fell from DKK 2,699 million in 2020 to DKK 989 million in 2021. The decline was due to the negative impact of a change in working capital of DKK 1,277 million in 2021, as against a positive effect of DKK 471 million in 2020. Interest payments were DKK 16 million lower in 2021, whereas tax payments were DKK 72 million higher, reducing total cash flows from operating activities to DKK 531 million, against DKK 2,296 million in 2020. As shown in the figure below, cash flows from operating activities declined in almost all portfolio companies.

Change in cash flows from operating activities, 2020 to 2021



Cash flows from investments amounted to an outflow of DKK 950 million compared with DKK 533 million in 2020. Investments of close to DKK 1 billion in property plant and equipment and intangible assets were expected i 2021, but due to minor changes in the current investment projects the invested amount was only DKK 750 million in 2021. Towards the end of the year, BioMar entered into a long-term contract with a customer, who subsequently borrowed DKK 160 million for investments in an expansion of fish farming capacity. In relation to the two businesses acquired in 2021, the purchase price was conditional on the companies' future earnings, which meant that only DKK 45 million cash consideration was paid for the two acquisitions, in addition to which DKK 247 million was recognised as contingent consideration.

Cash flows from operating activities for the year amounted to DKK 531 million, of which DKK 950 million was used for investing purposes. Debt financing was increased by a net amount of DKK 588 million.

A total of DKK 336 million of the cash flows for the year was used to pay dividends to the company's shareholders in April 2021. In addition, the Group purchased treasury shares to cover the current share option programme.

Net of amounts used for investing and financing purposes, the company had a total cash outflow for 2021 of DKK 170 million, compared to a cash inflow in 2020 of DKK 133 million.

Accounting policies

Segment reporting
Segment reporting is consistent with the internal management reporting. Schouw & Co. is an industrial conglomerate consisting of a number of sub-groups operating in various industries and independently of the other sub-groups. Currently, six sub-groups are classified as independent reporting segments. The reporting segments are presented separately and without aggregation of operating segments.

Included in the reporting segments are revaluations of assets and liabilities made in connection with Schouw & Co.'s acquisition of the segment in question and consolidated goodwill arising as a result of the acquisition. The operational impact of amortisation and impairment losses on the above revaluations or goodwill is also included in the profit or loss presented for each reporting segment.

Geographical segment information indicates the group's revenue and assets by national market.

Revenue
Revenue from the sale of goods for resale and finished goods is recognised in the income statement if transfer of risk to the buyer has taken place before year-end and if the income can be reliably measured.

Although a sales agreement for the sale of finished goods and goods for resale often contains more than one performance obligation, such obligations are treated as one combined performance obligation because delivery typically takes place at one point in time.

The sale of services mainly consists of Fibertex Personal Care's print business. Print services typically involve a delivery obligation recognised in revenue on a straight-line basis during the period the service is provided.

The terms of payment set out in the Group's sales agreements with customers depend on the underlying performance obligation and on the underlying customer relationship. For the sale of goods for which control passes at a specific point in time, the terms of payment will typically be from one to three months.

Revenue also comprises the market value of cores and adjustments of the provision for cores in connection with the sale of remanufactured automotive parts by the Borg Automotive group.

Revenue is measured excluding VAT and other taxes and duties charged on behalf of third parties. All discounts granted are deducted from revenue.

Operating expenses
Operating expenses comprise costs incurred for the manufacture and sale of goods, primarily cost of sales, consumables, energy consumption and transportation of goods. Operating expenses furthermore comprise wages and salaries and expenses for the company's administration and management. Also recognised in operating expenses are estimated changes in the value of inventories and changes in bad debt provisions as well as product development and research costs.

Employee benefits
Wage compensation received in connection with the coronavirus situation has been offset in wages and salaries under operating expenses.

Equity-settled share options are measured at fair value at the grant date and their value is recognised in the income statement under staff

Notes • EBITDA, working capital and cash flows

costs over the vesting period. The balancing item is recognised directly in equity as a shareholder transaction.

On initial recognition of the share options, the number of options expected to vest is estimated. Subsequently, changes in the estimated number of vested options are adjusted to the effect that the total amount recognised is based on the actual number of vested options.

The fair value of options granted is estimated using a valuation model that takes into account the terms and conditions of the options granted.

Costs relating to the option programme are calculated on the basis of the Black & Scholes model and are expensed under staff costs on a straight-line basis over the vesting period.

Other operating income and expenses
Other operating income and costs comprise items secondary to the primary activities of the enterprises and consists of the following:

- Gains or losses on the disposal of intangible assets, property plant and equipment and leased assets.

- Government grants include grants and funding of development work and grants for investments, etc. Grants for research and development costs recognised directly in the income statement are included in other operating income.

Investment grants in the form of certain tax-privileged schemes in individual countries are recognised in the balance sheet under receivables and as deferred income under liabilities. Grants are recognised in the income statement under other operating income as the underlying investments are depreciated. The receivable is reduced as the grant is received and the deferred income item is reduced as the grant is recognised in the income statement.

Depreciation, amortisation and impairment losses
The item comprises depreciation and impairment of property, plant and equipment and lease assets and amortisation and impairment of intangible assets.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs. The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production costs. Indirect costs of production include indirect materials and labour as well as maintenance of and depreciation and impairment of the machines, factory buildings and equipment used in the manufacturing process as well as factory management and administrative expenses. The net realisable value of inventories is calculated as the selling price less costs of conversion and costs incurred to execute the sale and is determined having regard to marketability, obsolescence and expected selling price movements.

Biological inventories are recognised at fair value less estimated selling costs.

Receivables
Receivables are measured at amortised cost. Provisions for bad debts are made in accordance with the simplified expected credit loss-model, under which total losses are recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet in the amount of the lifetime expected credit loss on the receivable. Impairment write-downs on receivables are recognised in the income statement under operating expenses.

Prepayments
Prepayments include expenses paid in respect of subsequent financial years. Deferred income comprises payments received relating to income in subsequent financial years, including investment grants.

Other payables
Other payables comprise core liabilities where the company has an obligation to repurchase cores for refabrication of automotive spare parts.

Cash flow statement
The cash flow statement shows the cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash as well as cash and cash equivalents at the beginning and end of the year.

The cash effect of acquisitions and divestments is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognised from the date of acquisition, while cash flows concerning divested companies are recognised until the date of divestment.

Cash flows in currencies other than the functional currency are translated at average exchange rates unless these differ materially from the exchange rate ruling at the transaction day.

Cash flows from operating activities are calculated according to the indirect method as EBITDA adjusted for non-cash operating items, changes in working capital, interest paid and income taxes paid.

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of companies and operations and the purchase and sale of intangible assets, property, plant and equipment and other non-current assets, including loans to customers, as well as the purchase and sale of securities not recognised under cash and cash equivalents. Dividends from associates are included in cash flows from investing activities.

Cash flows from financing activities include payments to and from shareholders and related expenses as well as the raising of loans, repayments on interest-bearing debt, including lease debt, and the purchase and sale of treasury shares.

Cash and cash equivalents include cash at bank and in hand as well as securities with a maturity of less than three months at the time of acquisition that can immediately be converted into cash and that involve insignificant risk of value fluctuations.

Accounting estimates

Trade receivables
Trade receivables are considered a significant accounting estimate.
Management applies estimates in the assessment of the likelihood that receivables at the balance sheet date will be received. For the Schouw & Co. Group, the largest risks of losses on trade receivables have historically related to customers of BioMar. BioMar sells a significant part of its products in markets in South America (Chile), and in southern and central Europe. Historically, the largest debtor risks have been for customers in Chile and in southern Europe, especially Greece. The Group has substantial receivables with certain customers in these geographical areas. Thorough analyses have been made of the credit quality of these debtors, and management believes that adequate provisions for losses on these debtors had been made at 31 December 2021.

The other companies are not believed to involve material credit risks. See note 7.

Notes • EBIT, working capital and cash flows

Inventories
The uncertainty involved in estimating inventories is related to the assessment of obsolescence and lack of marketability. Goods considered to be obsolete or to have impaired marketability are written down to net realisable value. As the Schouw & Co. Group consists of companies of a diverse nature, the process of estimating net realisable value of inventories varies from company to company.

The uncertainty involved in estimating inventories for the Schouw & Co. Group is predominantly related to the Group's companies GPV, HydraSpecma and Borg Automotive.

GPV generally produces to order and its inventories predominantly consist of electronics components and metal sourced and/or manufactured to meet customer needs. For its component inventory, GPV applies a general model of writing down goods after they have been in stock for a certain period of time. The company reviews its impairment model on a regular basis, and in the Group's best estimate, the model provides an appropriate and fair presentation of the net realisable value of inventories.

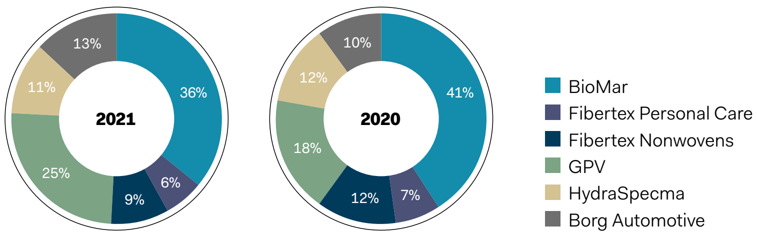
Hydra-Specma applies a general impairment model of automatically writing down goods after they have been in stock for a certain period of time. The company reviews its impairment model on a regular basis, and in the Group's best estimate, the model provides an appropriate and fair presentation of the net realisable value of inventories.

Borg Automotive remanufactures used components – called cores - such as alternators, starters, brake callipers, etc. When a remanufactured component is sold, Borg also takes a deposit which gives the customer the right to return a similar core.

Borg Automotive has an obligation to accept the returned core, and eventually the market for the type of cores in question will shrink, and Borg Automotive will be left with unusable cores. As a result, Borg Automotive has relatively large impairment losses on the part of its inventory relating to cores.

The company applies an impairment model which is based on expected future sales. In the Group's best estimate, the model provides an appropriate and fair presentation of the net realisable value of inventories.

Inventories, end of year by portfolio company



See note 6.

Amounts in DKK million

Notes • EBITDA, working capital and cash flows

1
Segment reporting

Reporting segments 2021	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra-Specma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	13,300	2,230	1,814	3,191	2,315	1,368	24,219	0	0	0	24,219
Intra-group revenue	0	19	0	0	0	0	19	0	11	-30	0
Segment revenue	13,300	2,249	1,814	3,191	2,315	1,368	24,238	0	11	-30	24,219
EBITDA	911	315	230	342	286	162	2,247	0	-39	0	2,208
Depreciation, amortisation and impairment losses	352	133	100	111	95	69	860	0	1	0	861
EBIT	559	182	130	231	191	93	1,387	0	-40	0	1,346
Share of profit in associates and JVs	45	0	0	0	1	0	46	0	0	0	46
Tax on profit/loss for the year	-146	-43	-20	-21	-40	-20	-289	0	-4	0	-293
Profit for the year	400	129	90	196	143	57	1,015	0	24	0	1,039
Segment assets:	10,455	2,240	2,115	3,179	1,966	2,198	22,153	0	13,044	-13,673	21,524
Of which goodwill	1,478	99	119	181	143	516	2,536	0	0	0	2,536
Equity investments in associates and JVs	549	0	0	0	9	0	559	0	0	0	559
Segment liabilities	7,089	1,063	1,338	2,022	1,273	1,144	13,929	0	2,374	-5,464	10,839
Working capital	1,399	397	515	1,150	772	341	4,575	0	-8	0	4,566
Net interest-bearing debt	1,932	579	954	824	715	138	5,142	0	-2,369	0	2,773
Cash flows from operating activities	249	116	127	-126	75	48	491	0	18	22	531
Capital expenditure	157	203	233	73	62	15	744	0	1	0	745
Acquisitions (divestments)	39	0	0	0	0	6	45	0	-1	0	44
Average no. of employees	1,445	777	1,055	3,878	1,192	1,848	10,195	0	15	0	10,210

Based on management control and financial management, Schouw & Co. has identified six reporting segments, which are BioMar, Fibertex Personal Care, Fibertex Nonwovens, GPV, HydraSpecma and Borg Automotive. Management primarily evaluates reporting segments based on the performance measures EBITDA and EBIT but also regularly considers the segments' cash flows from operations and working capital. All inter-segment transactions were made on an arm's length basis.

Capex is defined as the net cash flow for the year for investment in property plant and equipment and intangible assets.
Acquisitions are defined as cash flows for the year from investment in acquisition and divestment of enterprises, including associates and joint ventures, and capital increases.

The data on revenue by geography are based on customers' geographical location, while data on property, plant and equipment and lease assets by geography are based the geographical location of the assets. The specification shows individual countries that account for more than 5% of the Group in terms of revenue or assets. As Schouw & Co.'s consolidated revenue is generated in some 100 different countries, a very large proportion of revenue derives from the 'Other' category. Intangible assets are not classified by geography, as the value of neither customers nor goodwill can be precisely allocated to specific countries.

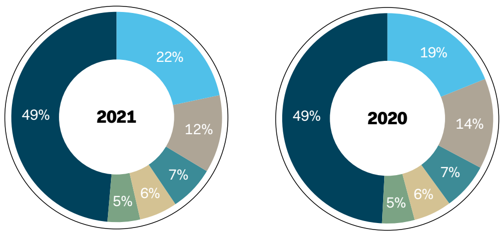
Amounts in DKK million

Notes • EBITDA, working capital and cash flows

1
Segment reporting (continued)

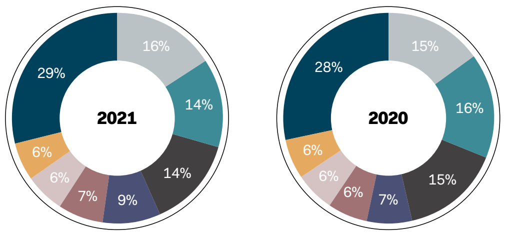
Reporting segments 2020	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra-Specma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	11,649	2,097	1,791	2,887	1,977	871	21,272	1	0	0	21,273
Intra-group revenue	0	20	0	0	0	0	20	0	11	-31	0
Segment revenue	11,649	2,118	1,791	2,887	1,977	871	21,292	1	11	-31	21,273
EBITDA	972	406	270	271	211	108	2,238	1	-30	0	2,209
Depreciation, amortisation and impairment losses	335	137	104	120	88	48	832	1	1	0	833
EBIT	637	269	166	151	123	60	1,406	1	-31	0	1,376
Share of profit in associates and JVs	-36	0	0	0	0	0	-36	0	0	0	-36
Tax on profit/loss for the year	-141	-57	-46	-18	-20	-13	-295	0	-5	0	-300
Profit for the year	393	197	88	101	62	44	884	0	24	0	909
Segment assets:	8,931	1,917	1,986	2,317	1,724	1,575	18,450	11	11,323	-11,789	17,994
Of which goodwill	1,317	99	116	174	144	516	2,366	0	0	0	2,366
Equity investments in associates and JVs	473	0	0	0	8	0	481	0	0	0	481
Segment liabilities	5,845	764	1,304	1,418	1,150	516	10,997	5	1,717	-4,330	8,389
Working capital	955	250	472	701	621	113	3,112	0	-5	0	3,107
Net interest-bearing debt	1,532	327	826	615	696	1	3,997	3	-2,064	0	1,936
Cash flows from operating activities	1,028	423	225	252	197	139	2,266	1	13	15	2,296
Capital expenditure	152	93	92	32	113	11	493	0	0	0	493
Acquisitions	0	0	0	0	0	60	61	0	0	0	61
Average no. of employees	1,377	745	1,019	3,611	1,161	1,466	9,379	0	14	0	9,393

Revenue by country



	2021	2020
Norway	5,442	3,958
Chile	2,841	3,008
Denmark	1,622	1,394
UK	1,335	1,374
Germany	1,147	1,028
Other	11,833	10,511
Total	24,219	21,273

Property, plant and equipment and lease assets by country



	2021	2020
Malaysia	946	822
Denmark	804	873
Norway	788	809
USA	541	395
Czech Republic	392	323
Chile	332	319
Australia	318	318
Other	1,645	1,522
Total	5,765	5,381

Amounts in DKK million

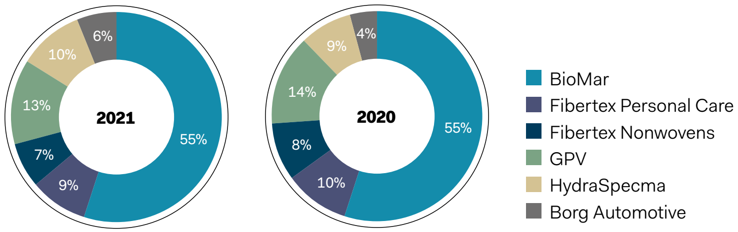
Notes • EBITDA, working capital and cash flows

2
Revenue

	2021	2020
Sale of goods	23,690	20,785
Disposal of biological assets	196	128
Sale of services	329	357
Royalties	4	2
Rental income	0	2
Total revenue	24,219	21,273

The sale of biological assets relates to BioMar's sale of fish from the LetSea research centre
The sale of services relates to Fibertex Personal Care's sale of print services.

Revenue by subsidiary



3
Operating expenses

	2021	2020
Cost of sales, including write-down of inventories, net	-17,177	-14,839
Staff costs	-2,610	-2,306
Repairs and maintenance	-230	-213
Energy costs	-404	-320
Freight costs	-694	-574
Research & development costs	-105	-99
Other costs	-826	-722
Total operating expenses	-22,044	-19,074

	2021	2020
Staff costs are specified as follows:		
Remuneration to the Board of Directors of Schouw & Co.	-4	-4
Wages and salaries	-2,183	-1,939
Defined contribution pension plans	-120	-113
Defined benefit pension plans	-19	-15
Other social security costs	-261	-220
Share-based payment	-27	-19
Total staff costs	-2,613	-2,309
Of which capitalised under non-current assets	4	4
Staff costs recognised in the income statement	-2,610	-2,306
Average no. of employees	10,210	9,393

Staff costs include wage compensation for a total of DKK 2 million (2020: DKK 37 million) received mainly in Germany and Austria in connection with the temporary closure and furloughing of employees as a result of the coronavirus situation in 2021.

Key members of management are defined as the Executive Management.

Determination of remuneration to the Board of Directors and the Executive Management
Aktieselskabet Schouw & Co. has prepared a remuneration policy describing guidelines for the remuneration to members of the company's Board of Directors and Executive Management. A remuneration report has been prepared for 2021, describing remuneration to members of the company's Board of Directors and Executive Management. The remuneration policy and the Remuneration Report are available from the company's website.

The remuneration to board members consists of a fixed basic fee, which in 2021 amounted to DKK 325,000. It is proposed to raise the basic fee for 2022 to DKK 400,000. The total fee to the Board of Directors amounted to DKK 4.3 million (2020: DKK 4.3 million). Remuneration to the Board of Directors includes a fee for serving on committees of DKK 0.7 million (2020: DKK 0.7 million) and fees from subsidiaries of DKK 0.8 million (2020: DKK 0.8 million).

The Executive Management of Schouw & Co. received total remuneration of DKK 20.7 million (2020: DKK 17.1 million). Jens Bjerg Sørensen received total remuneration of DKK 15.2 million (2020: DKK 12.5 million), of which share-based payment amounted to DKK 2.6 million (2020: DKK 2.3 million). Peter Kjær received total remuneration of DKK 5.4 million (2020: DKK 4.6 million), of which share-based payment amounted to DKK 0.9 million (2020: DKK 0.8 million).

Amounts in DKK million

Notes • EBITDA, working capital and cash flows

3
Operating expenses (continued)

Share-based payment: Share option programme
The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the date of grant (2021: DKK 666.40) plus a premium (2021: 2.00%) from the date of grant until the date of exercise. The exercise price is adjusted by deduction of ordinary dividends, which cannot exceed the accrued interest. Costs relating to the option programme are calculated on the basis of the Black & Scholes model and are expensed under staff costs on a straight-line basis over the vesting period. The 2021 grant is described in more detail in company announcement no. 2/2021 of 12 March 2021.

Outstanding options	Executive management	Other	Total
Granted in 2017	55,000	212,000	267,000
Granted in 2018	55,000	263,000	318,000
Granted in 2019	47,000	265,000	312,000
Granted in 2020	60,000	310,000	370,000
Total outstanding options at 31 December 2020	217,000	1,050,000	1,267,000
Granted in 2021	40,000	363,000	403,000
Lapsed (from 2017 grant)	-55,000	-212,000	-267,000
Total outstanding options at 31 December 2021	202,000	1,201,000	1,403,000
Outstanding options exercisable at 31 December 2021.	55,000	263,000	318,000

No options were exercised in 2021.

The expected volatility is calculated as 12 months' historical volatility based on average prices. If the option holders have not exercised their share options within the period specified, the share options will lapse without any compensation to the holders. Exercise of the share options is subject to the holders being in continuing employment during the above-mentioned periods. If the share option holder leaves the company's employ before a share option vests, the holder may in some cases have a right to exercise the share options early during a four-week period following Schouw & Co.'s next following profit announcement. In the event of early exercise, the number of share options will be reduced proportionately.

The following assumptions were applied in calculating the fair value of outstanding share options at the date of grant:

Fair value assumptions	2021 grants	2020 grants	2019 grants	2018 grants
Expected volatility	31.60%	22.21%	29.23%	21.10%
Expected term	49 mo.	48 mo.	48 mo.	48 mo.
Expected dividend per share	DKK 14	DKK 13	DKK 13	DKK 12
Risk-free interest rate	-0.54%	-0.97%	-0.52%	-0.38%
Other information on option programmes:				
Exercise price (DKK) *	678.19	523.42	574.35	705.58
Fair value (DKK) per option **	125.37	44.1	71.47	58.51
Total fair value in DKKm	50.5	16.3	23.3	20.1
Exercisable from	March 2024	March 2023	March 2022	March 2021
Exercisable until	April 2025	March 2024	March 2023	March 2022

*) On exercise after four years (at the latest possible date)
**) At the date of grant

4
Other operating income and expenses

	2021	**2020**
Gains on the disposal of property, plant and equipment and intangible assets	16	5
Government grants	14	15
Other operating income	9	7
Total other operating income	39	27
Loss on the disposal of property, plant and equipment and intangible assets	-2	-3
Other operating expenses	-4	-14
Total other operating expenses	-6	-17

Fibertex Personal Care recognised a DKK 7.5 million investment grant received in Malaysia under government grants in 2021. The grant is primarily subject to Fibertex Personal Care Malaysia continuing to generate a taxable profit over the coming years, which is considered very likely.

In 2021, BioMar received a DKK 4.7 million grant in connection with the establishment of production in Australia.

Notes • EBITDA, working capital and cash flows

5
Depreciation, amortisation and impairment losses

	2021	2020
Depreciation and impairment losses		
Amortisation of intangible assets	-134	-129
Depreciation of property, plant and equipment	-507	-493
Impairment / reversed impairment of property, plant and equipment	2	-8
Depreciation of lease assets	-222	-202
Lease assets written off	-1	-2
Total depreciation, amortisation and impairment losses	-861	-833

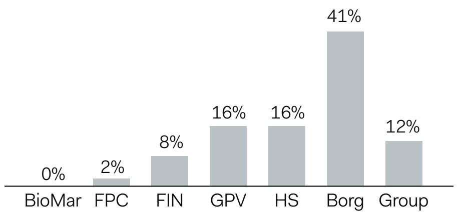
6
Inventories

	2021	2020
Raw materials and consumables	3,378	2,301
Work in progress	297	174
Finished goods and goods for resale	1,753	1,177
Biological assets (fish)	86	40
Total inventories	5,514	3,692
Cost of inventories for which impairment losses have been recognised	724	534
Accumulated impairment losses on inventories	-282	-254
Net sales value	442	280

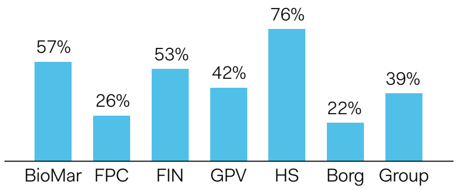
The group's biological assets consist exclusively of fish used for fish feed experiments.

2021

Proportion of impaired inventory

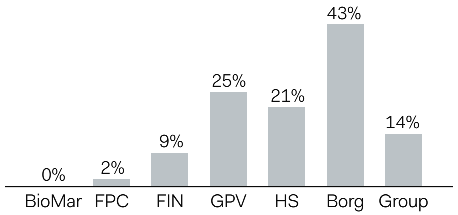


Impairment rate for impaired inventories

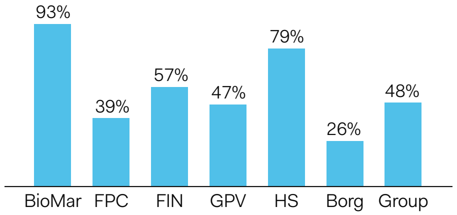


2020

Proportion of impaired inventory



Impairment rate for impaired inventories



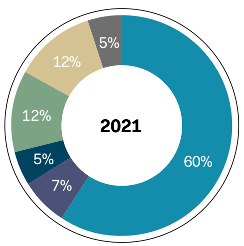
Amounts in DKK million

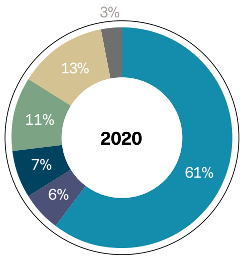
Notes • EBITDA, working capital and cash flows

7
Receivables (current)

	2021	2020
Trade receivables	4,726	3,781
Other current receivables	296	234
Total current receivables	5,022	4,015

Trade receivables by portfolio company:





2021	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Trade receivables	4,037	401	174	278	4,889
Impairment losses on trade receivables	-32	-4	-4	-124	-163
Trade receivables, net	4,005	397	170	154	4,726
Proportion of total receivables expected to be settled					96.7%
Impairment rate	0.8%	1.0%	2.2%	44.6%	3.3%

2020	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Trade receivables	3,096	377	183	268	3,924
Impairment losses on trade receivables	-22	-4	-4	-112	-142
Trade receivables, net	3,074	373	179	156	3,781
Proportion of total receivables expected to be settled					96.4%
Impairment rate	0.7%	1.1%	2.1%	41.8%	3.6%

	2021	2020
Impairment losses on trade receivables		
Impairment losses, beginning of period	-142	-171
Foreign exchange adjustments	-4	8
Additions on company acquisitions	-7	0
Reversed impairment losses	0	0
Impairment losses for the year	-11	-15
Realised loss	1	36
Impairment losses, end of period	-163	-142

Amounts in DKK million

Notes • EBITDA, working capital and cash flows

7
Receivables – current (continued)

The principal risk in terms of anticipated bad debts in the Schouw & Co. Group relates to BioMar. DKK 125 million of the total of DKK 163 million in bad debt provisions at 31 December 2021 was related to BioMar, and the following estimates have been made for the current risk of loss:

2021	Not fallen due	Due between (days) 1-30	31-90	>91	Total
High risk of loss	9	1	2	50	62
Medium risk of loss	17	2	1	41	61
Low risk of loss	1	0	1	0	2
Total provision made by BioMar	27	3	4	91	125
Trade receivables in BioMar	2,469	155	121	226	2,971

2020	Not fallen due	Due between (days) 1-30	31-90	>91	Total
High risk of loss	8	1	2	52	63
Medium risk of loss	9	1	1	45	56
Low risk of loss	1	0	0	1	3
Total provision made in BioMar	19	2	3	98	122
Trade receivables in BioMar	1,861	193	132	237	2,422

The risk assessment is based on a combination of country risk and market risk as well as a company-specific risk assessment. Low-risk markets are mainly Norway and Scotland, while high-risk markets are mainly Greece, Russia, Ecuador and Costa Rica. Medium-risk markets consist of Chile, Denmark, France, Spain and Australia.

BioMar has taken out credit insurance for DKK 1,230 million for its trade receivables (2020: DKK 1,133 million). In addition, customers have provided collateral to BioMar in the amount of DKK 243 million (2020: DKK 203 million). The collateral provided consists mainly of assets such as fish stocks and fish farming equipment.

The Group's portfolio companies closely monitor trade receivables in order to estimate the need to make provisions for bad debts. Provisions for bad debts are determined on the basis of a general impairment model and an individual assessment of the debtor's expected ability to pay with due consideration for any collateral provided by the customer plus any debtor insurance. At Group level, a debtor report is prepared quarterly and submitted to Schouw & Co.'s Board of Directors.

8
Trade payables and other payables

	2021	2020
Trade payables	4,661	3,479
Core liability	211	178
Other current payables	951	794
Other current payables (non-operating)	8	0
Provisions	66	27
Total trade payables and other payables	5,895	4,478

Trade payables and other payables all fall due in all material respects within one year. Extended government deadlines for paying employee income taxes, etc. intended to support company liquidity had an overall effect of DKK 104 million at 31 December 2021 (2020: DKK 62 million). The amount is recognised under other payables, DKK 71 million under current payables and DKK 33 million under non-current payables.

For a number of years, BioMar has facilitated a supply chain financing programme (reverse factoring) through banks. The purpose of the programme is to develop and ensure long-term relations with strategically important suppliers of raw materials. The supply chain finance programme contributes to ensuring low raw materials prices and financing costs in the value chain. Suppliers participating in the programme have the option of receiving early payment once BioMar has approved a delivery. Under the system, BioMar assigns approved invoices to the bank in a factoring arrangement without recourse. The bank then pays the supplier early while ensuring the best possible credit period for BioMar. Supply chain finance debt of DKK 1,058 million is recognised in the balance sheet under trade payables (2020: DKK 829 million).

Borg Automotive sells remanufactured automotive spare parts charging a deposit for a product's core component. The system of deposits give the customers an incentive to return the cores, ensuring a flow of raw materials to the company. This produces a core liability that applies for two years. The liability amounted to DKK 281 million at 31 December 2021 (2020: DKK 237 million). Of this amount, DKK 211 million (2020: DKK 178 million) is recognised as current liabilities, while the rest is recognised as other non-current liabilities.

9
Changes in working capital, effect on cash flows

	2021	2020
Change in inventories	-1,614	16
Change in receivables	-871	-146
Change in trade payables and other payables	1,208	601
Total changes in working capital	-1,277	471

Amounts in DKK million

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Notes • invested capital

This section of the annual report contains notes relating to the Group's invested capital.

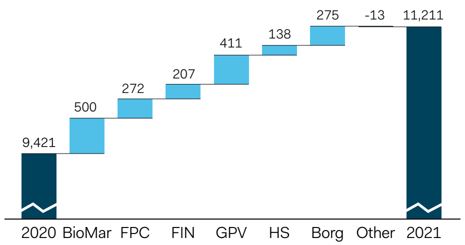
The following notes are presented in this section:

Comments

Invested capital

In 2021, invested capital exclusive of goodwill increased by DKK 1,790 million or 19% to DKK 11,211 at the end of the year.

Changes in invested capital 2020-2021



As can be seen from the chart, invested capital increased in all businesses with the exception of the parent company. The largest increases in invested capital were seen in BioMar and GPV, primarily due to a significant increase in working capital. The largest relative increase in invested capital was seen in Borg Automotive with a 49% increase in invested capital, which was partly due to the acquisition of SBS.

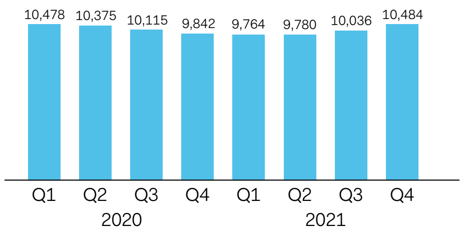
Amounts in DKK million

ROIC

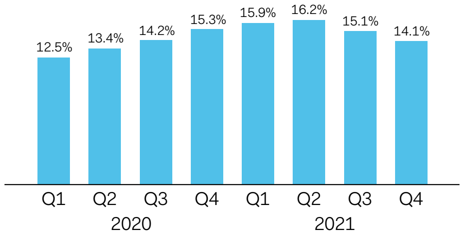
Return on invested capital (ROIC) is measured as Operating profit/loss before amortisation of intangible assets (EBITA) as a percentage of average invested capital. ROIC exclusive of goodwill fell to 14.1% in 2021 from 15.3% in 2020.

The reason for the lower ROIC was a 7% increase in average invested capital exclusive of goodwill in 2021, whereas EBITA fell by 2%.

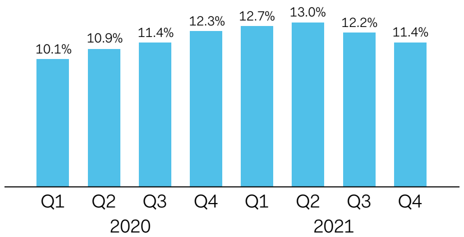
Avg. invested capital excluding goodwill



ROIC excluding goodwill



ROIC including goodwill



Accounting policies

Intangible assets

Goodwill is initially measured in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment. Goodwill is not amortised. The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. The determination of cash-generating units is based on the management structure and the in-house financial management.

Intangible assets such as customer relations, brands and technology, acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment. Other intangible assets comprise IT solutions and development projects. Intangible assets are amortised on a straight-line basis over the expected useful lives of the assets, which are as follows:

Customer relations	7-20 years
Brands	10-20 years
Technology	5-15 years
Other intangible assets	3-10 years
Goodwill is not amortised, but is tested for impairment once a year.	

Property, plant and equipment

Land and buildings, plant and machinery, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use. For assets produced in-house, cost comprises direct and indirect costs of materials, components, third-party suppliers and labour. Cost is increased by the present value of estimated liabilities for the removal and disposal of the asset and restoration of the site on which the asset was used. The cost of a total asset is divided into separate components that are depreciated separately if such components have different useful lives.

Interest expense of constructing a new asset and incurred during the construction period is recognised in the cost of the asset.

Subsequent costs, such as the cost of replacing components of property, plant and equipment, are included in the asset's carrying amount. The replaced components are no longer recognised in the balance sheet, and the carrying amount is transferred to the income statement. All other ordinary repair and maintenance costs are recognised in the income statement when incurred. Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets/components, which are expected to be as follows:

Buildings	10-50 years
Production equipment etc.	4-15 years
Other fixtures and fittings, tools and equipment	3-10 years
Land	not depreciated

Notes • invested capital

The basis of depreciation is calculated with due consideration to the asset's scrap value, reduced by any impairment losses. The residual value is determined at the acquisition date and reassessed annually. Where the residual value exceeds the carrying amount, the property ceases to be depreciated.

If the depreciation period or the scrap value is changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Depreciation is recognised in the income statement in the line item depreciation and amortisation.

Leases
Leases are recognised in the balance sheet as a lease asset (right of use of the lease) and a lease liability. However, leases and lease agreements for minor assets and short-term agreements (of less than one year) are exempt from the recognition requirement. Lease assets are depreciated on a straight-line basis over their expected useful lives, and rent and lease payments are broken down into a principal component reducing the lease debt and an interest component recognised in financial expenses.

Lease assets are depreciated on a straight-line basis over the expected term, which is as follows:

Ships	Up to 15 years
Property	3-10 years
Other assets	Up to 5 years

Many of the property leases have extension options, which are recognised in the lease asset if the Group reasonably expects to exercise the option. Other assets mainly consist of cars, trucks and other production equipment.

The lease liability is calculated as the present value of future lease payments and discounted using the internal rate of return of the lease or an alternative borrowing rate.

Service elements included in the lease are not included in the lease liability, but are disclosed separately.

For purposes of assessing expected lease terms, the Group identifies the non-cancellable lease term of the agreement plus periods comprised by an extension option which management reasonably expects to exercise.

Investments in joint ventures and associates
Joint ventures and associates are recognised in consolidated income statement at the proportionate share of the profit or loss after elimination of the proportionate share of intra-group gains or losses after impairment of goodwill.

Investments in joint ventures and associates are measured in the balance sheet at the proportionate share of the companies' net asset value calculated in accordance with the Group's accounting policies with the deduction or addition of the proportionate share of unrealised intra-group gains and losses and with the addition of the carrying amount of goodwill.

Associates with a negative equity value are recognised at zero.

Receivables from associates are written down to the extent they are deemed to be irrecoverable.

Business combinations.
Newly acquired or newly established companies are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not adjusted to reflect acquisitions.

The purchase method is applied on acquisitions if the Parent Company gains control of the company acquired. Assets, liabilities and contingent liabilities in companies acquired are measured at their fair value at the date of acquisition. Intangible assets are recognised if they can be separated or if they arise from a contractual right and the fair value can be reliably measured. Deferred tax on revaluations made is recognised.

Any excess of the consideration paid for the business over the fair value of the acquired assets, liabilities and contingent liabilities is recognised as goodwill under intangible assets. In the event of uncertainty regarding measurement, goodwill may be adjusted until 12 months after the acquisition. Goodwill is not amortised, but is tested for impairment annually. The first impairment test is performed before the end of the year of acquisition. On acquisition, goodwill is transferred to the cash-generating units that will subsequently form the basis for future impairment tests.

On initial recognition, non-controlling interests are either recognised at their fair value or at their pro-rata share of the fair value of the acquired company's identifiable assets, liabilities and contingent liabilities. Accordingly, for the former option, goodwill is recognised relating to non-controlling interests of the acquired business, while for the latter option, goodwill relating to non-controlling interests is not recognised. The measurement of non-controlling interests is determined on a case-by-case basis and disclosed in the presentation of acquired businesses in the notes to the financial statements.

When put options are issued as part of the consideration for business combinations, the put options received by non-controlling interests are considered to have been redeemed on the acquisition date.

The non-controlling interest is reversed and a liability is recognised at fair value on initial recognition, and the difference is adjusted under equity. Fair value is determined as the present value of the exercise price of the option. The option is subsequently measured at amortised cost corresponding to the discounted value of the expected future cash flows. Value adjustments are recognised directly in equity. Dividend payments agreed in relation to the put option are considered a financial expense and recognised in the income statement. For more information on put options, including significant accounting estimates, see page 83.

Contingent consideration agreed in connection with company acquisitions and paid to the seller if certain conditions are met, are recognised at fair value and considered part of the total consideration for acquiring the company. Changes in fair value of the contingent consideration are recognised in the income statement.

Company divestments
Companies divested or wound up are consolidated in the income statement until the date they are divested or wound up. Comparative figures are not adjusted to reflect divestments.

Any gains or losses on the disposal of subsidiaries, associates or joint ventures are stated as the difference between the sales sum or the proceeds from the winding-up and the carrying amount of net assets, including goodwill, at the date of disposal and expenses for selling or winding-up. On the disposal of subsidiaries, adjustments accumulated in equity through other comprehensive income and which are attributable to the unit are reclassified to the income statement and recognised together with any gains or losses from the disposal.

Notes • invested capital

On the divestment of a subsidiary, the profit/loss is recognised under profit/loss from the divestment of equity investments if the company sold does not represent an independent reporting segment or if its revenue, profit/loss or assets represent less than 10% of consolidated revenue, consolidated profit/loss or consolidated assets.

Profit from the sale of other subsidiaries is recognised in profit from discontinued operations.

Gains on the sale of associates and joint ventures are recognised in Gains on equity divestments.

Non-current asset impairment test
Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, initially before the end of the year of acquisition. Development projects in progress are also tested for impairment annually.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill has been allocated and is written down over the income statement to the lower of the recoverable amount and the carrying amount.

The recoverable amount is generally calculated as the present value of the future net cash flows expected to be derived from the business or activity (cash-generating unit) to which the goodwill relates.

A write-down is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment write-downs are recognised in the income statement in the line item depreciation, amortisation and impairment losses. However, goodwill write-downs are recognised as a separate item in the income statement. Impairment write-downs of goodwill are not reversed. Impairment of other assets is reversed to the extent changes have occurred to the assumptions and estimates leading to the impairment. Impairment is only reversed to the extent the new carrying amount of an asset does not exceed the carrying amount the asset would have had net of depreciation, had the asset not been impaired.

The carrying amounts of other non-current assets are tested annually to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less expected costs to sell and the value in use.

Significant accounting estimates

Acquisitions
In connection with the acquisitions of Viet-Uc and SBS, a number of estimates were made of the acquired assets and liabilities, including primarily the value of customers and the value of technology. The valuation of these intangible assets are subject to a number of assumptions based on estimates. Due to the amount of the transactions, however, these estimates are of minor importance to the Group than has been the case with previous acquisitions.

Impairment test
Goodwill is tested annually for impairment, and other intangible assets are tested if there is evidence of impairment.

An assessment is made as to whether the cash-generating unit to which the asset relates will be able to generate sufficient cash flows in future to support the carrying amount of the asset. Assessments are made of the estimated cash flows for the next many years and of the long-term growth rate and a reasonable discount rate reflecting the risk inherent to the asset or cash-generating unit, all of which is inherently subject to uncertainty. See note 16.

Useful lives
Estimated useful lives of intangible assets, property, plant and equipment and lease assets which are depreciated are reviewed regularly.

Notes • invested capital

10
Intangible assets

2021	Goodwill	Customer relations	Brands	Tech-nology	Other intangible assets	Total
Cost at 1 January 2021	2,367	690	198	429	291	3,976
Foreign exchange adjustments	84	20	1	20	5	131
Addition on internally generated assets	0	0	0	0	0	0
Addition through separate acquisition	0	0	0	0	49	49
Additions on company acquisitions	86	0	36	0	0	121
Disposals	0	0	0	0	-1	-1
Transferred/reclassified	0	0	0	0	11	11
Cost at 31 December 2021	2,537	710	234	450	356	4,287
Amortisation and impairment at 1 January 2021	-2	-208	-55	-101	-188	-553
Foreign exchange adjustments	0	-7	0	-5	-5	-17
Transferred/reclassified	0	0	0	0	-13	-13
Impairment	0	0	0	0	0	0
Amortisation	0	-49	-19	-31	-35	-134
Amortisation and impairment of assets disposed	0	0	0	0	1	1
Amortisation and impairment at 31 Dec. 2021	-1	-264	-73	-137	-240	-716
Carrying amount at 31 December 2021	2,536	447	161	312	116	3,571

2020	Goodwill	Customer relations	Brands	Tech-nology	Other intangible assets	Total
Cost at 1 January 2020	2,452	687	198	423	245	4,006
Foreign exchange adjustments	-85	-19	0	-21	-3	-129
Addition on internally generated assets	0	0	0	0	7	7
Addition through separate acquisition	0	0	0	0	41	41
Additions on company acquisitions	0	22	0	27	0	49
Disposals	0	0	0	0	-1	-1
Transferred/reclassified	0	0	0	0	2	2
Cost at 31 December 2020	2,367	690	198	429	291	3,976
Amortisation and impairment at 1 January 2020	-2	-168	-41	-76	-151	-438
Foreign exchange adjustments	0	8	-1	4	3	15
Transferred/reclassified	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Amortisation	0	-48	-13	-29	-39	-129
Amortisation and impairment of assets disposed	0	0	0	0	0	0
Amortisation and impairment at 31 Dec. 2020	-2	-208	-55	-101	-188	-553
Carrying amount at 31 December 2020	2,366	482	143	328	104	3,423

The Group had additions of intangible assets in 2021 in connection with the acquisition of Viet-Uc and SBS.

At the end of 2021, the Group had entered into contracts for the purchase of intangible assets for an amount of DKK 18 million (2020: DKK 37 million).

The category other intangible assets consists mainly of IT projects, but also includes various ongoing and completed development projects.

Amounts in DKK million

Notes • invested capital

11
Property, plant and equipment

2021	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under con-struction	Total
Cost at 1 January 2021	2,932	5,777	431	270	9,410
Foreign exchange adjustments	104	183	9	11	307
Additions	44	167	37	516	763
Additions on company acquisitions	44	12	4	0	60
Disposals on divestment	-22	0	0	0	-22
Disposals	-38	-10	-12	-10	-70
Transferred/reclassified	143	36	-9	-183	-13
Cost at 31 December 2021	3,206	6,165	460	604	10,435
Depreciation and impairment at 1 January 2021	-853	-3,594	-304	0	-4,751
Foreign exchange adjustments	-30	-119	-6	0	-156
Transferred/reclassified	-4	2	16	0	15
Depreciation and impairment of assets disposed	14	3	11	0	28
Disposals on divestment	11	0	0	0	12
Impairment/ reversed impairment	0	2	0	0	2
Depreciation	-97	-362	-48	0	-507
Depreciation and impairment at 31 Dec. 2021	-959	-4,067	-331	0	-5,357
Carrying amount at 31 December 2021	2,247	2,099	128	604	5,078

2020	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under con-struction	Total
Cost at 1 January 2020	2,768	5,488	419	772	9,446
Foreign exchange adjustments	-154	-295	-17	-26	-491
Additions	42	127	26	281	477
Additions on company acquisitions	2	1	1	0	4
Disposals on divestment	0	0	0	0	0
Disposals	-2	-7	-13	0	-21
Transferred/reclassified	276	463	15	-757	-4
Cost at 31 December 2020	2,932	5,777	431	270	9,410
Depreciation and impairment at 1 January 2020	-799	-3,412	-280	0	-4,490
Foreign exchange adjustments	38	173	12	0	223
Transferred/reclassified	0	0	3	0	2
Depreciation and impairment of assets disposed	1	4	10	0	14
Disposals on divestment	0	0	0	0	0
Impairment	0	-7	-1	0	-8
Depreciation	-93	-352	-48	0	-493
Depreciation and impairment at 31 Dec. 2020	-853	-3,594	-304	0	-4,751
Carrying amount at 31 December 2020	2,079	2,183	127	270	4,659

At the end of 2021, the Group had entered into contracts for the purchase of property, plant and equipment for future delivery for an amount of DKK 369 million (2020: DKK 248 million).

Properties with evidence of impairment have been tested for impairment. No properties were written down during 2021 (2020: DKK 0 million).

Assets under construction relate to Fibertex Personal Care's construction of production line 9 in Malaysia, Fibertex Nonwovens' construction of additional nonwovens capacity in the Czech Republic and the USA, BioMar's expansion of capacity in Ecuador and GPV's expansions of capacity in Thailand and Sri Lanka.

Amounts in DKK million

Notes • invested capital

12
Lease assets

2021	Ships	Property	Other assets	Total
Cost at 1 January 2021	483	505	104	1,092
Foreign exchange adjustments	30	14	3	47
Additions	58	41	30	129
Additions on company acquisitions	0	10	4	14
Disposals	-21	-16	-10	-47
Remeasurement of lease assets	9	10	1	20
Cost at 31 December 2021	559	563	132	1,254
Depreciation and impairment at 1 January 2021	-156	-169	-45	-370
Foreign exchange adjustments	-11	-5	-1	-17
Impairment/ reversed impairment	0	1	-2	-1
Depreciation	-95	-92	-35	-222
Depreciation and impairment of assets disposed	20	14	9	43
Depreciation and impairment at 31 Dec. 2021	-242	-251	-74	-567
Carrying amount at 31 December 2021	317	312	58	687

2020	Ships	Property	Other assets	Total
Cost at 1 January 2020	447	478	87	1,012
Foreign exchange adjustments	-34	-13	-3	-50
Additions	0	21	23	44
Additions on company acquisitions	0	6	0	6
Disposals	0	-4	-10	-14
Remeasurement of lease assets	70	16	7	93
Cost at 31 December 2020	483	505	104	1,092
Depreciation and impairment at 1 January 2020	-76	-84	-24	-184
Foreign exchange adjustments	5	2	1	8
Impairment	0	-2	0	-2
Depreciation	-84	-87	-30	-202
Depreciation and impairment of assets disposed	0	2	8	11
Depreciation and impairment at 31 Dec. 2020	-156	-169	-45	-370
Carrying amount at 31 December 2020	327	336	58	721

DKK 18 million (2020: DKK 15 million) was recognised in the income statement for 2021 regarding leases not recognised in the balance sheet, the amount consisting of DKK 5 million in services, DKK 4 million in small assets and DKK 9 million in short-term leases.

At the balance sheet date, lease liabilities relating to small assets and services amounted to DKK 18 million (2020: DKK 9 million), of which DKK 11 million falls due within 12 months and DKK 7 million falls due in between one and five years.

At the balance sheet date, the Group dentered into leases for assets or properties of which the Group did not yet have control and which were consequently not recognised at the balance sheet date. These leases are expected to involve a total addition of lease assets of DKK 10 million in 2022.

For further information about lease debt, see note 19.

Amounts in DKK million

Notes • invested capital

13
Investments in subsidiaries, associates and joint arrangements

The Group has the following subsidiaries and joint operations:

Name	Registered office	Ownership interest 2021	Ownership interest 2020
Alba Ejendomme A/S	Aarhus, Denmark	0%	100%
BioMar			
BioMar Group A/S	Aarhus, Denmark	100%	100%
Alimentsa S.A.	Guayaquil, Ecuador	70%	70%
BioMar A/S	Brande, Denmark	100%	100%
BioMar A/S Chile Holding S.A.	Puerto Montt, Chile	100%	100%
BioMar AB	Malmoe, Sweden	100%	100%
BioMar Aquacorporation Products S.A. *	Cañas, Costa Rica	50%	50%
BioMar Aquacultura Corporation S.A.	Cañas, Costa Rica	100%	100%
BioMar AS	Myre, Norway	100%	100%
BioMar Chile SA	Puerto Montt, Chile	100%	100%
BioMar Hellenic S.A.	Volos, Greece	100%	100%
BioMar Iberia SA	Dueñas, Spain	100%	100%
BioMar Ltd.	Grangemouth, Scotland	100%	100%
BioMar OOO	Ropsha, Russia	100%	100%
BioMar Pty. Ltd.	Hobart, Australia	100%	100%
BioMar S.A.S.	Nersac, France	100%	100%
BioMar Sp. z o.o.	Zielona Góra, Poland	100%	100%
Oy BioMar Ab	Vanda, Finland	100%	100%
Viet-Uc Aqua Feed Company Limited	An Hiep Village, Vietnam	67.5%	0%
Fibertex Personal Care			
Fibertex Personal Care A/S	Aalborg, Denmark	100%	100%
Fibertex Personal Care AG	Ilsenburg, Germany	100%	100%
Fibertex Personal Care Corporation	Asheboro NC, USA	100%	100%
Fibertex Personal Care K.K.	Tokyo, Japan	100%	100%
Fibertex Personal Care Sdn Bhd	Nilai, Malaysia	100%	100%
Fibertex Nonwovens			
Fibertex Nonwovens A/S	Aalborg, Denmark	100%	100%
Elephant Nonwovens - Nao Tecidos U.P., Lda.	Estoril, Portugal	100%	100%
Fibertex Elephant España S.L.	Sant Cugat del Vallés, Spain	100%	100%
Fibertex France SARL	Beauchamp, France	100%	100%
Fibertex Naotecidos Ltda.	Sao Paolo, Brazil	100%	100%
Fibertex Nonwovens Holding Ltd.	Hong Kong, China	100%	100%
Fibertex Nonwovens Inc.	Grey Court SC, USA	100%	100%
Fibertex Nonwovens S.A.S.	Chemillé, France	100%	100%
Fibertex Nonwovens Shanghai Co. Ltd.	Shanghai, China	100%	100%
Fibertex Nonwovens Tekstil Sanayi ve Ihracat A.Ş.	Cerkezkoy, Turkey	100%	100%
Fibertex Nonwovens, a.s.	Svitavy, Czech Republic	100%	100%
Fibertex North America Holding Inc.	Ingleside IL, USA	100%	100%
Fibertex North America Real Estate	Ingleside IL, USA	100%	100%
Fibertex Private Limited	Bangalore, India	100%	100%
Fibertex South Africa Ltd.	Hammarsdale, South Africa	74%	74%

Name	Registered office	Ownership interest 2021	Ownership interest 2020
GPV			
GPV International A/S	Vejle, Denmark	100%	100%
GPV Americas México S.A.P.I de CV	Guadalajara, Mexico	100%	100%
GPV Asia (Hong Kong) Ltd.	Hong Kong, Hong Kong	100%	100%
GPV Asia (Thailand) Co. Ltd.	Bangkok, Thailand	100%	100%
GPV Austria Cable GmbH	Frankenmarkt, Austria	100%	100%
GPV Austria GmbH	Frankenmarkt, Austria	100%	100%
GPV DACH (Asia) AG	Lachen, Switzerland	100%	100%
GPV DACH AG	Lachen, Switzerland	100%	100%
GPV Germany GmbH	Hildesheim, Germany	100%	100%
GPV Lanka (PVT) Ltd.	Kochchikade, Sri Lanka	100%	100%
GPV Property Solution (private) Limited **	Kochchikade, Sri Lanka	49%	49%
GPV Slovakia s.r.o.	Hlohovec, Slovakia	100%	100%
GPV Switzerland SA	Mendrisio, Switzerland	100%	100%
GPV Zhongshan Co. Ltd.	Zhongshan, China	100%	100%
HydraSpecma			
HydraSpecma A/S	Skjern, Denmark	100%	100%
Dansk Afgratningsteknik A/S	Skjern, Denmark	60%	60%
HydraSpecma AB	Gothenburg, Sweden	100%	100%
HydraSpecma Norge AS	Flekkefjord, Norway	100%	100%
HydraSpecma Co. Ltd.	Shanghai, China	100%	100%
HydraSpecma Components AB	Skellefteå, Sweden	100%	100%
HydraSpecma Do Brazil Ltda	Curitiba, Brazil	90%	90%
HydraSpecma Hydraulic Systems (Tianjin) Co., Ltd.	Tianjin, China	100%	100%
HydraSpecma Hydraulic U.S. Inc.	San Antonio TX, USA	100%	100%
HydraSpecma Hydraulikhuset AB	Gothenburg, Sweden	100%	100%
HydraSpecma India Private Ltd.	Chennai, India	100%	100%
HydraSpecma OY	Espoo, Finland	100%	100%
HydraSpecma Samwon Ltd.	Newton Aycliffe, UK	100%	100%
HydraSpecma Sp. z.o.o.	Stargard, Poland	100%	100%
HydraSpecma USA Inc.	Chicago IL, USA	100%	100%
HydraSpecma Wiro AB	Motala, Sweden	100%	100%
Specma Fastighets AB	Gothenburg, Sweden	100%	100%
Borg Automotive			
Borg Automotive A/S	Silkeborg, Denmark	100%	100%
Borg Automotive Sp.z.o.o.	Zdunska Wola, Poland	100%	100%
Borg Automotive Spain S.L.U.	Navarra, Spain	100%	100%
Borg Automotive UK Ltd	Wednesbury, UK	100%	100%
Car Parts Industries Belgium SA	Nivelles, Belgium	100%	100%
SBS Automotive A/S	Støvring, Denmark	100%	0%
SBS Deutschland GmbH	Eisenach, Germany	100%	0%
SBS France SAS	Chaumont-en-Vexin, France	100%	0%

*BioMar Aquacorporation Products S.A. is a pro-rata consolidated 50%-owned company. This is a joint arrangements in which the Schouw & Co. Group (BioMar) shares control over the production apparatus of the jointly-controlled entity with an external business partner. Accordingly, under IFRS 11, the arrangement is therefore classified as a joint operation and pro-rata consolidated. The company is recognised at the following amounts: current assets DKK 34 million (2020 DKK 25 million), non-current assets DKK 26 million (2020: DKK 25 million), current liabilities DKK 18 million (2020: DKK 9 million), non-current liabilities DKK 7 million (2020: DKK 8 million), revenue DKK 39 million (2020 DKK 36 million) and expenses DKK 39 million (2020 DKK 36 million).

** Although the Group holds only 49% of GPV Property Solution (private) Limited, the Group is considered to have a controlling interest in the company.

Amounts in DKK million

Notes • invested capital

13
Investments in subsidiaries, joint arrangements and associates (continued)

In May, the Group company BioMar acquired 67.5% of Viet-Uc Aqua Feed Company Limited. In June, the Group company Borg Automotive acquired 100% of SBS Automotive A/S, including its subsidiaries SBS Deutschland GmbH and SBS France SAS.

The Group has the following associates:

Name	Registered office	Ownership interest 2021	Ownership interest 2020
LetSea AS	Dønna, Norway	33%	33%
ATC Patagonia S.A.	Lenca, Chile	30%	30%
Salmones Austral S.A.	Puerto Montt, Chile	23%	23%
LCL Shipping Ltd.	Grangemouth, Scotland	40%	40%
Young Tech Co. Ltd.	Chongwon, South Korea	30%	30%
Micron Specma India (Pvt.) Ltd	Rohtak, Haryana, India	25%	25%
NGIN A/S	Aarhus, Denmark	40%	40%

Associates:	2021	2020
Cost at 1 January	251	276
Foreign exchange adjustments	20	-25
Additions during the year	0	0
Cost at 31 December	271	251
Adjustments at 1 January	96	151
Foreign exchange adjustments and other changes in equity	9	-12
Dividends paid	0	0
Profit after tax from associates	34	-44
Adjustments at 31 December	139	96
Carrying amount at 31 December	411	347

2021	LetSea	ATC Patagonia	Salmones Austral	LCL Shipping	Young Tech Co. South Korea	Micron Specma India (Pvt.)	NGIN
Revenue	338	19	1,649	14	60	13	9
Profit for the year	10	-2	128	3	3	0	0
Assets	231	63	3,282	55	55	13	4
Liabilities	131	6	1,830	37	39	3	2
Recognised in the Schouw & Co. Group:							
Share of profit	3	-1	29	1	1	0	0
Share of equity	33	17	333	7	5	3	1
Goodwill	0	0	11	0	0	0	1
Carrying amount at 31 December	33	17	343	7	5	3	2

2020	LetSea	ATC Patagonia	Salmones Austral	LCL Shipping	Young Tech Co. South Korea	Micron Specma India (Pvt.)	NGIN
Revenue	166	15	1,089	7	28	3	7
Profit for the year	1	-4	-192	4	0	0	1
Assets	135	59	2,732	49	37	11	4
Liabilities	48	4	1,514	35	27	1	2
Recognised in the Schouw & Co. Group:							
Share of profit	0	-1	-44	2	0	0	0
Share of equity	29	16	279	6	3	3	1
Goodwill	0	0	10	0	0	0	1
Carrying amount at 31 December	29	16	289	6	3	3	2

Salmones Austral is individually considered to be of significant importance to the Group. The comprehensive income in Salmones Austral for 2021 amounted to DKK 128 million (2020: negative at DKK 192 million), its EBITDA was DKK 261 million (2020: negative at DKK 112 million) and its NIBD at 31 December was DKK 801 million (2020: DKK 715 million).

Salmones Austral had non-current assets of DKK 1,858 million at 31 December 2019 (2020: DKK 1,555 million), current assets of DKK 1,424 million (2020: DKK 1,177 million), non-current debt of DKK 1,054 million (2020: DKK 895 million) and current debt of DKK 775 million (2020: DKK 619 million).

Amounts in DKK million

Notes • invested capital

13
Investments in subsidiaries, associates and joint ventures (continued)

The Group has the following joint ventures:

Name	Registered office	Ownership interest 2021	Ownership interest 2020
BioMar-Sagun TTK	Söke, Turkey	50%	50%
BioMar-Tongwei (Wuxi) Biotech Co., Ltd.	Wuxi, China	50%	50%

Joint ventures:	2021	2020
Cost at 1 January	146	153
Reclassified	0	-7
Additions during the year	0	0
Disposals for the year	0	0
Cost at 31 December	146	146
Adjustments at 1 January	-13	-17
Reclassified	0	7
Foreign exchange adjustments	2	-10
Share of profit after tax in joint ventures	12	8
Adjustments at 31 December	2	-13
Carrying amount at 31 December	148	134

2021	BioMar-Sagun	BioMar-Tongwei
Revenue	151	821
Profit for the year	14	10
Assets	106	426
Liabilities	64	179
Recognised in the Schouw & Co. Group:		
Share of profit	7	5
Share of equity	21	124
Goodwill	1	2
Carrying amount at 31 December	23	126

Amounts in DKK million

2020	BioMar-Sagun	BioMar-Tongwei
Revenue	136	546
Profit for the year	17	-2
Assets	100	288
Liabilities	51	77
Recognised in the Schouw & Co. Group:		
Share of profit	9	-1
Share of equity	25	106
Goodwill	1	2
Carrying amount at 31 December	26	108

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Receivables – non-current

	2021	2020
Loans to customers	170	2
Other non-current receivables	72	39
Total non-current receivables	241	41

In connection with the signing of a long-term feed contract, BioMar has provided a DKK 160 million loan to a customer. The loan matures in seven years and carries interest over its term. BioMar has also provided a smaller loan to another customer.

Notes • invested capital

15
Acquisitions

	Viet-Uc	TMI	SBS	2021	2020
Customer relationships	0	0	0	0	22
Brands	0	0	36	36	0
Know-how	0	0	0	0	27
Property, plant and equipment	25	0	35	60	4
Lease assets	2	0	12	14	6
Financial assets	0	0	1	1	0
Inventories	1	0	160	161	24
Receivables	0	0	120	121	16
Tax assets	0	0	17	17	0
Cash and cash equivalents	1	0	2	2	0
Credit institutions	0	0	-83	-83	-6
Provisions	0	0	-4	-4	-2
Trade payables	0	0	-102	-102	-7
Other payables	0	0	-36	-36	-8
Current tax	0	0	-3	-3	0
Net assets acquired	29	0	154	183	76
Of which non-controlling interests	-9	0	0	-9	0
Goodwill	86	0	0	86	0
Acquisition cost	105	0	154	260	76
of which cash and cash equivalents	-1	0	-2	-2	0
Contingent consideration	-66	0	-154	-220	-16
Earn-out settled	0	8	0	8	0
Total cash acquisition costs	39	8	-2	45	60

Viet-Uc
By taking over a majority shareholding in Vietnamese shrimp feed producer Viet-Uc, BioMar has taken an important step towards establishing a global presence in the production of shrimp feed. The acquisition provides crucial access to the Vietnamese market for shrimp farming, whose annual production of more than 600,000 tonnes of shrimp makes it one of the world's largest of its kind.

BioMar acquired 67.5% of the shares effective 1 May 2021 at an expected total purchase price of DKK 105 million. The purchase sum consists of DKK 39 million in cash and expected earn-out payments of DKK 66 million. The final purchase price will be made up on the basis of the company's EBITDA for the years 2024 and 2025.

Amounts in DKK million

The acquisition does not involve identifiable added values in the company. Goodwill on acquisition amounted to DKK 86 million, which is not deductible for tax purposes. The acquisition of Viet-Uc involved costs of DKK 1.1 million, which amount has been recognised under operating expenses. During the period of recognition, the company has contributed revenue of DKK 6.5 million and an EBITDA loss of DKK 0.3 million. Had the company been acquired effective from 1 January 2021, its EBITDA would have been DKK 2 million less, while revenue would have been the same.

TMI
In June 2021, Borg Automotive paid DKK 8 million as the initial part of earn-out payments relating to the acquisition of Turbo Motor Inyección (TMI). The second and final part of the earn-out payments is expected to be paid in 2022. The acquisition of TMI was recognised in 2020.

SBS Automotive
Borg Automotive acquired SBS Automotive (SBS) effective at 1 July 2021, opening the door to a new business segment. Headquartered in Støvring, Denmark, SBS Automotive is a trading company with its main focus on the sale of brake discs, but also an active player in the sale of steering components, wheel bearings and shock absorbers. SBS has distribution centres in Denmark, Germany, France and Poland and a workforce of about 135 employees. In 2020, SBS generated revenue of DKK 455 million and an EBITDA of about DKK 20 million.

The entire purchase price is based on an earn-out model, under which Borg Automotive will pay five times SBS's normalised 2022 EBITDA. Borg Automotive currently estimates that the net cash consideration will amount to DKK 154 million to be settled at the beginning of 2023. As the purchase price is not payable until during the first half of 2023, the amount is amortised until the settlement date. At the end of 2021, accrued interest on the liability was added in the amount of DKK 10 million, so that it amounted to DKK 164 million at 31 December 2021.

In a preliminary purchase price allocation prepared in connection with the acquisition, values in excess of carrying amounts in inventories and in intangible assets in the form of brands have been identified whereas values lower than carrying amounts have been estimated for property, plant and equipment. Goodwill has not been calculated in connection with the acquisition.

During the period of recognition, SBS contributed revenue of DKK 243 million and an EBITDA loss of DKK 8 million. Had the company been acquired effective at 1 January 2021, revenue would have been DKK 262 million higher and profit would have been DKK 9 million higher. The acquisition involved acquisition costs of DKK 7 million, of which half was incurred in 2020. The acquisition costs have been recognised under operating expenses.

2020
In 2020, the Group company Borg Automotive acquired the turbocharger operations of the Spanish company Turbo Motor Inyección (TMI).

Notes • invested capital

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Impairment test

Goodwill
The management of Schouw & Co. has tested the carrying amounts of all goodwill in the Group. In the tests performed, the senior management of each company estimated the expected free cash flows in a five-year budget and forecast period (2022-2026).

The impairment test estimates the present value of goodwill (value-in-use principle) by discounting expected free cash flows using an estimated discount rate to assess the company's total value and related goodwill, which is subsequently compared with the carrying amount recognised in the Schouw & Co. consolidated financial statements. The rate of growth post the forecast period, the so-called terminal growth, is based on general long-term growth forecasts for the individual markets. The estimates for the Schouw & Co. entities vary from 1% to 3% growth.

At 31 December 2021, capitalised goodwill in the Schouw & Co. Group amounted to DKK 2,536 million, compared with DKK 2,366 million at 31 December 2020. During the year, goodwill in the amount of DKK 86 million was added in connection with the BioMar group's acquisition of Viet-Uc. The remainder of the change consisted of foreign exchange adjustments of DKK 84 million, largely related to Alimentsa (BioMar Ecuador).

The discount rate (WACC) was estimated on the basis of available market data and an assessment of the risk profile of the individual entities. Specifically, a risk-free interest rate based on the current yield of a 10-year government bond in the relevant geography plus an estimated market-risk premium are used to estimate the required rate of return on equity. Estimated risk premiums are then added, depending on industry, business model and geography. The required rate of return on debt is based on an estimated credit assessment of the entities and current interest rate levels. The required rates of return on debt and equity are weighted using a capital structure based on a group of company peers. The table below shows the amounts for each company:

	Carrying amount of goodwill	Assumptions			
		Revenue growth	Terminal year growth	WACC after tax	WACC before tax
BioMar (excl. Alimentsa)	795	2.7%	2.0%	5.8%	7.3%
Alimentsa (BioMar Ecuador)	590	8.4%	3.0%	10.9%	13.4%
Borg Automotive	516	6.2%	2.0%	8.3%	10.3%
Main companies/goodwill	1,901				
Viet-Uc	92	*	*	*	*
Fibertex Personal Care	99	2.0%	2.0%	6.5%	8.0%
Fibertex Nonwovens	119	4.0%	2.0%	7.6%	9.5%
GPV International	181	5.3%	2.0%	8.0%	8.3%
HydraSpecma	143	6.5%	2.0%	6.5%	7.8%
Other companies/goodwill	633				
Total	2,536				

* Viet-Uc, which was acquired on 1 May 2021, was not for impairment at the balance sheet date but will be tested before 30 June 2022.

Total goodwill in Schouw & Co. of DKK 2,536 million mainly comprises DKK 795 million related to the original BioMar group, DKK 590 million related to Alimentsa (BioMar Ecuador) and DKK 516 million related to Borg Automotive, in aggregate making up 75% of the Group's total goodwill. The original BioMar group means BioMar excluding the acquisitions of Alimentsa and Viet-Uc.

Alimentsa (BioMar Ecuador) is considered a separate cash-generating unit, and it is still considered possible to test this unit separately, as integration with the other BioMar businesses is limited. This is due to the fact that products and market conditions applying to the shrimp feed produced by Alimentsa are materially different from those applying to feed for the other fish species that BioMar is involved in. Consequently, Alimentsa is tested separately. The original BioMar group suffered losses in 2021, as sales in especially the Chilean market were hit by a combination of biological issues and lower-than-normal biomass. In the Spanish market, BioMar was also affected by a lower-than-normal biomass due to a severe storm in January 2020. In the impairment test of the original BioMar group, both of these issues are expected to be normalised, resulting in an expected volume improvement of about 4.5% in 2022 followed by annual growth of close to 3% in the remaining years of the test period. Alimentsa continues to operate in a growth industry, and in order to meet market demand, Alimentsa has initiated the construction of two additional production lines, which are expected to be commissioned in 2023. Alimentsa is therefore expected to have sufficient capacity to increase revenue by 8.4% annually during the test period.

The automotive remanufacturing market also continues to grow. This fact combined with Borg Automotive's strong market position, continuous capacity expansions and growing product portfolio due to, among other things, the acquisitions and integration of TMI and SBS, means that Borg Automotive is expected to achieve 6.2% annual growth during the test period.

The impairment tests made at 31 December 2021 did not result in a write-down of carrying amounts.

Sensitivity analyses were performed as part of the tests to determine if reduced cash flows or a higher WACC would produce evidence of impairment. The sensitivity analyses showed that likely changes in basic assumptions would not produce evidence of impairment.

Other intangible assets
At 31 December 2021, Schouw & Co. recognised other intangible assets of DKK 1,035 million, DKK 22 million less than at 31 December 2020. An addition of DKK 36 million was recognised in relation to Borg Automotive's acquisition of SBS Automotive. A further addition of DKK 49 million was mainly related to IT projects. Other intangible assets were reduced by DKK 134 million due to amortisation. The remaining changes under other intangible assets were due to foreign exchange adjustments.

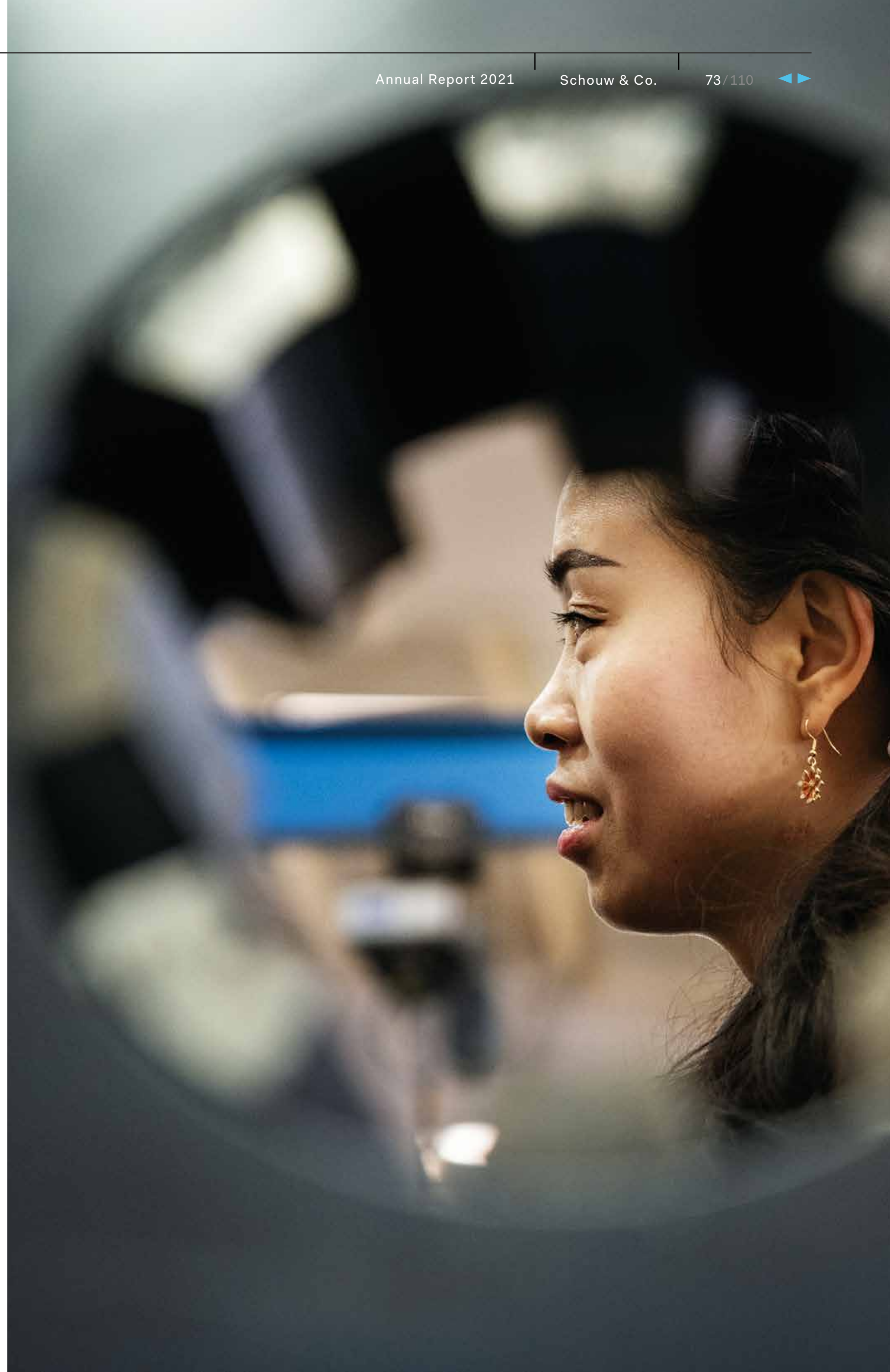
Amounts in DKK million

Notes • invested capital

Property, plant and equipment
No impairment of property, plant and equipment was recognised in 2021, but GPV reversed impairment writedowns previously made in the amount of DKK 2 million.

Other non-current assets
There were no indications of impairment of other non-current assets, apart from a DKK 2 million write-down of lease assets. GPV reversed an impairment writedown previously made in the amount of DKK 1 million.

Amounts in DKK million



Notes • capital structure

This section of the annual report contains notes relating to the Group's capital structure.

The following notes are presented in this section:
17 Financial income
18 Financial expenses
19 Interest-bearing debt
20 Net interest-bearing debt
21 Share capital

Comments

Financial income

Financial income of DKK 85 million in 2021 included fair value adjustment of securities of DKK 12 million, up by DKK 7 million compared with 2020. Foreign exchange gains were up by DKK 1 million to DKK 56 million. Other interest income increased from DKK 17 million in 2020 to DKK 18 million in 2021.

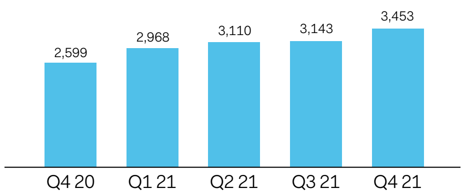
Financial expenses

Financial expenses fell by DKK 60 million from DKK 209 million in 2020 to DKK 149 million in 2021, which was mainly the result of a reduction of foreign exchange losses of DKK 66 million from DKK 105 million in 2020 to DKK 38 million in 2021. In 2021, the Group recognised DKK 15 million in amortisation of earn-out purchase obligations relating to the acquisitions of SBS and Viet-Uc. Dividends paid in 2021 to the minority shareholder of Alimentsa amounted to DKK 13 million compared with DKK 12 million in 2020. The remainder of the financial expenses, covering interest payments on interest-bearing debt, including lease debt and settlement of interest hedging, amounted to DKK 84 million in 2021, compared with DKK 93 million in 2020.

Liabilities

Interest-bearing debt was DKK 3,453 million at 31 December 2021, representing a year-on-year increase of DKK 855 million. The increase was mainly due to the significant increase in working capital during the year and to the increased investment activity. A large part of the Group's debt is in DKK or in EUR, these currencies representing 55% of total debt in 2021 (2020: 56%). NOK, AUD and USD each account for 11% of the debt, while a number of other currencies combine to make up the remaining 12%.

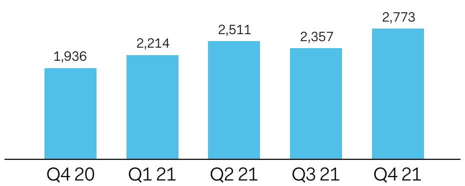
Interest-bearing debt



Net interest-bearing debt

Due to the increased working capital and the increased investment volume, net interest-bearing debt grew by DKK 836 million to DKK 2,773 million at 31 December 2021.

Net interest-bearing debt



Treasury shares

The share capital was unchanged at 25,500,000 shares of DKK 100 each. At 31 December 2020, Schouw & Co. held 1,520,724 treasury shares, corresponding to 5.96% of the share capital. In 2021, the Group purchased 10,378 treasury shares for purposes of its share option programme. Accordingly, Schouw & Co. held 1,531,102 treasury shares at 31 December 2017, corresponding to 6.00% of the share capital.

The portfolio of treasury shares is recognised at DKK 0.

Accounting policies

Financial income and expenses

Financial income and expenses include interest and capital gains and losses on transactions in foreign currency and impairment losses on securities. Also included are amortisation of financial assets and liabilities, lease liabilities, surcharges and refunds under the on-account tax scheme. and changes in fair values of derivative financial instruments that do not qualify as hedge accounting. Financial expenses relating to the construction of non-current assets are recognised as part of the cost of the asset.

Financial liabilities

Debt to credit institutions is recognised at the raising of a loan at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost, applying the "effective interest rate method", to the effect that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan. In addition, the capitalised residual lease liability under finance leases is recognised under financial liabilities.

Accounting estimates

No significant accounting estimates were made in the calculation of financial liabilities.

Notes • capital structure

17
Financial income

	2021	2020
Interest income	18	17
Foreign exchange adjustments	56	54
Fair value adjustment of financial assets	12	5
Total	85	76

18
Financial expenses

	2021	2020
Interest expense	-61	-67
Amortisation of earn-out-purchase obligation	-15	0
Amortisation of lease debt	-21	-24
Fair value adjustment of hedging transactions transferred from equity	-2	-2
Foreign exchange adjustments	-38	-105
Dividend payment to non-controlling shareholder in Alimentsa (BioMar Ecuador)	-13	-12
Total	-149	-209

Borrowing costs of DKK 2 million were capitalised in 2021 (2020: DKK 5 million) based on an average rate of interest of 2.4% p.a. (2020: 1.8%).

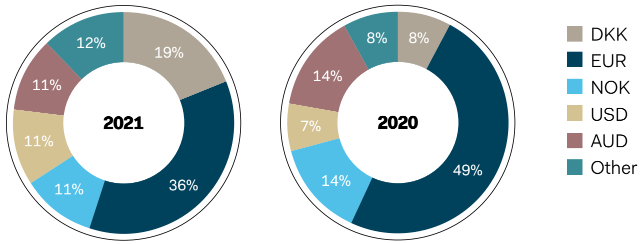
19
Interest-bearing debt

Debt recognised in the balance sheet:

	2021	2020
Credit institutions (non-current)	1,805	1,090
Mortgage debt (non-current)	63	98
Lease debt (non-current)	516	555
Recognised as non-current interest-bearing debt	2,384	1,742
Current portion of mortgage debt	42	41
Current portion of lease debt	215	188
Credit institutions (current)	812	628
Recognised as current interest-bearing debt	1,070	856
Total interest-bearing debt	3,453	2,599

The fair value of interest-bearing debt corresponds in all material respects to the carrying amount.

Percentage breakdown of interest-bearing debt by currency



Amounts in DKK million

Notes • capital structure

19
Interest-bearing debt (continued)

Maturity profile of interest-bearing debt, including lease debt:

	2021		2020	
	Interest-bearing debt	Of which lease debt	Interest-bearing debt	Of which lease debt
Instalments				
Overdraft facilities without planned repayment	756		601	
Less than 1 year	346	233	286	207
1-5 years	2,197	456	1,530	511
More than 5 years	280	91	300	82
Total	3,579	780	2,717	800
Interest				
Overdraft facilities without planned repayment	0		0	
Less than 1 year	32	17	30	19
1-5 years	80	20	80	31
More than 5 years	14	11	8	7
Total	126	49	118	57
Carrying amount				
Overdraft facilities without planned repayment	756		601	
Less than 1 year	313	215	256	188
1-5 years	2,117	436	1,450	480
More than 5 years	267	80	292	74
Total	3,453	731	2,599	743

Spot rate used for floating rate loans in the table above.

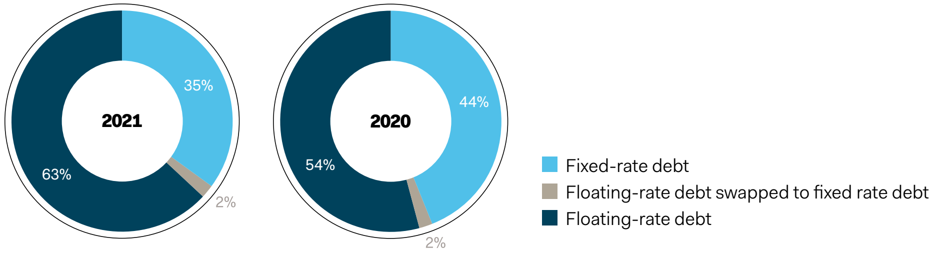
The fair value of liabilities relating to lease assets corresponds in all material respects to the carrying amount. The lease liability was calculated using mainly an alternative discount rate based on the lease term, the base rate of the country in question and a risk premium, among other factors. The average discount rate applied was 2.7% per annum (2020: 2.8%).

Total lease payments made in 2021 amounted to DKK 241 million (2020: DKK 220 million), consisting of a repayment of DKK 220 million (2020: 196 million) and interest of DKK 21 million (2020: DKK 24 million).

The weighted average effective rate of interest for the year was 2.8% (2020: 2.8%). The weighted average effective rate of interest at the balance sheet date was 1.7% (2020: 2.1%).

For further information about lease assets, see note 12.

Interest profile of interest-bearing debt



Fixed-rate debt includes loans for which the rate of interest will not be reset within the next year. Interest on lease debt is treated as fixed-rate debt.

	2021	2020
Interest hedging expires in:		
Less than 1 year	54	0
1-5 years	18	77
More than 5 years	0	18
Total	72	95

An increase in interest rates of 1 percentage point would cause the annual interest expense to increase by about DKK 17 million after tax (2020: DKK 11 million). This would expectedly reduce shareholders' equity by about DKK 16 million after tax (2020: DKK 9 million).

A decrease in interest rates of 1 percentage point would cause the annual interest expense to decrease by about DKK 17 million after tax (2020: DKK 11 million). This would expectedly increase shareholders' equity by about DKK 16 million after tax (2020: DKK 9 million).

Amounts in DKK million

Notes • capital structure

19
Interest-bearing debt (continued)

Capital resources
It is group policy when raising loans to maximise flexibility by diversifying borrowing in respect of maturity/renegotiation dates and counterparties, with due consideration to costs. The Group's capital resources consist of cash and undrawn credit facilities. The Group's objective is to have sufficient capital resources to make company acquisitions and to allow it to continue in an adequate manner to operate the business and to react to unforeseen fluctuations in its cash holdings.

	Loans and lines	Of which utilised	Unutilised	Commitment	Avg. term to maturity
Revolving credit facility	3,275	479	2,796	Committed	3 years
Other credit facilities	735	653	83	Uncommitted	
Schuldschein	1,011	1,011	0	Committed	2 yrs 8 mths
Mortgages	105	105	0	Committed	3 yrs 4 mths
Other long-term debt (NIB)	400	400	0	Committed	7 years
Other long-term debt	74	74	0	Uncommitted	4 yrs 8 mths
Leases	731	731	0	Committed	
Cash and cash equivalents			490		
Facility before deduction of guarantee commitments	6,331	3,453	3,369		
Guarantee commitments deducted from the facility			-124		
Total capital resources at 31 December 2021			3,245		

The Group's companies get a significant proportion of their financing from resources and credit facilities of the parent company Schouw & Co. The parent company Schouw & Co.'s financing consists mainly of a syndicated bank facility, which in December 2020 was refinanced with a total facility line of DKK 3,275 million. The facility has a three-year term with an option for a one-year extension after the first and second year. In connection with refinancing the bank facility, the international bank Hongkong & Shanghai Banking Corporation (HSBC) joined the existing bank consortium consisting of Danske Bank, DNB and Nordea. The first extension option was utilised in December 2021.

In April 2019, Schouw & Co. issued Schuldscheins for a total of EUR 136 million (DKK 1,011 million) maturing in 2024 (80%) and 2026 (20%). In December 2021, Schouw & Co. set up a DKK 400 million seven-year loan with Nordic Investment Bank related to specific Danish capacity-expanding investments and development costs.

Capital management
Schouw & Co. gives priority to having a high equity ratio in order to ensure financial versatility as well as to having adequate capital resources. The Group believes that its total capital resources of DKK 3,245 million represent appropriate cash resources. The Group aims to have a financial gearing in the range of 1.0x to 2.5x. During periods immediately following a (major) acquisition, however, gearing may exceed 2.5x. At 31 December 2021, the financial gearing was 1.2x.

20
Net interest-bearing debt

			Non-cash items				
2021	Beginning of year	Cash flows	Acquisitions / divestments	Foreign exchange adjustments	Leases	Other	End of year
Interest-bearing liabilities:							
Non-current debt	1,742	536	26	6	-87	161	2,384
Current debt	856	52	47	43	232	-161	1,070
Total interest-bearing liabilities	2,599	588	73	49	145	0	3,453
Interest-bearing assets:							
Non-current receivables	2	167	1	0	0	0	170
Current receivables	26	-7	0	2	0	0	21
Cash and cash equivalents	635	-170	2	24	0	0	490
Total interest-bearing assets	662	-11	3	26	0	0	681
Net interest-bearing debt	1,936	598	69	24	145	0	2,773

			Non-cash items				
2020	Beginning of year	Cash flows	Acquisitions	Foreign exchange adjustments	Leases	Other	End of year
Interest-bearing liabilities:							
Non-current debt	2,976	-1,001	5	-89	-66	-84	1,742
Current debt	909	-304	1	-32	198	84	856
Total interest-bearing liabilities	3,885	-1,305	6	-120	132	0	2,599
Interest-bearing assets:							
Non-current receivables	2	0	0	0	0	0	2
Current receivables	47	-20	0	-2	0	0	26
Cash and cash equivalents	538	133	0	-37	0	0	635
Total interest-bearing assets	587	114	0	-39	0	0	662
Net interest-bearing debt	3,298	-1,419	6	-81	132	0	1,936

Amounts in DKK million

Notes • capital structure

21
Share capital

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. All shares rank equally. The share capital is fully paid up.

Treasury shares	Number of shares	Nominal value (DKK)	Cost	Percentage of share capital
1 January 2020	1,544,280	15,442,800	469	6.06%
Share option programme	-23,556	-235,560	-3	-0.09%
31 December 2020	1,520,724	15,207,240	466	5.96%
Purchase of treasury shares	10,378	103,780	6	0.04%
31 December 2021	1,531,102	15,311,020	471	6.00%

In 2021, Schouw & Co. acquired shares for DKK 6 million to be held in treasury. The purchase was part of a programme under which Schouw & Co. intends to buy back shares held in treasury for a total amount of DKK 350 million in the period from 27 December 2021 to 30 December 2022.

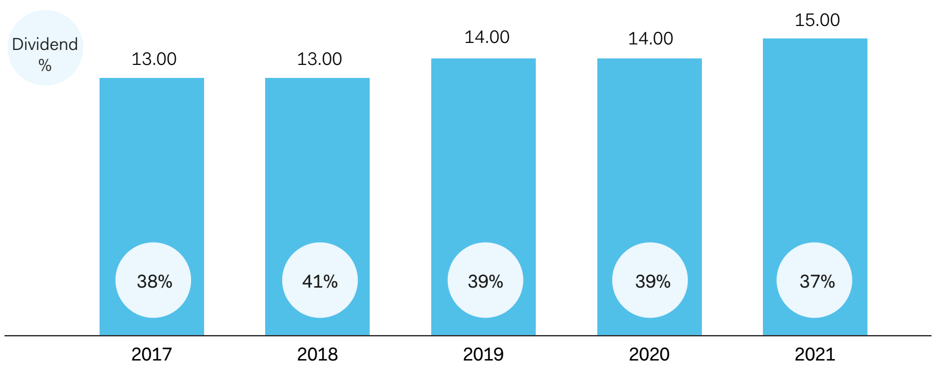
Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20.0% of the share capital. The authorisation is valid until 1 April 2025.

The company acquires treasury shares among other things for allocation to the Group's share-based incentive programmes and for adjustment of the company's capital structure in in connection with capital reductions. At 31 December 2021, the company's treasury shares had a market value of DKK 871 million (2020: DKK 937 million). The portfolio of treasury shares is recognised at DKK 0.

The share capital has not changed in the past five years.

Dividend
A dividend of DKK 15 per share is proposed in respect of the 2021 financial year for a total dividend amount of DKK 383 million and a dividend payout of 37% of the profit for the year. On 20 April 2021, the Group paid dividend in respect of 2020 of DKK 14 per share for a total dividend amount of DKK 357 million.

Dividend per share (DKK):



The dividend payout ratio expresses the total dividend paid relative to the consolidated profit for the year.

Amounts in DKK million

Notes • tax

This section of the annual report contains notes relating to the Group's taxation.

The following notes are presented in this section:
22 Tax on profit/loss for the year
23 Deferred tax
24 Income tax

Comments

The Group's tax policy is available to the public and is described in further detail in the Group's 2021 ESG Report. Both of these documents are available on the company's website.

Income tax
Schouw & Co. recorded a profit for the year before tax of DKK 1,332 million (2020: DKK 1,209 million), resulting in total tax for the year of DKK 293 million (2020: DKK 300 million). Profit before tax includes a share of profit after tax in associates and joint ventures of DKK 46 million (2020: share of loss of DKK 36 million). The tax on the share of profit or loss is not included in the tax for the year, for which reason the profit before tax has been adjusted for the share of profit in the explanation of the effective tax rate. The effective tax rate for the year amounts to 22.8% of the adjusted profit before tax (2020: 24.1%). The Group's weighted tax rate fell to 22.7% (2020: 23.7%), due in part to lowered corporate tax rates, primarily in Sweden and France. The effective tax rate has declined partly due to an increase in tax-exempt income, including in connection with investment grant schemes.

The effective tax rate was reduced despite an additional tax payment amounting to DKK 16 million in connection with a now resolved tax case in France and recognition of withholding tax amounting to DKK 7 million that could not be offset against other corporate income tax.

Accounting policies

Taxation
Schouw & Co. is taxed jointly with all its Danish subsidiaries. The current Danish income tax liability is allocated among the companies of the tax pool in proportion to their taxable income. Companies that use tax losses in other companies pay a joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies pay tax under the Danish on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. In addition, the tax for the year comprises changes to prior-year tax and changes in assessed provisions for uncertain tax positions. Tax for the year is recognised in the income statement as regards the amount attributable to the profit for the year and in equity as regards the amount attributable to equity entries.

In certain countries, the distribution of dividends is liable to taxation. Tax on dividends is provided only to the extent a resolution to distribute dividends has been made or to the extent the company has a dividend distribution policy.

To the extent the Schouw & Co. Group benefits from a deduction in the determination of its taxable income in Denmark due to share-based incentive programmes, the tax effect of such programmes is included in income tax. Any tax deduction exceeding the accounting cost is recognised directly in equity.

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured in accordance with the balance sheet liability method on all timing differences between the carrying amount and tax base of assets and liabilities. However, no deferred tax is recognised on timing differences regarding non-deductible goodwill and other items for which timing differences have arisen at the acquisition date without affecting the financial results or taxable income.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Deferred tax adjustments are made regarding eliminations of unrealised intercompany gains and losses. Deferred tax is measured based on the tax rules and rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Deferred tax assets are reviewed annually and recognised only to the extent that it is probable that they will be utilised. Depending on type, uncertain tax position are measured either as a probability-weighted average of possible outcomes or as the most likely outcome. Uncertain tax positions are recognised in the tax positions they relate to, i.e. as current tax or deferred tax as the case may be, unless it is deemed highly probable that the tax authorities will accept the company's tax treatment of the matter in question.

Accounting estimates

Deferred tax assets
The calculation of deferred tax assets is based on estimates of the extent to which prior-year losses can be utilised against future earnings. For Danish companies, tax assets have been capitalised at a tax rate of from 22%. The Group has operations and is liable for tax in many different countries. The calculation of tax payable for the year and the computation of taxable income involves making significant estimates regarding tax assets/liabilities and provisions for uncertain tax positions. However, in some instances the tax treatment in the relevant tax jurisdictions has not been finally resolved This may result in discrepancies between calculated tax and actual tax payments.

Deferred tax, including prior-year tax losses, is recognised at the tax rate expected to apply taking into account current local tax rules. Tax losses are capitalised to the extent management believes they can be used within a few years. Such estimates are made at least once a year on the basis of budgets and business plans for the following years. Accordingly, those estimates are inherently subject to a degree of uncertainty. Another factor considered is the distribution of taxable income on the basis of the companies' transfer pricing policies. At 31 December 2021, the Group had capitalised tax losses at a value for tax purposes of DKK 55 million, which are expected to be utilised within the next few years. Non-capitalised tax losses at an aggregate total value for tax purposes of DKK 112 million are not expected to be utilised within the next few years. More than one third of the non-recognised losses relate to Fibertex Nonwovens in South Africa, while the remaining losses primarily relate to GPV Slovakia, GPV Germany and Borg Automotive UK.

A pending case involving the Malaysian tax authorities is discussed in the note "Deferred tax".

Notes • tax

22
Tax on profit/loss for the year

	2021	2020
Tax on the profit for the year is specified as follows:		
Tax on profit/loss for the year	-293	-300
Tax on other comprehensive income	-7	3
Total tax	-301	-297
Tax on the profit for the year has been calculated as follows:		
Current tax	-285	-323
Deferred tax	9	25
Change in deferred tax due to change in corporate tax rates	-1	0
Adjustment of prior-year tax charge	-16	-3
Total tax recognised in the income statement	-293	-300
Specification of the tax on the profit for the year:		
Profit before tax	1,332	1,209
Profit/loss after tax in associates and joint ventures	-46	36
Profit before tax excl. profit/loss after tax in associates and joint ventures	1,286	1,245
Corporate tax rate in Denmark	22.0%	22.0%
Tax in foreign subsidiaries adjusted relative to 22%	0.7%	1.7%
Weighted consolidated corporate tax rate	22.7%	23.7%
Tax effect of:		
Non-taxable income	-3.7%	-2.4%
Non-deductible costs	2.9%	2.7%
Investment grants	-0.2%	0.0%
Adjustment of prior-year tax charge	1.4%	0.2%
Withholding tax	0.6%	0.0%
Non-recognised losses for the year	0.5%	0.0%
Revised valuation of tax asset	-0.3%	0.2%
Tax assets recognised during the year	-1.1%	-0.4%
Effective tax rate	22.8%	24.1%

	2021		
Tax on items recognised in other comprehensive income	**Before tax**	**Taxation**	**After tax**
Foreign exchange adjustments of foreign units, etc.	316	0	316
Hedging instruments for the year	-12	3	-9
Hedging instruments transferred to cost of sales	5	0	5
Hedging instruments transferred to financials	2	0	1
Other comprehensive income from associates and JVs	1	0	1
Adjustment of defined benefit pension plan	51	-9	42
Other adjustments recognised directly in equity	-1	0	-1
Total tax on items recognised in other comprehensive income	363	-7	356

	2020		
Tax on items recognised in other comprehensive income	**Before tax**	**Taxation**	**After tax**
Foreign exchange adjustments of foreign units, etc.	-493	0	-493
Hedging instruments for the year	-8	1	-8
Hedging instruments transferred to cost of sales	-2	0	-2
Hedging instruments transferred to financials	2	0	2
Other comprehensive income from associates and JVs	-11	0	-11
Adjustment of defined benefit pension plan	-17	3	-15
Other adjustments recognised directly in equity	-2	0	-2
Total tax on items recognised in other comprehensive income	-531	3	-528

Amounts in DKK million

Notes • tax

23
Deferred tax

2021

Change in deferred tax	Balance at 1 January	Foreign exchange adjustments	Additions on acquisitions	Disposals on divestments	Recognised in the profit for the year	Recognised in equity	Balance at 31 December
Intangible assets	205	7	-8	0	-23	0	180
Property, plant and equipment	244	15	-2	-1	3	0	259
Receivables	-37	-1	0	0	10	0	-27
Inventories	-3	1	-1	0	7	0	4
Other current assets	11	0	0	0	-9	0	3
Shareholders' equity	5	0	0	0	0	9	14
Provisions	-35	31	0	0	-2	0	-6
Other liabilities	-76	-33	-1	0	3	-3	-110
Expected utilisation of investment grant	-14	-1	0	0	4	0	-11
Tax losses	-47	-2	-5	0	-1	0	-55
Total change in deferred tax	253	17	-17	-1	-9	7	250

2020

Change in deferred tax	Balance at 1 January	Foreign exchange adjustments	Additions on acquisitions	Disposals on divestments	Recognised in the profit for the year	Recognised in equity	Balance at 31 December
Intangible assets	239	-9	0	0	-25	0	205
Property, plant and equipment	241	-15	0	0	18	0	244
Receivables	-32	1	0	0	-6	0	-37
Inventories	2	-1	0	0	-4	0	-3
Other current assets	13	0	0	0	-2	0	11
Shareholders' equity	9	1	0	0	-2	-4	5
Provisions	-37	0	0	0	2	0	-35
Other liabilities	-79	3	0	0	1	-1	-76
Expected utilisation of investment grant	-19	1	0	0	5	0	-14
Tax losses	-51	3	0	0	1	0	-47
Total change in deferred tax	286	-16	0	0	-13	-5	253

Amounts in DKK million

Notes • tax

23
Deferred tax (continued)

	2021	2020
Deferred tax at 1 January	253	286
Foreign exchange adjustments	17	-16
Deferred tax adjustment at 1 January	0	12
Deferred tax for the year recognised in profit/loss for the year	-9	-25
Reduction of Danish corporate tax rate	1	0
Deferred tax for the year recognised in equity	7	-5
Additions on acquisitions	-17	0
Disposals on divestment	-1	0
Deferred tax at 31 December, net	250	253
Deferred tax is recognised as follows in the statement of financial position:		
Deferred tax (asset)	-122	-104
Deferred tax (liability)	372	357
Deferred tax at 31 December, net	250	253

Schouw & Co. has capitalised tax assets of DKK 122 million (2020: DKK 104 million), of which the value of recognised tax losses account for DKK 55 million. It is expected that the capitalised tax asset will be absorbed by taxable income within the next few years. A tax asset of DKK 17 million was recognised in connection with the acquisition of SBS Automotive. All deferred tax liabilities are recognised in the balance sheet.

The tax value of unrecognised tax losses amounted to DKK 112 million (2020: DKK 116 million). It is considered unlikely that the deferred tax assets will be realised within a period of a few years. Close to 25% of the value of these tax losses will expire within the next five years.

In a transfer pricing review performed in 2013, the Danish tax authorities made an assessment to increase the taxable income of Fibertex Personal Care A/S by DKK 122 million for the years 2007-2011. An administrative agreement was entered into with the Danish tax authorities in 2018 to raise the taxable income of Fibertex Personal Care A/S concerning estimated regular royalty income by DKK 87 million for the years 2007-2013, corresponding to a tax payment of DKK 22 million. The Group has subsequently opened mutual agreement procedures with the Malaysian tax authorities with a view to achieving a corresponding reduction of the taxable income of the subsidiary in Malaysia. As a corresponding reduction is believed to be highly likely, a prior-year tax asset relating to Malaysia of DKK 22 million has been recognised in the consolidated financial statements at 31 December 2021. This matter is unchanged from last year.

24
Income tax

	2021	2020
Income tax payable at 1 January	67	78
Foreign exchange adjustments	2	-7
Current tax for the year	285	323
Adjustment related to prior years	16	-17
Transferred from deferred tax	2	0
Additions on company acquisitions	3	0
Income tax paid during the year	-381	-309
Income tax at 31 December	-5	67
which is specified as follows:		
Income tax (asset)	-77	-88
Income tax (liability)	72	155
Income tax at 31 December	-5	67

Income tax paid by country, 2021

Denmark	82	Thailand	8	Brazil	3
Chile	46	Sri Lanka	7	Turkey	3
Ecuador	39	Poland	7	Finland	2
France	35	Germany	7	Austria	1
Norway	33	Costa Rica	5	Czech Republic	1
Malaysia	29	China	5	Mexico	1
Switzerland	16	Belgium	4	India	1
USA	12	Scotland	4	England	1
Russia	11	Spain	4	Japan	0.3
Greece	10	Sweden	4		
Total					381

The above is an exhaustive presentation of corporate income taxes paid by country in 2021. In addition to these countries, the Group has activities in Australia, Portugal, Slovakia, South Africa and Vietnam, in which countries the Group paid no income tax in 2021 in accordance with local tax legislation.

Amounts in DKK million

Other notes to the consolidated financial statements

This section of the annual report contains other mandatory notes that do not fall within the scope of the other sections of the report.

The following notes are presented in this section:

Comments

Securities
The carrying amount of the Group's securities at 31 December 2021 consisted mainly of a 15.8% shareholding in Incuba A/S.

Contingent consideration

In connection with the acquisitions of Viet-Uc and SBS during the year, there was a considerable increase in the Group's contingent consideration (earn-out), which previously solely consisted of a minor liability regarding the acquisition of TMI in 2020. At 31 December 2021, the liability was calculated at DKK 247 million, of which DKK 8 million was recognised under current liabilities.

Accounting policies

Securities
Security holdings which do not enable the company to exercise control or a significant influence are measured at fair value. Value adjustments of securities for which changes in fair value are regularly monitored, are recognised under financial items in the income statement when they occur.

Liability regarding put option
Debt relating to a put option for the purchase of non-controlling interests is initially measured at fair value. Fair value is determined as the present value of the exercise price of the option. The option is subsequently measured at amortised cost corresponding to the discounted value of the expected future cash flows. Value adjustments are recognised directly in equity. Dividend payments agreed in relation to the put option are considered a financial expense and recognised in the income statement.

Pension liabilities
The Group has set up pension plans and similar arrangements with the majority of the Group's employees.

Liabilities relating to defined contribution plans are recognised in the income statement in the period in which the benefits vest, and payments due are recognised in the balance sheet under other payables.

For defined benefit plans, annual actuarial calculations are made of the net present value of future benefits to be paid under the plan. The net present value is calculated based on assumptions of the future developments of salary, interest, inflation and mortality rates, among other things. The net present value is calculated only for those benefits earned by the employees through their past employment with the Group. The actuarial calculation of the net present value less the fair value of any plan assets is recognised in the balance sheet as pension liabilities. See below.

Current service cost is recognised in the income statement based on actuarial estimates and financial forecasts at the beginning of the year. Differences between the expected development of pension assets, liabilities and the realised values are termed actuarial gains and losses and are recognised in other comprehensive income.

If changes occur in benefits payable regarding the employees' past service with the company, a change in the actuarial net present value arises. This is termed past service cost. Past service cost is recognised immediately if the employees' right to the changed benefit has already vested. If not, it is recognised in the income statement over the period during which the employees' right to the changed benefits vests.

Provisions
Provisions are recognised when, as a consequence of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is likely to result in an outflow from the Group of economic benefits.

In the measurement of provisions, the expenditure required to settle the obligation is discounted. Changes in present values during the year are recognised as financial expenses.

Warranty commitments are recognised as the sale of goods and services is effected, based on incurred warranty costs from prior financial years.

Restructuring costs are recognised as liabilities when a detailed, formal restructuring plan has been announced to the parties affected by such plan on or before the balance sheet date. On acquisition of enterprises, restructuring provisions relating to the acquired enterprise are included in the calculation of goodwill only if the acquired enterprise has a liability at the date of acquisition.

A provision for onerous contracts is recognised when the unavoidable costs under a contract exceed the expected benefits to the Group from the contract.

Other liabilities
Other liabilities are measured at net realisable value.

Contingent consideration agreed in connection with company acquisitions and paid to the seller if certain conditions are met, are recognised at fair value and considered part of the total consideration for acquiring the company. Changes in fair value of the contingent consideration are recognised in the income statement.

Accounting estimates

Liability regarding put option
The put option pertains to the acquisition of the outstanding shareholding interest in Alimentsa (BioMar Ecuador) using a pre-determined pricing model. The non-controlling shareholders may exercise the option during the period from 2020 to 2022, and its value will be based on, among other things, the company's financial results during the period until the date of exercise.

Other notes to the consolidated financial statements

25
Adjustment for non-cash transactions

	2021	2020
Purchase of intangible assets	-49	-48
of which was not paid at the balance sheet date/date of adjustment for the year	1	0
Paid relating to purchase of intangible assets	-48	-48
Purchase of property, plant and equipment	-763	-477
of which was not paid at the balance sheet date/date of adjustment for the year	12	22
Paid relating to purchase property plant and equipment	-751	-454
Financial liabilities incurred	683	67
of which lease debt	-147	-67
Proceeds from incurring financial liabilities	536	0

26
Securities

	2021	2020
Securities measured at fair value		
Cost at 1 January	45	57
Additions	0	0
Disposals	0	-11
Cost at 31 December	46	45
Adjustments at 1 January	35	22
Dividends paid	-1	-1
Disposals relating to divestment	0	9
Adjustments recognised in the income statement	12	5
Adjustments at 31 December	45	35
Carrying amount at 31 December	91	80

27
Other payables

	2021	2020
Pension liabilities	88	130
Provisions	31	33
Core liabilities	70	59
Contingent consideration	239	8
Other non-current payables	35	51
Prepayments	59	63
Total other payables	522	344

It is group policy to insure all pension liabilities and predominantly to avoid defined benefit plans. Provisions for defined benefit pension liabilities exist mainly as a result of GPV's acquisition of CCS in 2018. Total pension liabilities amounted to DKK 88 million at 31 December 2021 compared with DKK 130 million at 31 December 2019. GPV has pension plans in several units, but mainly relating to Switzerland where the liability was DKK 47 million at 31 December 2021 (2020: DKK 92 million). Like last year, provisions were actuarially calculated, and the DKK 51 million adjustment for the year was recognised as other comprehensive income. Gross liabilities amounted to a total of DKK 378 million at 31 December 2021 (2020: DKK 381 million), and the corresponding gross assets in Switzerland amounted to DKK 330 million (2020: DKK 290 million). The calculation of the present value in Switzerland is based on a discount rate of 0.30% (2020: 0.15%).

Provisions made comprise warranty commitments, etc. For certain products, the Group has a contractual commitment to provide warranties of from 12 to 24 months. Under these warranties, the Group undertakes to replace or repair goods that do not function satisfactorily. The statement of expected expiry dates is based on previous experience of when claims for repair are typically received or goods are returned.

Deferred income mainly consists of investment grants.

Amounts in DKK million

Other notes to the consolidated financial statements

28
Liability regarding put option

	2021	2020
Put option at 1 January	360	369
Foreign exchange adjustments	30	-37
Change in liability during the year	-16	28
Put option at 31 December	374	360

The put option pertains to BioMar's obligation to buy the outstanding 30% of the shares in Alimentsa (BioMar Ecuador). The seller is able to exercise the put option until September 2022.

29
Contingent liabilities

The Schouw & Co. Group is currently a party to a small number of legal disputes. Management believes that the results of these legal disputes will not impact the Group's financial position other than the receivables and liabilities that have been recognised in the balance sheet at 31 December 2021.

The Chilean competition authority, Fiscalia Nacional Económica ("FNE"), initiated an investigation of the Chilean fish feed industry in October 2016. As part of the investigation, BioMar Chile SA and other companies were subject to unannounced inspections. Naturally, BioMar SA has been cooperative, responding to questions and providing documentation to the extent possible. Further to the industry investigation, the FNE indicted four Chilean fish feed producers, including BioMar Chile SA, on 19 December 2019 on charges of concerted practice, claiming that BioMar Chile SA be fined up to 30,000 annual tax units, which at 31 December 2021 corresponded to approximately DKK 150 million. The charges are based on isolated circumstances related to the Chilean fish feed industry during the 2003-2015 period.

BioMar Chile does not acknowledge the charges and intends to rebut the charges that it has participated in concerted practices so as to restrict competition in the industry. Based on the Chilean lawyers' opinion in the matter and the information currently available, management believes it is not likely that BioMar will be convicted of participating in concerted practices. Accordingly, no provisions have been recognised concerning claim submitted.

BioMar Chile submitted the company's response to the Chilean competition authorities' claim on 19 May 2020. The entire process has been delayed by the coronavirus pandemic. Initial proceedings are expected to commence in 2022, but the case is expected to continue for up to two more years.

30
Guarantees

The following assets have been provided as security to credit institutions (carrying amount):

	2021	2020
Land and buildings	483	507
Plant and machinery	134	150
Total	617	656

The collateral set out above represents the Group's debt to credit and mortgage-credit institutions of DKK 169 million (2020: DKK 142 million).

Amounts in DKK million

Other notes to the consolidated financial statements

31
Financial risk

The Group's risk management policy
Due to the nature of their operations, investments and financing, each of the Group's portfolio companies are exposed to changes in exchange rates, commodity prices and interest rates.

Finance and interest rate risks are managed at group level through the parent company Schouw & Co. Currency and commodity risks are managed by the portfolio companies, but subject to the Group's risk management policy. All financial instrument transactions are intended to contribute to mitigating fluctuations in profit/loss and to secure the value of cash flows. Financial instruments are not used for speculative purposes.

Interest rate risk
Decisions to hedge interest rate risk are made at group level on the basis of an ongoing assessment of the Group's gearing and the ratio of the floating rate debt and equity. The Group's exposure relates to floating rate loans, which amounted to DKK 2,178 million. An analysis of sensitivity to changes in interest rate levels is set out in note 19.

Credit risk
The Group's credit risk is primarily related to trade receivables and cash deposits. The Group seeks to avoid significant exposure to individual customers or business partners. The Group's policy for undertaking credit risks involves an ongoing credit assessment of all major customers. At 31 December 2021, the maximum credit risk considering the collateral provided was DKK 4,973 million (trade receivables less collateral + cash).

Currency risk
Most of the Group's portfolio companies cover their currency risk naturally through same-currency procurement and manufacturing in local selling markets. In addition, it is group policy for the portfolio companies to hedge all significant transaction risks relating to future cash flows. The purpose of hedging is to stabilise the value of the Group's cash flows and mitigate profit/loss volatility.

As a general rule, currency risks are hedged by way of forward contracts with a duration of up to 12 months. Individually, the portfolio companies hedge their exposure by way of currency clauses built into customer and supplier contracts. Based on the foreign exchange exposure at the balance sheet date, the table below shows the anticipated effect on the profit of likely changes in exchange rate crosses:

Foreign currencies	**Likely change in exchange rate***	**Effect on profit****	**Effect on equity****
USD/DKK	7.0%	-26	-18
USD/NOK	11.0%	-7	9
RUB/DKK	14.0%	6	6
ZAR/DKK	14.0%	5	5
USD/MYR	4.0%	-4	-4
CZK/DKK	5.0%	-3	-3
THB/DKK	6.0%	-3	-3
CNY/DKK	6.0%	3	3
EUR/DKK	0.3%	-3	-3
SEK/DKK	6.0%	-3	-3

* Percentage increase in exchange rate.
**) A decrease in the exchange rate would reverse the sign.

Likely change in exchange rate' is divided into different categories and based on the historical volatility of the past five years.

It is group policy not to hedge net investments or translation risk relating to the recognition of profit/loss and equity in foreign subsidiaries from average exchange rates in local currencies to the Group's functional currency.

	2021	**2020**
Market value of hedges		
Currency hedges	-15	-8
Interest hedges	-2	-4
Recognised before tax	-17	-12
Tax on recognised hedge transactions	4	2
Hedging agreements after tax	-13	-10
Currency hedging agreements expire in maximum (number of months)	12	12
Interest hedging agreements expires in maximum (number of months)	60	72

Risk relating to raw materials
Risk on raw materials prices is not hedged by way of financial instruments.

Amounts in DKK million

Other notes to the consolidated financial statements

31
Financial risk - continued

The Group's debt maturity profile:

2021	Carrying amount	Cash flows including interest: Overdraft facilities without planned repayment	Less than 1 year	After one year through five years	More than 5 years	Total
Non-derivative financial instruments						
Banks and other credit institutions	2,722	756	113	1,741	190	2,800
Lease debt	731	0	233	456	91	780
Trade payables	4,661	0	4,388	0	0	4,388
Other payables	1,737	0	1,516	386	0	1,902
Derivative financial instruments:						
Forward currency contracts used as hedging instruments	21	0	18	2	0	21
Interest rate swaps used as hedging instruments	2	0	1	1	0	2
Recognised in balance sheet total	9,873	756	6,269	2,586	281	9,892
Contractual obligations to acquire non-current assets			382	14	0	396
Total liabilities		756	6,652	2,600	281	10,288

2020	Carrying amount	Cash flows including interest: Overdraft facilities without planned repayment	Less than 1 year	After one year through five years	More than 5 years	Total
Non-derivative financial instruments						
Banks and other credit institutions	1,856	601	79	1,019	219	1,917
Lease debt	743	0	207	511	82	800
Trade payables	3,479	0	3,479	0	0	3,479
Other payables	1,412	0	1,294	118	0	1,412
Derivative financial instruments:						
Forward currency contracts used as hedging instruments	49	0	49	0	0	49
Interest rate swaps used as hedging instruments	4	0	2	2	0	4
Recognised in balance sheet total	7,542	601	5,110	1,650	301	7,661
Contractual obligations to acquire non-current assets			276	56	10	342
Total liabilities		601	5,386	1,706	311	8,003

Amounts in DKK million

Other notes to the consolidated financial statements

32
Categories of financial assets and liabilities

Financial assets	**2021**	**2020**
Non-current assets		
Other securities and investments (level 2)	90	79
Other securities and investments (level 3)	1	1
Financial assets at fair value through profit or loss	91	80
Other receivables	241	41
Receivables are measured at amortised cost.	241	41
Current assets		
Trade receivables	4,726	3,781
Other receivables	291	221
Cash and cash equivalents	490	635
Receivables are measured at amortised cost.	5,507	4,638
Derivative financial instruments (level 2)	5	12
Hedging instruments measured at fair value	5	12
Financial liabilities		
Non-current liabilities		
Debt to mortgage-credit institutions	63	98
Other credit institutions	2,321	1,645
Other payables	105	110
Financial liabilities at amortised cost	2,489	1,853
Contingent consideration (level 3)	239	8
Financial liabilities at fair value through profit or loss	239	8
Current liabilities		
Debt to mortgage-credit institutions	42	41
Other credit institutions	1,027	816
Trade payables and other payables	6,293	4,772
Financial liabilities measured at amortised cost	7,362	5,629
Derivative financial instruments (level 2)	22	53
Hedging instruments measured at fair value	22	53

Level 1) Listed shares, stated at market value of shareholding
Level 2) Financial instruments valued by external credit institutions using generally accepted valuation techniques on the basis of observable data
Level 3) Unlisted shares and contingent consideration, stated at estimated value.

Amounts in DKK million

The fair value of financial assets and liabilities measured at amortised cost corresponds in all material respects to the carrying amount.

Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 1 million at the beginning of the year and was unchanged at DKK 1 million at the end of the year.

The Group uses interest rate swaps and forward currency contracts to hedge fluctuations in the level of interest rates and foreign exchange rates. Forward exchange contracts and interest rate swaps are valued using generally accepted valuation techniques based on relevant observable swap curves and exchange rates (level 2). Other securities and investments forming part of a trading portfolio (level 2) includes the shareholding in Incuba A/S.

The fair value of derivative financial instruments is calculated by way of valuation models such as discounted cash flow models. Anticipated cash flows for individual contracts are based on observable market data such as interest rates and exchange rates. In addition, fair values are based on non-observable market data, including exchange rate volatilities, or correlations between yield curves and credit risks. Non-observable market data account for an insignificant part of the fair value of the derivative financial instruments at the end of the reporting period.

Contingent consideration (earn-out) is measured at fair value on the basis of the income approach.

33
Fees to auditors appointed by the general meeting

	2021	**2020**
Statutory audit fees, PwC / (2020: EY)	11	10
Fees for other assurance engagements, PwC / (2020: EY)	0	1
Fees for tax and VAT-related services, PwC / (2020: EY)	0	1
Non-audit services, PwC / (2020: EY)	1	2
Total fees, PwC / (2020: EY)	12	14

Fees for non-audit services provided to Schouw & Co. by PwC mainly consisted of advisory services in relation to purchase price allocation in connection with acquisitions as well as other financial reporting and tax advisory services.

Other notes to the consolidated financial statements

34
Earnings per share (DKK)

	2021	2020
Share of the profit for the year attributable to shareholders of Schouw & Co	1,038	912
Average number of shares	25,500,000	25,500,000
Weighted average number of treasury shares	-1,520,781	-1,526,501
Average number of outstanding shares	23,979,219	23,973,499
Average dilutive effect of outstanding share options *	99,393	25,349
Diluted average number of outstanding shares	24,078,612	23,998,848
Earnings per share of DKK 10	43.30	38.04
Diluted earnings per share of DKK 10	43.12	38.00

* See note 3 for information on options that may cause dilution.

35
Related party transactions

Under Danish legislation, Givesco A/S, Lysholt Allé 3, DK-7100 Vejle, members of the Board of Directors, key members of management as well as their family members are considered to be related parties. Related parties also comprise companies in which the individuals mentioned above have material interests. Related parties also comprise subsidiaries, joint arrangements and associates, see note 13 to the consolidated financial statements and note 10 to the parent company financial statements, in which Schouw & Co. has control, significant influence or joint control of as well as members of the boards of directors, management boards and senior management of those companies. For information about remuneration and option programmes for key members of management, see note 3.

	2021	2020
Joint ventures:		
During the financial year, the Group sold goods in the amount of	3	11
During the financial year, the Group had interest income in the amount of	0	1
At 31 December, the Group had a receivable of	15	16
At 31 December, the Group had debt in the amount of	0	1
Associates:		
During the financial year, the Group sold goods in the amount of	452	362
During the financial year, the Group bought goods in the amount of	96	84
At 31 December, the Group had a receivable of	184	158
At 31 December, the Group had debt in the amount of	23	11

Amounts in DKK million

During 2021, the Group traded with BioMar-Sagun, BioMar-Tongwei, LetSea and ATC Patagonia, Salmones Austral, LCL Shipping, Young Tech Co., Micron Specma India and NGIN. Other than as set out above, there were no transactions with related parties.

Schouw & Co. has registered the following shareholders as holding 5% or more of the share capital: Givesco A/S (28.09%), Direktør Svend Hornsylds Legat (14.82%) and Aktieselskabet Schouw & Co. (6.00%).

36
Events after the balance sheet date

After the end of the financial year, the critical development in the situation involving Ukraine have led to generally increased risks.

Other than as set out above, Schouw & Co. is not aware of events occurring after 31 December 2021 which are expected to have a material impact on the Group's financial position or outlook.

37
New financial reporting regulations

As of the date of publication of this annual report, the ISAB had issued a number of new and amended financial reporting standards and interpretations which are not mandatory for Schouw & Co. in 2021.
None of these new standards and interpretations are expected to have a material impact of recognition and measurement for Schouw & Co.

Adopted standards and improvements that have not yet come into force are implemented as and when they become mandatory for Schouw & Co. as per the EU effective dates.

In April 2021, IFRIC issued a clarification regarding configuration or customisation costs in a cloud computing arrangement. The clarification concerns the recognition of costs related to such arrangements, including whether cloud computing costs may be recognised as intangible assets under IAS 38.

Schouw & Co. has historically capitalised configuration and customisation costs related to such cloud computing arrangements. The implementation of the clarified guidelines may result in the reclassification of intangible assets so that they are either stated under prepayments or expensed in the income statement. Such reclassification may affect the presentation of intangible assets for both the year under review and previous years.

Schouw & Co. is currently assessing the effect of this IFRIC clarification and has not yet implemented the new guidelines. Schouw & Co. will implement the new guidelines in 2022 and, based on preliminary examinations, assesses that the change will reduce intangible assets by a maximum amount of DKK 15 million.

Parent company financial statements

Statements of income and comprehensive income

1 January – 31 December

Note	Income statement	2021	2020
1	Revenue	11.0	10.7
2, 24	Operating expenses	-50.5	-40.8
	EBITDA	-39.5	-30.1
3	Amortisation and depreciation	-0.7	-0.8
	EBIT	-40.2	-30.9
10	Recognition of share of profit in subsidiaries	1,002.0	878.7
	Gains from the sale of equity investments	3.2	2.0
13	Financial income	95.2	92.4
14	Financial expenses	-29.9	-34.1
	Profit before tax	1,030.2	908.0
20	Tax on profit/loss for the year	-4.5	-5.4
	Profit for the year	1,025.8	902.6
	Proposed distribution of profit		
	Proposed dividend of DKK 15 per share (2020: DKK 14 per share)	382.5	357.0
	Retained earnings	643.2	545.6
	Profit for the year	1,025.8	902.6

Note	Statement of comprehensive income	2021	2020
	Items that can be reclassified to the income statement:		
	Value adjustment of subsidiaries	354.8	-528.4
	Other comprehensive income after tax	354.8	-528.4
	Profit for the year	1,025.8	902.6
	Total recognised comprehensive income	1,380.6	374.2

Amounts in DKK million

Balance sheet • Assets and liabilities

at 31 December

Note	Assets	2021	2020
7	Intangible assets	1.4	0.8
8	Property, plant and equipment	18.6	18.6
9	Lease assets	0.4	0.4
10	Investments in subsidiaries	8,200.6	7,477.7
11	Securities	90.0	79.1
21	Deferred tax	7.6	7.3
12	Receivables from subsidiaries	649.5	949.7
	Other non-current receivables	0.8	0.0
	Total non-current assets	8,969.0	8,533.6
12	Receivables from subsidiaries	4,052.3	2,686.5
4	Receivables	13.5	14.9
	Cash and cash equivalents	1.0	106.1
	Total current assets	4,066.8	2,807.4
	Total assets	13,035.8	11,341.1

Note	Liabilities and equity	2021	2020
16	Share capital	255.0	255.0
	Reserve for net revaluation according to the equity method	4,181.0	3,447.0
	Retained earnings	5,843.0	5,565.0
	Proposed dividend	382.5	357.0
	Total equity	10,661.5	9,624.0
17	Other payables	16.5	17.0
15	Interest-bearing debt	1,678.4	1,061.0
	Non-current liabilities	1,694.8	1,078.0
15	Interest-bearing debt	656.0	618.9
6	Trade payables and other payables	20.1	16.9
22	Joint taxation contributions	3.1	1.9
23	Income tax	0.2	1.3
	Current liabilities	679.4	639.0
	Total liabilities	2,374.2	1,717.0
	Total equity and liabilities	13,035.8	11,341.1

Notes without reference 18, 19 and 25.

Amounts in DKK million

Cash flow statement

1 January – 31 December

Note		2021	2020
	EBITDA	-39.5	-30.1
	Adjustments for non-cash operating items etc.:		
5	Changes in working capital	6.4	-5.0
	Provisions	-0.8	-0.9
	Other operating items, net	2.3	1.4
	Cash flows from operations before interest and tax	-31.6	-34.6
	Net interest received	54.3	56.2
22, 23	Joint taxation contribution received and net tax paid	-4.9	-8.2
	Cash flows from operating activities	17.8	13.4
	Purchase of intangible assets	-0.8	0.0
	Purchase of property, plant and equipment	-0.2	-0.1
	Divestments	0.5	0.0
	Dividend from subsidiaries	607.2	510.0
	Additions/disposals of other financial assets	1.9	1.0
	Cash flows from investing activities	608.6	510.9

Note		2021	2020
	Loan financing:		
	Repayment of lease debt	-0.3	-0.3
	Repayment of other non-current liabilities	-0.6	-0.5
	Non-current debt raised	400.0	0.0
	Change in bank overdrafts	237.9	-997.1
	Change in intra-group balances	-1,048.8	873.8
	Shareholders:		
	Dividends paid	-335.7	-335.7
	Purchase of treasury shares	-5.9	0.0
	Sale of treasury shares	0.0	10.7
	Share-based payment	22.0	15.2
	Cash flows from financing activities	-731.4	-433.8
	Cash flows for the year	-105.1	90.6
	Cash and cash equivalents, beginning of period	106.1	15.5
	Value adjustment of cash and cash equivalents	0.0	0.0
	Cash and cash equivalents, end of period	1.0	106.1

Amounts in DKK million

Statement of changes in equity

	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend	Shareholders' equity
Equity at 1 January 2020	255.0	3,571.6	5,336.2	357.0	9,519.8
Other comprehensive income in 2020					
Value adjustment of subsidiaries		-528.4	0.0	0.0	-528.4
Profit for the year		878.7	-333.1	357.0	902.6
Total recognised comprehensive income	0.0	350.3	-333.1	357.0	374.2
Transactions with the owners					
Share-based payment		0.0	19.6	0.0	19.6
Tax re. share-based payment		0.0	0.3	0.0	0.3
Value adjustment of put option in subsidiary		35.1	0.0	0.0	35.1
Distributed dividends		-510.0	531.3	-357.0	-335.7
Sale of treasury shares		0.0	10.7	0.0	10.7
Total transactions with owners during the year	0.0	-474.9	561.9	-357.0	-270.0
Equity at 31 December 2020	255.0	3,447.0	5,565.0	357.0	9,624.0
Other comprehensive income in 2021					
Value adjustment of subsidiaries		354.8	0.0	0.0	354.8
Profit for the year		1,002.0	-358.8	382.5	1,025.8
Total recognised comprehensive income	0.0	1,356.8	-358.8	382.5	1,380.6
Transactions with the owners					
Share-based payment		0.0	27.1	0.0	27.1
Tax re. share-based payment		0.0	-0.1	0.0	-0.1
Value adjustment of put option in subsidiary		-28.3	0.0	0.0	-28.3
Disposal of reserve for net revaluation due to sale of company		12.8	-12.8	0.0	0.0
Distributed dividends		-607.2	628.5	-357.0	-335.7
Purchase of treasury shares		0.0	-5.9	0.0	-5.9
Total transactions with owners during the year	0.0	-622.8	636.7	-357.0	-343.1
Equity at 31 December 2021	255.0	4,181.0	5,843.0	382.5	10,661.5

Amounts in DKK million

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Notes • Basis of preparation of the parent company financial statements

In 2021, the income statement format has been changed from one classifying costs by function to one in which parent company's primary earnings measure, EBITDA, is presented directly in the income statement. Under this presentation method, depreciation and amortisation is shown in a single line item rather than being presented under three different functions. The previous three cost items classified by function, production costs, distribution costs and administrative expenses, have been combined in the item operating expenses. In the notes, operating expenses are presented in the most significant items by type.

Cash flows from operating activities have been adjusted in accordance with the changed income statement presentation. The underlying accounting policies applying to the individual cost types are unchanged. The changed income statement presentation affects neither profit/loss nor shareholders' equity.

With the exception of the mentioned changed income statement and cash flow statement presentation, Schouw & Co.'s parent company financial statements are consistent with those of last year.

Accounting policies

General reference is made to the description of accounting policies provided in the consolidated financial statements. Matters particular to the parent company are described in the following.

Changes in accounting policies
The parent company's accounting policies are consistent with those of last year.

Profit/loss from investments in subsidiaries
The proportionate share of the profit or loss of subsidiaries after tax is recognised in the income statement after full elimination of intra-group gains/losses.

Investments in subsidiaries
Investments in subsidiaries are measured at cost on initial recognition and subsequently at the proportionate share of the companies' net asset value calculated in accordance with the parent company's accounting policies with the deduction or addition of unrealised intra-group gains and losses and with the addition or deduction of goodwill calculated according to the purchase method.

Companies with a negative net asset value are recognised at DKK nil, and any receivable amount from these companies is written down, to the extent it is deemed to be irrecoverable, by the parent company's share of the negative net asset value. If the negative net asset value exceeds the amount receivable, the residual amount is recognised under provisions to the extent that the parent company has a legal or constructive obligation to cover the subsidiary's negative balance.

The net revaluation of investments is taken to the reserve for net revaluation according to the equity method to the extent the carrying amount exceeds cost.

Newly acquired or newly established companies are recognised in the financial statements from the date of acquisition.

Enterprises disposed of or wound up are recognised until the date of disposal.

Securities
Security holdings which do not enable the company to exercise control or a significant influence are measured at fair value.
Securities for which changes in fair value are regularly monitored, are recognised under financial items in the income statement when they occur.

Shareholders' equity
Reserve for net revaluation according to the equity method contains the accumulated change of investments in subsidiaries, joint ventures and associates from the date of acquisition until the balance sheet date and expresses the accumulated change in value of the investment while in the Group's ownership.
The purchase and sale sums of treasury shares and dividends thereon are taken directly to retained earnings under equity.

Treasury shares
Proceeds from the sale of treasury shares in Schouw & Co. in connection with the exercise of share options or employee shares are taken directly to equity.

Dividend
Dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the date of declaration).
Dividends expected to be declared in respect of the year are stated as a separate line item under equity.

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Revenue

	2021	2020
Management fee	11.0	10.7
Total revenue	11.0	10.7

2
Operating expenses

	2021	2020
Staff costs	-38.6	-31.9
Other operating expenses	-11.9	-9.0
Total operating expenses	-50.5	-40.8
Staff costs		
Remuneration to the Board of Directors of Schouw & Co.	-3.4	-3.4
Wages and salaries	-28.0	-22.2
Defined contribution pension plans	-2.0	-1.8
Other social security costs	-0.1	-0.1
Share-based payment	-5.0	-4.4
Total staff costs	-38.6	-31.9
Average no. of employees	15	14

For more information on salaries, pensions and share-based payment to the Executive Management of Schouw & Co., see note 3 to the consolidated financial statements. Staff costs including share-based payment are recognised under administrative expenses.

3
Amortisation and depreciation

	2021	2020
Amortisation and depreciation		
Amortisation of intangible assets	-0.2	-0.2
Depreciation of property, plant and equipment	-0.2	-0.4
Depreciation of lease assets	-0.3	-0.3
Total amortisation/depreciation	-0.7	-0.8

4
Receivables

	2021	2020
Other current receivables	0.8	1.9
Prepayments	12.7	13.0
Total receivables	13.5	14.9

No impairment losses were recognised on receivables during the year.

5
Changes in working capital

	2021	2020
Change in receivables	1.4	-8.3
Change in trade payables and other payables	5.0	3.4
Total changes in working capital	6.4	-5.0

Amounts in DKK million

Notes to the parent company financial statements

6
Trade payables and other payables

	2021	2020
Trade payables	1.0	0.5
Other payables	19.1	16.4
Total trade payables and other payables	20.1	16.9

7
Intangible assets

2021	IT projects	Total
Cost at 1 January 2021	1.0	1.0
Additions	0.8	0.8
Disposals	0.0	0.0
Cost at 31 December 2021	1.8	1.8
Amortisation and impairment at 1 January 2021	-0.2	-0.2
Amortisation	-0.2	-0.2
Amortisation and impairment at 31 December 2021	-0.4	-0.4
Carrying amount at 31 December 2021	1.4	1.4

2020	IT projects	Total
Cost at 1 January 2020	1.0	1.0
Additions	0.0	0.0
Disposals	0.0	0.0
Cost at 31 December 2020	1.0	1.0
Amortisation and impairment at 1 January 2020	0.0	0.0
Amortisation	-0.2	-0.2
Amortisation and impairment at 31 December 2020	-0.2	-0.2
Carrying amount at 31 December 2020	0.8	0.8

The parent company has entered into an agreement to purchase intangible assets for an amount of DKK 1.3 million to be delivered in 2022.

Amounts in DKK million

8
Property, plant and equipment

2021	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	19.0	6.8	25.8
Additions	0.1	0.1	0.2
Disposals	0.0	-0.2	-0.2
Cost at 31 December 2021	19.1	6.7	25.8
Depreciation and impairment at 1 January 2021	-2.9	-4.2	-7.2
Depreciation and impairment of assets disposed of	0.0	0.2	0.2
Depreciation	0.0	-0.2	-0.2
Depreciation and impairment at 31 December 2021	-3.0	-4.2	-7.2
Carrying amount at 31 December 2021	16.2	2.4	18.6

2020	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	19.0	6.8	25.8
Additions	0.0	0.1	0.1
Disposals	0.0	-0.1	-0.1
Cost at 31 December 2020	19.0	6.8	25.8
Depreciation and impairment at 1 January 2020	-2.9	-4.0	-7.0
Depreciation and impairment of assets disposed of	0.0	0.1	0.1
Depreciation	0.0	-0.3	-0.4
Depreciation and impairment at 31 December 2020	-2.9	-4.2	-7.2
Carrying amount at 31 December 2020	16.0	2.6	18.6

The parent company has entered into an agreement to purchase property plant and equipment for an amount of DKK 1.4 million to be delivered in 2022.

At 31 December 2021, Schouw & Co. owned the property at Chr. Filtenborgs Plads 1, Aarhus, which is the Group's head office, and an undeveloped site at Lystrup, Denmark.

Notes to the parent company financial statements

9
Lease assets

2021	Cars	Total
Cost at 1 January 2021	0.9	0.9
Additions	0.3	0.3
Disposals	0.0	0.0
Cost at 31 December 2021	1.2	1.2
Depreciation and impairment at 1 January 2021	-0.5	-0.5
Depreciation	-0.3	-0.3
Depreciation and impairment at 31 December 2021	-0.8	-0.8
Carrying amount at 31 December 2021	0.4	0.4

2020	Cars	Total
Cost at 1 January 2020	0.9	0.9
Additions	0.0	0.0
Disposals	0.0	0.0
Cost at 31 December 2020	0.9	0.9
Depreciation and impairment at 1 January 2020	-0.2	-0.2
Depreciation	-0.3	-0.3
Depreciation and impairment at 31 December 2020	-0.5	-0.5
Carrying amount at 31 December 2020	0.4	0.4

The parent company has entered into an agreement to lease assets for an amount of DKK 0.4 million to be delivered in 2022.

10
Investments in subsidiaries

The parent company has the following subsidiaries:

Name	Registered office	Ownership interest 2021	Ownership interest 2020
BioMar Group A/S	Aarhus, Denmark	100%	100%
Fibertex Personal Care A/S	Aalborg, Denmark	100%	100%
Fibertex Nonwovens A/S	Aalborg, Denmark	100%	100%
GPV International A/S	Vejle, Denmark	100%	100%
HydraSpecma A/S	Skjern, Denmark	100%	100%
Borg Automotive A/S	Silkeborg, Denmark	100%	100%
Alba Ejendomme A/S	Aarhus, Denmark	0%	100%

	2021	**2020**
Cost at 1 January	4,030.7	4,030.7
Disposals for the year	-11.1	0.0
Cost at 31 December	4,019.6	4,030.7
Adjustments at 1 January	3,447.0	3,571.6
Disposals for the year	12.8	0.0
Share of profit for the year	1,002.0	878.6
Dividends paid	-607.2	-510.0
Other capital entries	326.5	-493.3
Adjustments at 31 December	4,181.1	3,447.0
Carrying amount at 31 December	8,200.6	7,477.7
Of which carrying amount of goodwill	1,026.0	1,026.0

Schouw & Co. has tested investments, including goodwill in subsidiaries, for impairment. The impairment tests did not result in investments being written down.

The company Alba Ejendomme A/S was sold in 2021.

Amounts in DKK million

Notes to the parent company financial statements

11
Securities

	2021	2020
Cost at 1 January	43.0	43.1
Disposals	0.0	0.0
Cost at 31 December	43.0	43.0
Adjustments at 1 January	36.1	33.0
Dividends received	-0.7	-0.7
Disposals	0.0	-1.0
Adjustments recognised in the income statement	11.6	4.8
Adjustments at 31 December	46.9	36.1
Carrying amount at 31 December	90.0	79.1

Securities consist mainly of a 15.8% shareholding in Incuba A/S.

12
Receivables from subsidiaries

	2021	2020
Receivables from subsidiaries – non-current	649.5	949.7
Receivables from subsidiaries – current	4,052.3	2,686.5
Total receivables from subsidiaries	4,701.8	3,636.2
Breakdown of receivables from subsidiaries:		
Interest-bearing receivables	4,701.8	3,636.2
Non-interest-bearing receivables	0.0	0.0
Total receivables from subsidiaries	4,701.8	3,636.2

Most of the financing of subsidiaries is made through the parent company Schouw & Co. by way of a structure of intra-group loans through cash pools. For receivables which mature within 12 months after the end of the financial year, the nominal value is estimated to correspond to the fair value. The parent company has not made provisions for losses on receivables from subsidiaries in the cash pool agreement. As the subsidiaries generate good earnings and are solid financially, provisions for losses are not considered necessary. Historically, the company has had no losses on loans to subsidiaries.

13
Financial income

	2021	2020
Interest income from subsidiaries	81.9	86.4
Foreign exchange adjustments	0.3	1.0
Fair value adjustment of financial assets	11.6	4.8
Other interest income	1.3	0.2
Total financial income	95.2	92.4

14
Financial expenses

	2021	2020
Interest payable to subsidiaries	-0.1	-0.3
Interest expense on financial liabilities	-29.1	-33.6
Foreign exchange adjustments	-0.7	-0.2
Total financial expenses	-29.9	-34.1

15
Interest-bearing debt

	2021	2020
Credit institutions (non-current)	1,675.1	1,057.2
Mortgage debt (non-current)	3.0	3.6
Lease debt (non-current)	0.2	0.2
Total recognised as non-current interest-bearing debt	1,678.4	1,061.0
Current portion of non-current liabilities	0.8	0.8
Amounts owed to subsidiaries	655.2	618.1
Total recognised as current interest-bearing debt	656.0	618.9
Total interest-bearing debt	2,334.4	1,679.9

The fair value of interest-bearing debt corresponds in all material respects to the carrying amount.

Amounts in DKK million

Notes to the parent company financial statements

15
Interest-bearing debt (continued)

Maturity profile of interest-bearing debt, including lease debt:

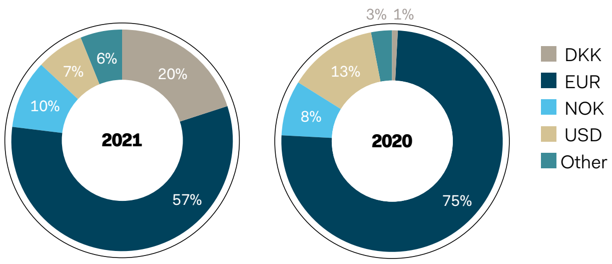
	2021		2020	
	Interest-bearing debt	of which lease debt	Interest-bearing debt	of which lease debt
Principal repayment				
Overdraft facilities and debt to subsidiaries	655.2		618.1	
Less than 1 year	19.7	0.2	14.0	0.3
1-5 years	1,542.6	0.2	894.0	0.2
More than 5 years	181.0	0.0	203.1	0.0
Total	2,398.6	0.5	1,729.2	0.4
Interest				
Overdraft facilities and debt to subsidiaries	0.0		0.0	
Less than 1 year	18.9	0.0	13.2	0.0
1-5 years	42.9	0.0	35.3	0.0
More than 5 years	2.4	0.0	0.8	0.0
Total	64.2	0.0	49.3	0.0
Carrying amount				
Overdraft facilities and debt to subsidiaries	655.2		618.1	
Less than 1 year	0.8	0.2	0.8	0.3
1-5 years	1,499.8	0.2	858.7	0.2
More than 5 years	178.6	0.0	202.3	0.0
Total	2,334.4	0.4	1,679.9	0.4

Spot rate used for floating rate loans.

The weighted average effective rate of interest for the year was 1.5% (2020: 1.5%).

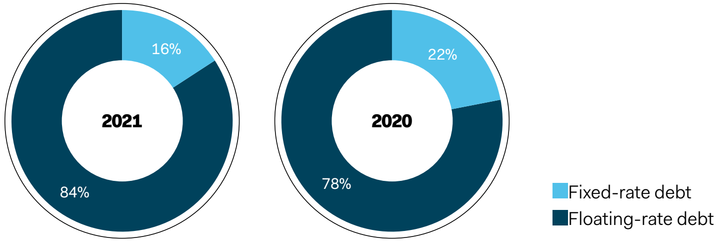
The weighted average effective rate of interest at the balance sheet date was 0.8% (2020: 0.7%).

Percentage breakdown of interest-bearing debt by currency



Interest rate risk
The parent company hedges parts of the interest rate risk on its debt subject to a case-by-case assessment. Such assessments include, in addition to expectations for interest rate developments, the amount of the total floating rate debt relative to equity. Hedging consists of interest rate swaps.

Interest profile of interest-bearing debt



An increase in interest rates of 1 percentage point would cause the annual interest expense to increase by DKK 15.3 million after tax (2020: DKK 10.2 million). A decrease in interest rates of 1 percentage point would cause the annual interest expense to decrease by DKK 15.3 million after tax (2020: DKK 10.2 million). The effect on equity would be identical to the effect on profit/loss. Fixed rate debt consists only of items, for which the rate of interest will not be reset within the next 12 months.

Amounts in DKK million

Notes to the parent company financial statements

15
Interest-bearing debt (continued)

Capital resources
To ensure that the company always has the necessary capital resources to capitalise on opportunities for investment that may arise and to be able to settle obligations agreed, the company has entered into a number of agreements with financial institutions, under which they provide credit lines to Schouw & Co. It is company policy to diversify borrowings on short term drawing facilities and long-term loans from an assessment of its current leverage. The company's capital resources consist of cash, short-term receivables from subsidiaries and undrawn credit facilities.

	2021	2020
Credit lines	3,275.0	4,275.0
Operating credits drawn	-263.7	-45.2
Guarantee commitments deducted from the credit line	-124.3	0.0
Amount drawn in subsidiaries which is deducted from the credit line	-214.8	0.0
Cash and cash equivalents	1.0	106.1
Current loans to subsidiaries	4,052.3	2,686.5
Current debt to subsidiaries	-655.2	-618.1
Parent company's net position including credit facilities	6,070.3	6,404.3
Credit facilities currently utilised by subsidiaries, net	-3,397.1	-2,068.4
Parent company's cash resources	2,673.2	4,335.9

The parent company Schouw & Co.'s financing consists mainly of a syndicated bank facility, which in December 2020 was refinanced with a total facility line of DKK 3,275 million. The facility has a three-year term with an option for a one-year extension after the first and second year. In connection with refinancing the bank facility, the international bank Hongkong & Shanghai Banking Corporation (HSBC) joined the existing bank consortium consisting of Danske Bank, DNB and Nordea. The first extension option was utilised in December 2021.

In April 2019, Schouw & Co. issued Schuldscheins for a total of EUR 136 million (DKK 1,011 million) maturing in 2024 (80%) and 2026 (20%). In December 2021, Schouw & Co. set up a DKK 400 million seven-year loan with Nordic Investment Bank related to specific Danish capacity-expanding investments and development costs.

Amounts in DKK million

16
Share capital

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. All shares rank equally.

The share capital is fully paid up. Each share carries one vote, for a total of 25,500,000 voting rights.

Treasury shares	Number of shares	Nominal value	Cost	Percentage of share capital
1 January 2020	1,544,280	15,442,800	468.9	6.06%
Share option programme	-23,556	-235,560	-3.4	-0.09%
31 December 2020	1,520,724	15,207,240	465.5	5.96%
Purchase of treasury shares	10,378	103,780	5.9	0.04%
31 December 2021	1,531,102	15,311,020	471.5	6.00%

In 2021, Schouw & Co. acquired shares for DKK 5.9 million to be held in treasury. The purchase was part of a programme under which Schouw & Co. intends to buy back shares held in treasury for a total amount of DKK 350 million in the period from 27 December 2021 to 30 December 2022.

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20.0% of the share capital. The authorisation is valid until 01 April 2025.

The company acquires treasury shares among other things for allocation to the Group's share-based incentive programmes and for adjustment of the company's capital structure in in connection with capital reductions. At 31 December 2021, the company's treasury shares had a market value of DKK 871 million (2020: DKK 937 million). The portfolio of treasury shares is recognised at DKK 0.

The share capital has not changed in the past five years.

Notes to the parent company financial statements

17
Other payables

	2021	2020
Pension liabilities	15.1	16.0
Frozen holiday funds payable	0.0	1.1
Loan to cover employee income taxes	1.3	0.0
Total other payables	16.5	17.0

Pension liabilities		
Net liability at 1 January	16.0	16.9
Paid out	-0.8	-0.9
Net liability at 31 December	15.1	16.0

It is company policy to fund all pension liabilities, so as predominantly to avoid defined benefit plans. However, as part of the merger with BioMar Holding, Schouw & Co. assumed a defined benefit obligation.

The pension obligation was calculated at DKK 15.1 million at 31 December 2021. The entire amount relates to the liability to ensure the entitlements to receive supplementary pensions in accordance with the previous practise of the KFK pension funds. The entire obligation is related to people who were on the labour market at 30 September 2002 and who transferred to employment with the consortium that took over the divested grain and feed operations (the former KFK). Some uncertainty applies as to the amount of the pension obligation. Accordingly, final coverage of this liability may impact future financial results in a positive or a negative direction.

18
Contingent liabilities and guarantees

Contingent liabilities
The company is taxed jointly with the other Danish group companies. As a management company, the company is joint and severally liable with the other Danish group companies for Danish corporate income tax and withholding tax on dividends, interest and royalties within the joint taxation pool.

Guarantees
The following assets have been provided as security to credit institutions:

Land and buildings with a carrying amount of DKK 16.2 million (2020: DKK 16.0 million).

The collateral set out above represents the parent company's debt to mortgage-credit institutions of DKK 3.6 million (2020: DKK 4.1 million).

19
Financial risk

The parent company's risk management policy
Due to the nature of its operations, investments and financing, the parent company is exposed primarily to changes in the level of interest rates. Interest rate risks are described in greater detail in the note on interest-bearing debt. The parent company's financial management exclusively involves the management of financial risk relating to operations and investment.

Currency risk
The parent company's currency risks mainly relate to its subsidiaries' foreign business operations. The parent company does not hedge these investments.

The parent company's currency risk exposure at 31 December 2020 was limited to EUR-denominated net debt of DKK 545 million and as such not subject to any material currency risk.

Credit risk
The parent company credit risk relates primarily to receivables from subsidiaries and secondarily to cash deposits.

Amounts in DKK million

Notes to the parent company financial statements

20
Tax on profit/loss for the year

	2021	2020
Tax on the profit for the year is specified as follows:		
Tax on profit/loss for the year	-4.5	-5.4
Tax on other comprehensive income	0.0	0.0
Total tax	-4.5	-5.4
Tax on the profit for the year has been calculated as follows:		
Current tax	-4.9	-6.2
Deferred tax	0.5	0.8
Total tax recognised in the income statement	-4.5	-5.4
Specification of the tax on the profit for the year:		
Calculated 22% tax of profit/loss before tax	-226.7	-199.8
Tax effect of non-deductible costs	-1.5	-1.0
Tax effect of non-taxable income	223.7	195.4
Total tax recognised in the income statement	-4.5	-5.4
Effective tax rate	0.4%	0.6%

Non-taxable income relate primarily to non-deductible income from investments in subsidiaries.

Tax on items recognised in other comprehensive income – 2021	**Before tax**	**Taxation**	**After tax**
Value adjustment of subsidiaries	354.8	0.0	354.8
Total tax on items recognised in other comprehensive income	354.8	0.0	354.8

Tax on items recognised in other comprehensive income – 2020	**Before tax**	**Taxation**	**After tax**
Value adjustment of subsidiaries	528.4	0.0	528.4
Total tax on items recognised in other comprehensive income	528.4	0.0	528.4

21
Deferred tax

	2021	2020
Deferred tax at 1 January	-7.3	-6.2
Deferred tax for the year recognised in profit/loss for the year	-0.5	-0.8
Deferred tax for the year recognised in equity	0.1	-0.3
Deferred tax at 31 December, net	-7.6	-7.3
Deferred tax pertains to:		
Intangible assets	-0.2	0.1
Property, plant and equipment	-0.3	-0.5
Shareholders' equity	-0.1	-0.3
Other liabilities	-7.0	-6.6
Deferred tax at 31 December, net	-7.6	-7.3

All deferred tax assets and tax liabilities are recognised in the balance sheet.

2021

Change in deferred tax	Balance at 1 January	Recognised in the profit for the year	Recognised in equity	Balance at 31 December
Intangible assets	0.1	-0.4	0.0	-0.2
Property, plant and equipment	-0.5	0.2	0.0	-0.3
Shareholders' equity	-0.3	0.0	0.1	-0.1
Other liabilities	-6.6	-0.3	0.0	-7.0
Total change in deferred tax	-7.3	-0.5	0.1	-7.6

2020

Change in deferred tax	Balance at 1 January	Recognised in the profit for the year	Recognised in equity	Balance at 31 December
Intangible assets	0.2	-0.1	0.0	0.1
Property, plant and equipment	-0.7	0.2	0.0	-0.5
Shareholders' equity	0.0	0.0	-0.3	-0.3
Other liabilities	-5.7	-0.9	0.0	-6.6
Total change in deferred tax	-6.2	-0.8	-0.3	-7.3

Amounts in DKK million

Notes to the parent company financial statements

22
Joint taxation contributions

	2021	2020
Joint taxation contributions at 1 January	1.9	5.2
Adjustment related to prior years	-1.1	1.1
Current tax for the year	-73.8	-55.2
Joint taxation contributions received/paid	76.1	50.8
Total joint taxation contributions	3.1	1.9
which is specified as follows:		
Joint taxation contribution receivable	0.0	0.0
Joint taxation contributions payable	3.1	1.9
Total joint taxation contributions	3.1	1.9

23
Income tax

	2021	2020
Income tax payable at 1 January	1.3	0.0
Current tax for the year	4.9	6.2
Adjustment related to prior years	1.1	-1.1
Current tax for the year from jointly taxed companies	73.8	55.2
Income tax paid during the year	-81.0	-59.0
Total income tax	0.2	1.3
which is specified as follows:		
Income tax receivable	0.0	0.0
Income tax payable	0.2	1.3
Total income tax	0.2	1.3

24
Fees to auditors appointed by the shareholders

	2021	2020
Statutory audit fees, PwC / (2020: EY)	0.4	0.3
Fees for tax and VAT-related services, PwC / (2020: EY)	0.1	0.1
Non-audit services, PwC / (2020: EY)	0.0	0.4
Total fees, PwC / (2020: EY)	0.5	0.8

25
Related party transactions

Related parties are described in the note “Related party transactions” to the consolidated financial statements.

Management’s remuneration and share option programmes are set out in the note “Costs” to the consolidated financial statements.

	2021	2020
Subsidiaries:		
During the year, the parent company received a management fee of	11.0	10.7
During the year, the parent company received interest income of	81.9	86.4
During the year, the parent company paid interest expenses amounting to	0.1	0.3
At 31 December the parent company had a receivable of	4,701.8	3,636.2
At 31 December ,the parent company had debt amounting to	655.2	618.1
During the year, the parent company received dividends of	607.2	510.0

Other than as set out above, there were no transactions with related parties.

Amounts in DKK million

Management Statement

To the shareholders of Aktieselskabet Schouw & Co.

The Board of Directors and the Executive Management have considered and approved the annual report for the 2021 financial year.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2021.

In our opinion, the management's report includes a fair review of the development and performance of the Group and the parent company, the financial results and cash flows for the year and of the financial position, together with a description of the principal risks and uncertainties that the Group and the parent company face.

In our opinion, the consolidated financial statements of Aktieselskabet Schouw & Co. for the financial year ended 31 December 2021 with the file name "Schouw-2021-12-31-da.zip" has been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Aarhus, 4 March 2022

Executive Management

Jens Bjerg Sørensen
President and CEO

Peter Kjær

Board of Directors

Jørn Ankær Thomsen
Chairman

Jørgen Wisborg
Deputy Chairman

Kjeld Johannesen

Agnete Raaschou-Nielsen

Hans Martin Smith

Kenneth Skov Eskildsen

Independent Auditor's Reports

To the shareholders of Aktieselskabet Schouw & Co.

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Aktieselskabet Schouw & Co. for the financial year 1 January to 31 December 2021 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further d escribed in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Aktieselskabet Schouw & Co. on 15 April 2021 for the financial year 2021.

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 for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon,

Key audit matter	How our audit addressed the key audit matter
Trade receivables Trade receivables in BioMar face a particular risk of loss, as BioMar's industry and geographical segments are subject to an increased risk of loss on trade receivables. Assessing the need for impairment of trade receivables in BioMar involves significant estimates in terms of determining the customers' ability to pay, the expected payment date and the value of any security provided. We focused on this area due to the accounting estimates being inherently subjective, which implies a significant degree of estimation uncertainty. We refer to note 7 of the Consolidated Financial Statements.	We reviewed and tested the statement of provisions for losses on trade receivables in BioMar prepared by Management. As part of this work, we tested, on a sample basis, the ageing of receivables and payments received after the balance sheet date. On a sample basis, we tested the assumptions underlying Management's estimates by reviewing, for example, correspondence with customers and lawyers as well as payment history. On a sample basis we tested security provided and reviewed Management's assessment of the measurement of such security. Moreover, we assessed the historical accuracy of Management's estimates by comparing the estimated provision for bad debt in the previous year to subsequent actual losses recognised. We reviewed and assessed the presentation and disclosure of impairment losses on trade receivables in the notes.
Goodwill Goodwill may be impaired by, for example, increased competition in local markets, changes in the global economy and strategy changes in the Group. Impairment of goodwill involves significant estimates and judgements by Management, including the determination of significant assumptions relating to revenue growth, earnings development and investments during the budget and forecast period, as well as long-term growth rates and discount rates. We focused on impairment testing of goodwill, as the accounting estimates are complex and the determination of significant assumptions is inherently subjective. We refer to note 16 of the Consolidated Financial Statements.	We reviewed and tested the impairment tests carried out by Management. As part of this, we assessed whether the estimates and judgements made by Management in carrying out these tests were reasonable. Our audit procedures included an assessment of the impairment model used. We focused particularly on the significant assumptions relating to the determination of future cash flows, including revenue growth, earnings development and investments during the budget and forecast period, as well as long-term growth rates and discount rates. We reviewed sensitivity analyses of changes in earnings and discount rates. Furthermore, we assessed the historical accuracy of Management's estimates by comparing the 2021 budget with the results realised. We reviewed and assessed the presentation and disclosure of impairment tests in the notes.

Independent Auditor's Reports

and we do not provide a separate opinion on these matters.

Statement on Management's Review
Management is responsible for Management's Review, page 5-42.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent 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 Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Reports

Report on compliance with ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Aktieselskabet Schouw & Co. for the financial year 1 January to 31 December 2021 with the filename Schouw-2021-12-31-da.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Aktieselskabet Schouw & Co. for the financial year 1 January to 31 December 2021 with the file name Schouw-2021-12-31-da.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 4 March 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

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AKTIESELSKABET SCHOUW & CO.

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