schouw+co

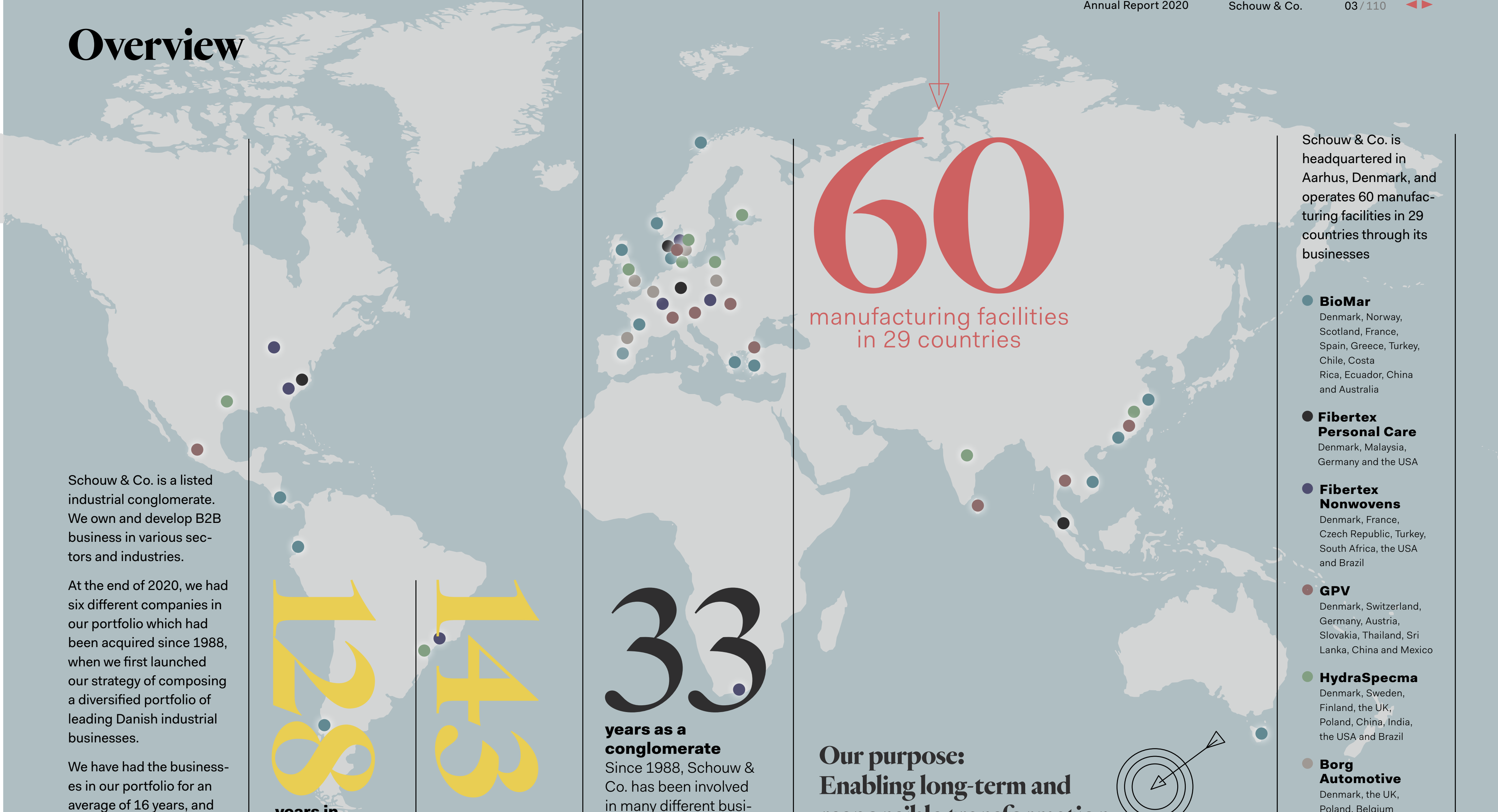
The conglomerate shows its strength

ANNUAL REPORT 2020

Contents

The management review includes the sections 'Management's report', 'Businesses' and 'Group information'.
This publication is a translation of the Danish Annual Report 2020. The original Danish text shall be controlling for all purposes, and in cases of discrepancy, the Danish wording shall be applicable.

Overview



Schouw & Co. is a listed industrial conglomerate. We own and develop B2B business in various sectors and industries.

At the end of 2020, we had six different companies in our portfolio which had been acquired since 1988, when we first launched our strategy of composing a diversified portfolio of leading Danish industrial businesses.

We have had the businesses in our portfolio for an average of 16 years, and we compose the portfolio from a 'best ownership' principle.

We have never acquired a business for the purpose of reselling it, and we believe businesses develop best when focused on long-term growth and development.

128

years in packaging

During its first 128 years in business, Schouw & Co. mainly manufactured packaging materials, such as paper bags and milk cartons.

143

years old

The company was founded by Victor Schouw in 1878 in the rear building of a property located in the Copenhagen district of Nørrebro.

33

years as a conglomerate

Since 1988, Schouw & Co. has been involved in many different businesses and industries.

60

manufacturing facilities in 29 countries

Schouw & Co. is headquartered in Aarhus, Denmark, and operates 60 manufacturing facilities in 29 countries through its businesses

BioMar
Denmark, Norway, Scotland, France, Spain, Greece, Turkey, Chile, Costa Rica, Ecuador, China and Australia

Fibertex Personal Care
Denmark, Malaysia, Germany and the USA

Fibertex Nonwovens
Denmark, France, Czech Republic, Turkey, South Africa, the USA and Brazil

GPV
Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka, China and Mexico

HydraSpecma
Denmark, Sweden, Finland, the UK, Poland, China, India, the USA and Brazil

Borg Automotive
Denmark, the UK, Poland, Belgium and Spain

Our purpose: Enabling long-term and responsible transformation

REVENUE	EBITDA	ROIC
21.3 DKKBN	2.2 DKKBN	15.3 %

Management's report

2020 – a very unusual year

The outbreak of the coronavirus pandemic in early 2020 caused extensive uncertainty. Some activities were halted or postponed while others were accelerated, and 2020 ended much better than had been feared during the spring.

STARTING POINT

A portfolio of strong and well-invested businesses with solid prospects.

Solid capital structure with room to seek opportunities and sustain the long-term momentum.

From an overall perspective, well underway its to achieve its strategic goals both short term and long term.

A TURBULENT YEAR

BioMar
successfully ran in production at the new factory in Australia, completed building a factory in China and signed agreement to start operations in Vietnam.

Fibertex Personal Care
delivered EBITDA of more than DKK 400m and approved investments in Malaysia and the USA.

Fibertex Nonwovens
lifted earnings to highest level ever, driven by high capacity utilisation.

GPV
had positive effects from large order for ventilators.

HydraSpecma
saw negative impact of coronavirus in Sweden, but with offsetting effects from efficiency improvements and growth in wind business.

Borg Automotive
completed acquisition of TMI in Spain and implemented substantial adjustment of workforce in Poland.

CONGLOMERATE STRENGTH

In a year of unprecedented events the conglomerate model shows its strength.

Schouw & Co.'s strategy unchanged: focus remains on long-term growth and transformation.

Capital resources and management resources in place for sustained growth and development.

POSITIVE FACTORS IN 2020

Temporary favorable prices of raw materials lead to increased income flows in the Fibertex businesses.

Lower costs due to less travel activity, reduced marketing, etc.

Demand for PPEs and hygiene products increasing volume sales, enhancing efficiency at the Fibertex businesses.

NEGATIVE FACTORS IN 2020

Corona-driven lockdowns have challenged efficiency and limited demand, especially in the automotive segments

Lower exchange rates to DKK, especially in Norwegian kroner and US dollars, have reduced revenue by more than DKK 600 million.

2020 PERFORMANCE

REVENUE
+1.6%

EBITDA
+13.2%

CASH FLOWS FROM OPERATIONS
+62.8%

RETURN ON INVESTED CAPITAL
+3.0 pp

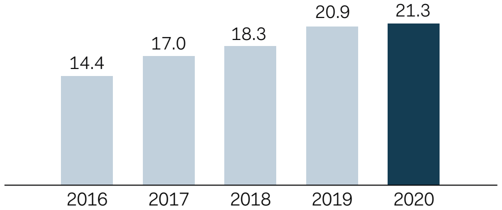
Financial highlights and key ratios

GROUP SUMMARY (DKKm)	2020	2019	2018	2017	2016
REVENUE AND INCOME					
Revenue	21,273	20,946	18,253	17,032	14,369
Operating profit before depreciation/amortisation (EBITDA)	2,209	1,951	1,579	1,568	1,472
Depreciation and impairment losses	833	802	532	475	434
EBIT	1,376	1,149	1,047	1,093	1,038
Profit/loss after tax in associates and joint ventures	-36	50	70	42	566
Gains on divestments	2	29	9	0	0
Net financial items	-133	-79	-40	-30	-27
Profit/loss before tax	1,209	1,149	1,086	1,105	1,578
Profit for the year	909	906	796	875	1,339
Cash flows					
Cash flows from operating activities	2,296	1,410	837	763	1,598
Cash flow from investing activities	-533	-1,043	-1,360	-2,763	-395
Of which investment in property, plant and equipment	-454	-774	-685	-809	-830
Cash flows from financing activities	-1,630	-421	623	818	-925
Cash flows for the year	133	-54	100	-1,181	277
Invested capital and financing					
Invested capital (ex. goodwill)	9,421	10,510	8,831	7,337	5,416
Total assets	17,994	18,777	16,940	14,389	12,273
Working capital	3,107	3,738	3,441	2,505	1,727
Net interest-bearing debt (NIBD)	1,936	3,298	2,425	1,275	-1,028
Share of equity attributable to shareholders of Schouw & Co.	9,606	9,519	8,652	8,317	7,797
Non-controlling interests	0	2	7	15	18
Total equity	9,605	9,521	8,659	8,332	7,814
Financial data					
EBITDA margin (%)	10.4	9.3	8.7	9.2	10.2
EBIT margin (%)	6.5	5.5	5.7	6.4	7.2
EBT margin (%)	5.7	5.5	6.0	6.5	11.0
Return on equity (%)	9.5	10.0	9.4	10.9	18.6
Equity ratio (%)	53.4	50.7	51.1	57.9	63.7
ROIC excluding goodwill (%)	15.3	12.3	14.5	17.6	20.2
ROIC including goodwill (%)	12.3	10.0	11.3	13.8	16.6
NIBD/EBITDA ratio	0.9	1.7	1.5	0.8	-0.7
Average no. of employees	9,393	9,683	7,174	6,087	4,108
Per share data					
Earnings per share (of DKK 10)	38.04	38.27	33.43	36.85	56.56
Diluted earnings per share (of DKK 10)	38.00	38.27	33.35	36.63	56.41
Dividends per share (of DKK 10)	14.00	14.00	13.00	13.00	12.00
Net asset value per share (of DKK 10)	400.58	397.34	365.17	346.99	328.38
Share price, end of period (per share DKK 10)	616.00	560.00	485.60	581.50	526.00
Price/Net asset value	1.54	1.41	1.33	1.68	1.60
Market capitalisation at year end	14,771	13,415	11,505	13,939	12,489

Comparative figures before 2019 not restated to reflect IFRS 16

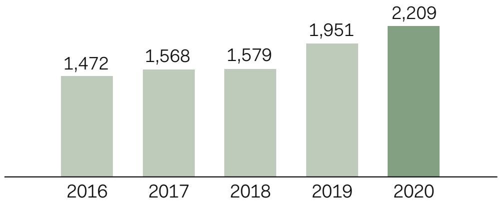
Revenue

DKKbn



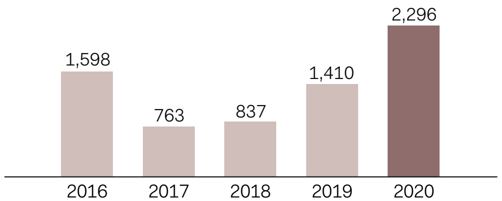
Operating profit before depreciation (EBITDA)

DKKm



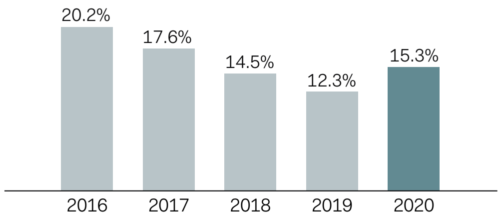
Cash flows from operating activities

DKKm

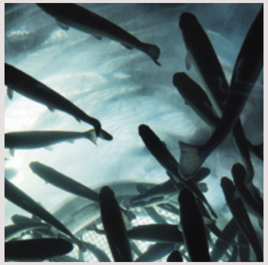


Return on invested capital

ROIC excluding goodwill



Our businesses



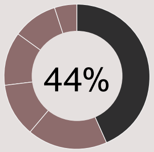
BioMar

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 and sea bream and shrimp.

APPROXIMATELY **1,400** EMPLOYEES

REVENUE **11.6** DKKBN

OWNED SINCE 2005



OF EBITDA IN 2020

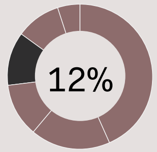
GPV

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

APPROXIMATELY **3,600** EMPLOYEES

REVENUE **2.9** DKKBN

OWNED SINCE 2016



OF EBITDA IN 2020

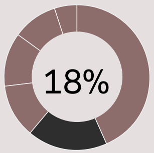
Fibertex Personal Care

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

APPROXIMATELY **750** EMPLOYEES

REVENUE **2.1** DKKBN

OWNED SINCE 2002



OF EBITDA IN 2020

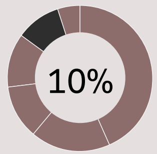
HydraSpecma

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

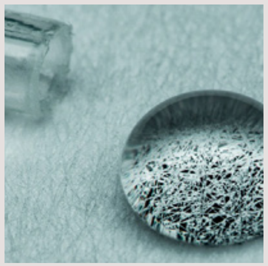
APPROXIMATELY **1,150** EMPLOYEES

REVENUE **2.0** DKKBN

OWNED SINCE 1988



OF EBITDA IN 2020



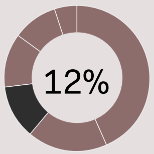
Fibertex Nonwovens

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

APPROXIMATELY **1,000** EMPLOYEES

REVENUE **1.8** DKKBN

OWNED SINCE 2002



OF EBITDA IN 2020

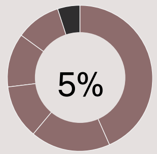
Borg Automotive

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

APPROXIMATELY **1,500** EMPLOYEES

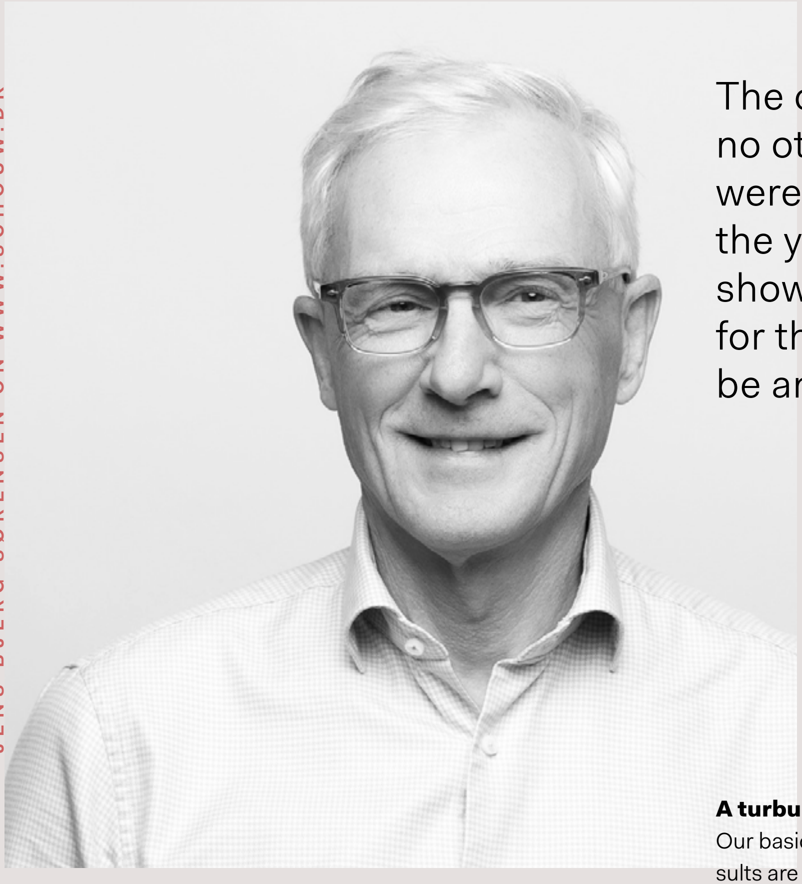
REVENUE **0.9** DKKBN

OWNED SINCE 2017



OF EBITDA IN 2020

Letter from the CEO



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

The coronavirus pandemic made 2020 a year like no other, causing major changes. Our businesses were impacted in various ways, and looking back on the year, we can see how the conglomerate has truly shown its strength. Schouw & Co. is well prepared for the years ahead, and 2021 has the potential to be another year of solid results.

The conglomerate shows its strength

A turbulent and very unusual year
Our basic mantra at Schouw & Co. is that results are created by people. When the coronavirus crisis struck in early 2020, there was no doubt whatsoever that the health and safety of our nearly 10,000 employees would be our top priority. Already in February, we defined the foundation for our corona strategy: 'people first, profit next'.

The culture at Schouw & Co. is based on strong values and on delegating responsibility to the executives and managements of our businesses. It has been very reassuring to see how managers and staff alike in more than thirty countries have taken responsibility, and it has been great to witness how people produce solid results when shown trust and given opportunities. I am honestly very proud and impressed by the efforts made by our loyal and dedicated employees across the Group.

As in many other years, openness to change and business acumen were key at Schouw & Co. in 2020. We managed to respond to sudden changes to the market situation, adapting quickly and efficiently. We saw our customers' factories closing at very short notice and had to halt our own production, virtually overnight. On the other hand, there were also examples of how the coronavirus pandemic caused a surge in demand for PPEs and hospital equipment. We have pursued opportunities, been creative, used the potential of our value chains and made the best of a highly extraordinary situation.

Journey in growth with focus on profitability

Responsible and profitable growth is deeply embedded in our DNA, and I am very pleased to note that we managed to increase our revenue to an all-time high of DKK 21.3 billion despite the turbulence, uncertainty and lower prices of raw materials. Our operations also performed better than ever with EBITDA at DKK 2.2 billion and operating cash flows of DKK 2.3 billion.

Our ambitions for growth are unchanged, and in the coming years, we will continue to invest in more capacity, innovation and in future-proofing our businesses. Our focus is on long-term and responsible transformation, and we will be making capex investments of close to DKK 1 billion in 2021. We are making significant investments in our two Fibertex businesses, but GPV and HydraSpecma also provide attractive opportunities to create future growth and to pave the way for more streamlined and efficient production.

Company acquisitions are always on our agenda, but this is a difficult topic to communicate on in any detail. We aim to make use of our financial capacity, and our main focus is on bolt-on acquisitions for our existing businesses and within fields where we can build on our strong existing positions.

At Schouw & Co., we are ambitious for the future. Our businesses all operate in industries driven by basic growth trends, and they all continue to have a large potential. When allocating capital, we evaluate new markets and technologies; we consider opportunities that can support innovation, and we build for resilience. We believe that dynamic companies create the most value.

> Our ambitions for growth are unchanged, and in the coming years, we will continue to invest in more capacity, innovation and in future-proofing our businesses.

More relevant than ever before

The strength of our conglomerate becomes clear in times of global turbulence and uncertainty. Our six portfolio businesses give us significant risk diversification, both geographically and in terms of the industries they operate in.

Schouw & Co.'s strategy and business model are unchanged and very clear. We develop and transform a diversified portfolio of leading B2B businesses through long-term, inspiring and responsible ownership. Our long-term focus remains the cornerstone of our Group, but we never forget that solid day-to-day operations are the foundations of profitability.

Over the past few years, we have upgraded our ESG reporting on environmental, social and governance issues. To complement our annual report, we also publish an ESG report, in which we comment on many of our initiatives and non-financial performance indicators. Our businesses managed to reduce their relative energy consumption and had fewer lost-time injuries in virtually every year from 2016 to 2020. We own a number of businesses where an increased focus on ESG will create additional value.

We hope and trust that 2021 may be a more normal year. We expect our revenue will increase, mainly due to higher prices of raw materials, whereas our operating profit will likely not surpass the high level achieved in 2020, which was a year of non-recurring events and favourable prices of raw materials. The investments we will be making in 2021 will be the foundation for future growth, and as always we will have a keen eye on optimising margins, strengthening customer relationships, optimising production setups and value chains and on streamlining capacity costs.

Jens Bjerg Sørensen, President and CEO
Aarhus, 5 March 2021

Schouw & Co.'s business model

Schouw & Co. has a long-term investment horizon. We invest in – and we own and operate – Danish industrial businesses with the potential to grow and evolve through active ownership.

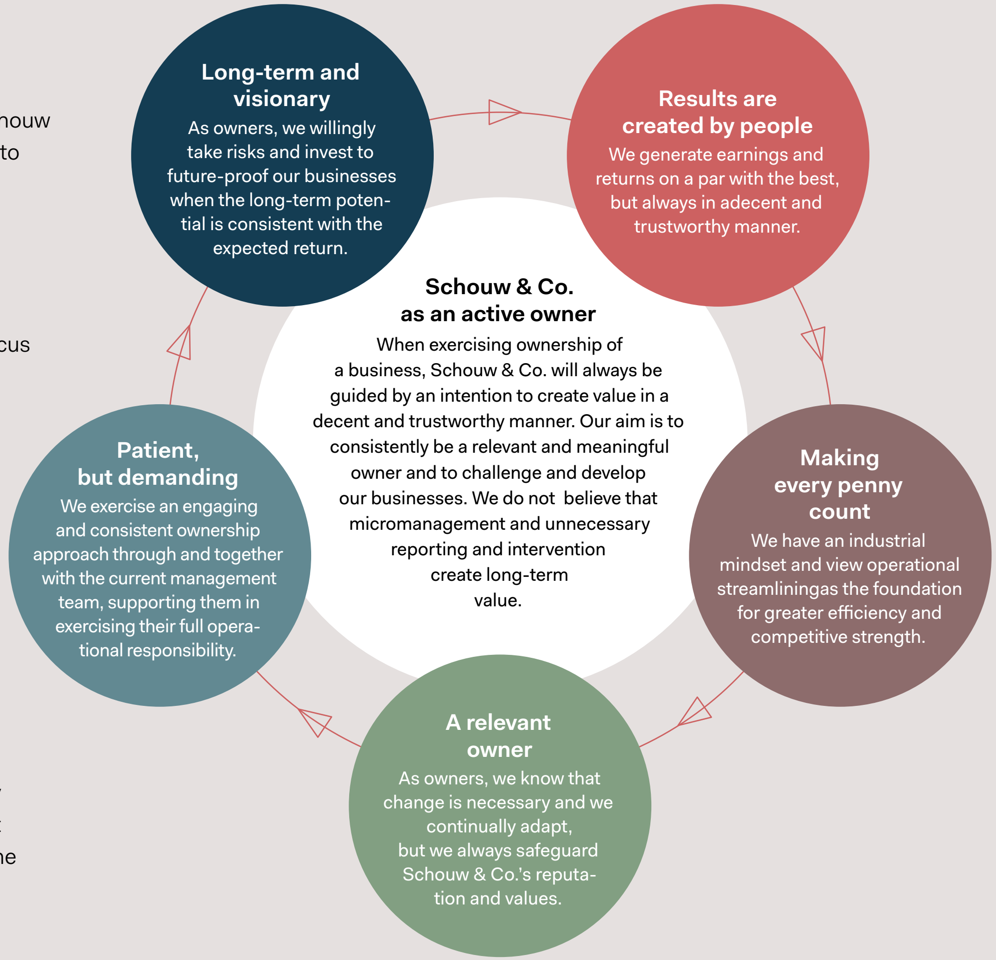
BUILDING OUR PORTFOLIO

Buying and selling businesses has historically been an essential component of creating value at Schouw & Co. We will buy a business if the right opportunity arises, not because we are required to or need to make acquisitions.

Criteria for acquiring new portfolio businesses
B2B industry ▻ B2B business – preferably in a processing industry or logistics
Size ▻ Minimum revenue of DKK 1 billion – or with the potential to reach that level quickly
Danish company – international profile ▻ Head office in Denmark, but with an international focus
Sustainable business model ▻ Easy to understand, long-term sustainable business model
Leading position ▻ Leading position and with the potential to drive the market agenda
Ambitious management ▻ Ambitious, agile and strong management able to stay on board under the new ownership
In need of new ownership ▻ Should be in need of new ownership to support transformation and step change
Active ownership ▻ Possibility of exercising long-term, active and strategic ownership, preferably under full ownership

Best ownership
When Schouw & Co. has bought a company, it has never been with the intention of reselling it. We believe businesses develop best when focused on long-term growth and development.

Schouw & Co. is the best owner of the businesses in our portfolio as long as we have the necessary resources to support their strategy and transformation. However, we are also open to strategic joint ownership or to divesting a company if a new ownership has the potential to take the company to the next level, thereby providing the best solution for the shareholders of Schouw & Co.

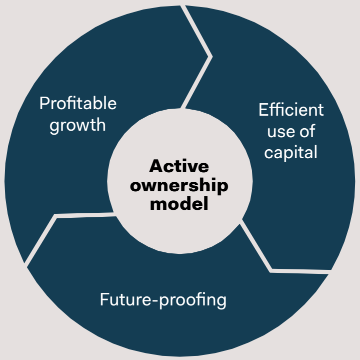


Active ownership

At Schouw & Co., our strategy is based on two 'wheels' that reflect the Group's modus operandi and our mindset. The strategy builds on a number of specific objectives, and on results being created by people.

Strategy
The Schouw & Co. modus operandi and mindset are illustrated in two 'wheels'.
The strategy wheel consists of four key areas that characterise the Group as a whole, with one area – active and developing ownership – being unfolded in more detail in a separate 'wheel'.

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.



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.

Strategic goals
We pursue five strategic goals at Group level. Our portfolio businesses all have the potential to generate both growth and earnings that match the best of their industry peers.

Our mantra
Our mantra at Schouw & Co. provides specific insight into the requirements and expectations for our portfolio companies: "Results are created by people".

Management's report

A highly unusual year with increased volume sales and a strong EBITDA improvement. Solid cash flows from operations and sharply reduced debt along with successful capitalisation of business opportunities. Growing and developing the business still a high priority.

It was a very unusual year for the Schouw & Co. Group in 2020. The guidance provided at the release of Annual Report 2019 was for revenue increasing in 2020 with EBITDA at the same high level as reported for 2019. A few weeks later, uncertainty had grown to such an extent that we found it necessary to suspend the announced financial guidance.

However, the situation gradually stabilised over the months that followed to an extent that allowed us to restore guidance in August at a level slightly higher than what we had communicated at the start of the year, before upgrading it further in November. The year closed with a record-setting fourth quarter and revenue up by 1% year on year despite lower prices of raw materials and lower exchange rates, and with EBITDA up by 14% over Q4 2019.

QUARTER (DKKm)	**2020 Q4**	**2019 Q4**	**Change**	
Revenue	5,473	5,428	45	0.8%
EBITDA	582	510	73	14.3%
EBIT	373	303	70	23.2%
Income from associates	0	17	-17	-101.5%
Profit before tax	335	306	29	9.3%
Cash flows from operating activities	429	458	-30	-6.4%

The 2020 consolidated revenue was up by 2% to DKK 21,273 million from DKK 20,946 million in 2019. BioMar, Fibertex Nonwovens and GPV all contributed to the improvement, while the three other businesses all reported lower revenue. However, the moderate revenue increase was based on a higher increase in volume sales, as selling prices of a number of products had dropped relative to the previous year due to lower prices of raw materials and lower exchange rates.

Reported EBITDA was up from DKK 1,951 million in 2019 to DKK 2,209 million in 2020, for a 13% increase driven mainly by sharply improved performances by Fibertex Nonwovens, GPV and Fibertex Personal Care.

Associates and joint ventures, which are recognised at a share of profit after tax, contributed a DKK 36 million loss for 2020 compared to a DKK 50 million profit in 2019. The loss was due to the BioMar operations, and was especially due to the Chilean fish farming business Salmones Austral, while the joint ventures in China and Turkey combined contributed better profits than the year before.

Consolidated net financial items were an expense of DKK 133 million in 2020, compared with a DKK 79 million expense in 2019. As actual net interest expenses fell from DKK 84 million in 2019 to DKK 76 million in 2020, the increase in total net financing was attributable to the remaining financial items, including foreign exchange and fair value adjustments, etc.

This brought the consolidated profit before tax for 2020 to DKK 1,209 million against DKK 1,149 million in 2019.

Financial highlights of the six portfolio businesses are set out on pages 32-33, while consolidated financial highlights are provided on page 50.

FULL YEAR (DKKm)	**2020**	**2019**	**Change**	
Revenue	21,273	20,946	328	1.6%
EBITDA	2,209	1,951	258	13.2%
EBIT	1,376	1,149	226	19.7%
Income from associates	-36	50	-86	-171.2%
Profit before tax	1,209	1,149	60	5.2%
Cash flows from operating activities	2,296	1,410	886	62.8%
Net interest-bearing debt	1,936	3,298	-1,362	-41.3%
Working capital	3,107	3,738	-631	-16.9%
ROIC excluding goodwill	15.3%	12.3%	3.0pp	
ROIC including goodwill	12.3%	10.0%	2.3pp	

Liquidity and capital resources

The Schouw & Co. Group's operations generated a cash inflow of DKK 2,296 million in 2020, compared with DKK 1,410 million in 2019. The main drivers of the significant increase were BioMar and Fibertex Nonwovens, but all the Group's businesses contributed with the exception of Fibertex Personal Care, which still managed to retain the strong cash inflows of the previous year.

Cash flows for investing activities amounted to DKK 533 million in 2020, which in addition to ongoing maintenance purposes in all businesses was used primarily for capacity-expanding investments in BioMar, building extensions in HydraSpecma and for a company acquisition by Borg Automotive. By comparison, the 2019 cash flows for investing activities amounted to DKK 1,043 million, which were mainly for capacity-expanding investments in BioMar and company acquisitions in BioMar and Fibertex Nonwovens.

The consolidated working capital fell by 17% from DKK 3,738 million at 31 December 2019 to DKK 3,107 million at 31 December 2020. All of the Group's business contributed to reducing the working capital, while another supportive factor was the effects of extended deadlines for paying employee income taxes, etc. due to the coronavirus situation.

Management's report

Group developments
The companies of the Schouw & Co. Group worked during 2020 to align their businesses to a situation in which coronavirus is a part of day-to-day operations. This is a comprehensive task, given the fact that the Group operates production facilities in 29 countries and sells its products in more than 100 countries but, at the same time, the diverse nature of the portfolio companies has shown the true strength of the conglomerate.

The Group's businesses have truly managed to incorporate the necessary precautions to tackle the coronavirus situation in their day-to-day operations, and bar a few temporary exceptions, the Group managed to maintain near-normal operations and its usual service levels throughout the year. The primary objective of the strategy for addressing the coronavirus situation has been, first of all, to organise good and safe working conditions for the employees and, next, to keep operations as near-normal as possible. This approach generally proved successful, and several of the businesses found new and attractive business opportunities, which we had the necessary resources and capacity to capitalise on.

The combination of strong consolidated cash flows and a moderate investment rate in 2020 enabled the Group to sharply reduce its debt. Obviously, this strengthens our financial versatility and enables us to have growth and development as a high priority. Our 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 other business developments in the portfolio companies in 2020. See the individual company reviews on the following pages for more information.

BioMar had a good year with revenue and EBITDA improving and strong positive cash flows from operations. Despite the unusual conditions caused by the coronavirus pandemic, BioMar managed to maintain near-normal operations during the year. The company established new product capacity in Australia, China and Ecuador and, after the end of the financial year, the planned agreement for a partnership in Viet-UC in Vietnam was finally concluded.

Fibertex Personal Care reported good financial results and maintained large cash inflows from operations. The company increased its volume sales, but lower selling prices resulting from lower prices of raw materials and lower exchange rates led to a drop in revenue. New production capacity is underway in Malaysia and the USA.

Fibertex Nonwovens reported strong improvements in both revenue and EBITDA. By quickly adapting to the changing market situation brought about by the coronavirus pandemic, the company managed to increase sales of materials for healthcare-related purposes. Full-year EBITDA better than expected.

GPV reported a strong earnings improvement in an otherwise challenging year. A surge in volume sales to selected segments, mainly to MedTech, offset slumping trends in other segments. Full-year EBITDA better than expected.

HydraSpecma closed out a challenging year on a strong note in the fourth quarter, increasing sales of products for the vehicles segment and retaining strong sales of solutions for wind turbines and other stationary equipment. As a result, the full-year EBITDA was better than expected.

Borg Automotive clearly felt negative effects of the coronavirus pandemic, especially in April and May when a number of important European markets experienced a significant drop in traffic intensity. However, the company ended the year on a positive note with growing demand. At the end of 2020, Borg Automotive acquired the turbocharger operations of Spanish remanufacturing company Turbo Motor Inyección.

DIVIDEND

The Board of Directors recommends to the Annual General Meeting that the dividend for 2020 remain at DKK 14 per share, for an amount equal to 2.3% of the market capitalisation at 31 December 2020. As a result, total dividend payments will amount to DKK 357 million, equal to a payout ratio of 39% after tax.

TAXATION

At Schouw & Co., we take a responsible approach to tax payments. In establishing tax structures, business considerations are always the most important decision-making parameter, and we do not apply tax structures for the purpose of tax evasion. The Group is liable to pay tax in some 30 countries and regularly conducts related party transactions across national borders, and payment of corporate tax, country-specific charges, VAT, etc. takes place in accordance with national and international tax rules, including transfer pricing rules

Schouw & Co. achieved a consolidated profit before tax of DKK 1,209 million for 2020, with corporate income tax amounting to DKK 300 million. A detailed review of the tax for the year is provided on pages 78-81.

SUBSEQUENT EVENTS

Other than as set out elsewhere in this annual report, Schouw & Co. is not aware of events occurring after 31 December 2020 which are expected to have a material effect on the Group's financial position or outlook.

Amortisation, depreciation and capital expenditure

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 depreciation/amortisation and impairment charges.

Total PPA-related depreciation and amortisation from the acquisition of businesses amounted to DKK 89 million in 2020 and related mainly to the acquisitions of Alimentsa (BioMar), CCS (GPV), Specma (HydraSpecma) and Borg Automotive. In 2021, PPA-related depreciation and amortisation is expected to amount to about DKK 85 million.

Other depreciation/amortisation and impairment charges will increase from DKK 744 million in 2020 to about DKK 775 million in 2021 as a result of the completed investments and the full-year effects of investments made in 2019. Details of depreciation/amortisation for the portfolio companies are shown in the table below.

Capital expenditure
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. Going into 2020, therefore, a natural next step would be for the Group to focus on optimising and making use of the acquired assets. The resulting investment restraint planned for 2020 was reinforced when the coronavirus pandemic escalated and capex investments for the year were reduced to DKK 493 million.

The coronavirus pandemic in 2020 resulted in a vast number of challenges, but at the close of the year it was clear that the Group's overall level of activity had not contracted and that there are still good opportunities for organic expansion available to the Group's businesses. Accordingly, Schouw & Co.'s ambitions for growth are intact, exposing a potential for capex investments for 2021 increasing to about DKK 1 billion.

In addition to ongoing maintenance requirements and minor expansion projects in all portfolio businesses, the expected capex investments for 2021 would in particular include capacity expansion for Fibertex Personal Care, Fibertex Nonwovens, GPV and HydraSpecma.

	PPA depreciation/ amortisation		Other depreciation/ amortisation and impairment		Total depreciation/ amortisation and impairment	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
BioMar	29	33	319	302	348	335
Fibertex Personal Care	1	1	137	135	138	137
Fibertex Nonwovens	0	0	103	105	103	104
GPV	17	17	103	103	120	120
HydraSpecma	16	16	78	72	94	88
Borg Automotive	22	22	34	26	56	48
Other	0	0	1	1	1	1
Total	85	89	775	744	860	833

Outlook

The coronavirus remains a part of everyday life, but the Group's businesses stand well prepared for the changing market conditions. Guidance for higher revenue and for EBITDA to remain high.

Outlook for 2021
Despite a very unusual and challenging year in 2020, reported EBITDA was higher than expected at the beginning of the year. A big part of the explanation to this paradox is the fact that the Group's businesses had production capacity available and were able to adapt to changing market conditions.

The good performance was supported by favourable price trends for raw materials, but the results were only achieved because our portfolio companies had strong organisations that were ready to deliver under the very different conditions. Those strong organisations are also in place for 2021, but some of the very attractive conditions seen in 2020 are not expected to repeat in 2021.

We expect to see another good year in 2021. Business activity is expected to remain at a high level, and increased investments to be made during the year will provide the basis for additional growth. Even then, the full-year results will at best only match those of 2020, which was an altogether unusual year.

The following brief comments provide full-year 2021 revenue and EBITDA guidance for the individual portfolio companies.

BioMar assumes stable market conditions and gradual normalisation and on that basis expects to increase volume sales. The outlook is supported by the strategic investments made in recent years.

Fibertex Personal Care expects to retain a high level of volume sales, but earnings will be adversely affected by developments in the prices of raw materials.

Fibertex Nonwovens expects good capacity utilisation and to increase revenue, but with earnings under pressure due to higher prices of raw materials and sharply higher freight rates.

GPV expects the good business activity to continue, but the large shipments to the MedTech segment in 2020 are not expected to repeat in 2021, which will slow revenue and earnings.

HydraSpecma expects to grow its sales to customers in the vehicles segment. By retaining business activities in other segments, the company expects to increase both revenue and EBITDA.

Borg Automotive expects a positive trend in demand, and the acquisition of the turbocharger operations in Spain is expected to drive both revenue and EBITDA improvements. The projected improvement includes the increase in costs expected from Britain's withdrawal from the EU and the resulting more complex trading environment.

Schouw & Co. Group's overall guidance
Overall, the Schouw & Co. Group projects full-year 2021 consolidated revenue of about DKK 21.9 billion against DKK 21.3 billion in 2020, equal to a 3% increase. However, part of the expected improvement is based on higher prices of raw materials, which are of material importance for several of the Group's businesses.

Schouw & Co. provides consolidated earnings guidance at EBITDA level based on an aggregation of individual portfolio company forecasts, and actual portfolio company EBITDA results may deviate from these individual forecasts. Accordingly, the actual guidance is expressed through consolidated EBITDA, which for 2021 is in the range of DKK 2,015-2,225 million compared with DKK 2,209 million in 2020.

Depreciation and amortisation charges are expected to increase from DKK 833 million in 2020 to approximately DKK 860 million in 2021. As a result, the Group guides for consolidated 2021 EBIT in the range of DKK 1,155-1,365 million.

Associates and joint ventures, which are recognised at a share of profit after tax, are expected to contribute profit of approximately DKK 40 million in 2021 compared with a DKK 36 million loss in 2020.

Consolidated net financial items are expected to be an expense of about DKK 90 million in 2021, compared with a DKK 133 million expense in 2020.

REVENUE (DKKm)	**2021 expected**	**2020 actual**	**2019 actual**
BioMar	12,000	11,649	11,180
Fibertex Personal Care	2,200	2,118	2,183
Fibertex Nonwovens	1,850	1,791	1,705
GPV	2,700	2,887	2,856
HydraSpecma	2,100	1,977	2,123
Borg Automotive	1,050	871	918
Other/eliminations	-	-19	-18
Total revenue	21,900	21,273	20,946

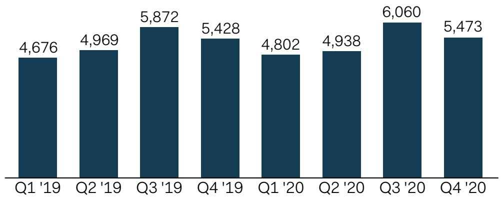
EBITDA (DKKm)	**2021 expected**	**2020 actual**	**2019 actual**
BioMar	950-1,020	972	966
Fibertex Personal Care	320-360	406	352
Fibertex Nonwovens	220-250	270	141
GPV	220-250	271	196
HydraSpecma	210-230	211	215
Borg Automotive	130-150	108	110
Other	-35	-29	-29
Total EBITDA	2,015-2,225	2,209	1,951
PPA depreciation/ amortisation	-85	-89	-88
Other depreciation/ amortisation	-775	-744	-714
Total EBIT	1,155-1,365	1,376	1,149
Associates, JVs, etc.	40	-36	50
Divestments	-	2	29
Other financial items	-90	-133	-79
Total profit before tax	1,105-1,315	1,209	1,149

Quarterly financial highlights

(DKKm)	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
INCOME STATEMENT								
Revenue	4,676	4,969	5,872	5,428	4,802	4,938	6,060	5,473
Gross profit	745	781	988	857	772	828	1,010	917
EBITDA	401	419	621	510	434	517	676	582
Depreciation and impairment losses	200	196	200	207	205	208	211	209
EBIT	202	224	421	303	229	309	465	373
Profit after tax in assc's and joint ventures	15	7	11	17	14	-6	-44	0
Gains on divestments	0	29	0	0	0	2	0	0
Net financials	-4	-42	-20	-14	-31	-33	-30	-39
Profit/loss before tax	213	218	411	306	212	272	391	335
Tax on profit for the period	-47	-44	-95	-57	-53	-69	-95	-84
Profit for the period	167	175	316	249	159	203	296	251
CASH FLOWS								
Cash flows from operating activities	100	128	724	458	181	607	1,079	429
Cash flow from investing activities	-325	-316	-170	-233	-134	-79	-159	-160
Cash flows from financing activities	208	210	-541	-298	-1	-488	-840	-301
BALANCE SHEET								
Intangible assets	3,592	3,565	3,605	3,568	3,561	3,510	3,421	3,423
Property, plant and equipment	4,568	4,732	4,879	4,956	4,776	4,758	4,690	4,659
Other non-current assets	1,672	1,710	1,705	1,699	1,632	1,591	1,502	1,427
Cash and cash equivalents	574	588	613	538	578	615	671	635
Other current assets	8,003	8,199	8,685	8,016	7,761	7,944	8,095	7,851
Total assets	18,409	18,794	19,487	18,777	18,308	18,419	18,379	17,994
Shareholders' equity	8,967	8,787	9,252	9,521	9,500	9,350	9,444	9,605
Interest-bearing liabilities	4,141	4,690	4,207	3,885	3,788	3,705	2,904	2,599
Other liabilities	5,301	5,317	6,029	5,371	5,020	5,364	6,031	5,790
Total equity and liabilities	18,409	18,794	19,487	18,777	18,308	18,419	18,379	17,994
Average no. of employees	9,749	9,708	9,756	9,576	9,426	9,422	9,307	9,367
FINANCIAL KEY FIGURES								
Gross profit margin	15.9%	15.7%	16.8%	15.8%	16.1%	16.8%	16.7%	16.8%
EBITDA margin	8.6%	8.4%	10.6%	9.4%	9.0%	10.5%	11.2%	10.6%
EBIT margin	4.3%	4.5%	7.2%	5.6%	4.8%	6.2%	7.7%	6.8%
ROIC excluding goodwill (annualised)	13.7%	12.4%	12.8%	12.3%	12.5%	13.4%	14.2%	15.3%
ROIC including goodwill (annualised)	10.8%	9.9%	10.3%	10.0%	10.1%	10.9%	11.4%	12.3%
Working capital	3,725	3,938	3,795	3,738	3,829	3,681	3,172	3,107
Net interest-bearing debt	3,520	4,061	3,553	3,298	3,164	3,046	2,190	1,936

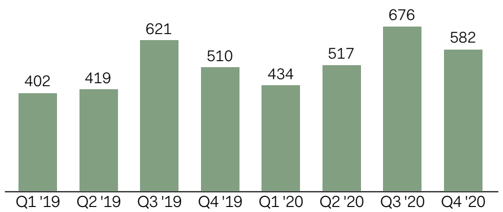
Revenue

DKKm



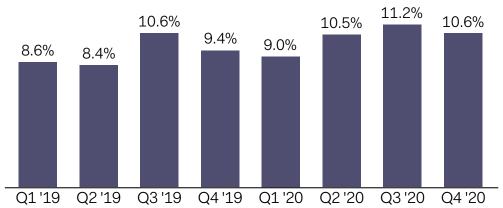
EBITDA

DKKm



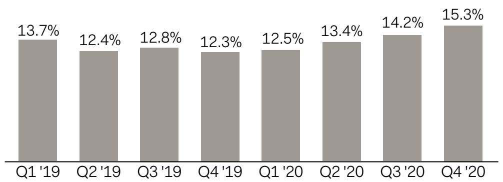
EBITDA margin

percent



ROIC excluding goodwill

percent



“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 2021

In 2021, we will see the effects of investments made in previous years, while also preparing for a new period of growth and development. Our strong financial platform will be an instrument for implementing long-term and value-creating transformation.

Schouw & Co.'s main focus areas at group level for 2021 will be on

Improving earnings
- Increase sales of value-added products and reduce dependence on high-volume goods
- Divest or develop and improve activities holding back earnings

Investing for growth
- Allocate capital for continuing transformation and development
- Make investments and acquisitions that will strengthen long-term competitive strength

Optimising capital utilisation
- Optimise work processes and production flows in order to reduce working capital
- Achieve full capacity utilisation

Future-proofing
- Long-term approach, but seize opportunities when they arise
- Assume responsibility for proper and credible value creation

The main focus of our portfolio companies in 2021 will be on

BIOMAR
- Sustain positive developments in salmon markets, especially in Norway
- Apply IT and technology for future innovation
- Reinforce the business model for Asia and increase volumes
- Ensure successful start-up of new factory in Vietnam

FIBERTEX PERSONAL CARE
- Install new production line in Malaysia
- Drive up efficiency in the USA and increase capacity
- Introduce certified sustainable products
- Ensure high-level volumes in both Denmark and Malaysia
- Implement development initiatives in post-processing, barrier properties and print

FIBERTEX NONWOVENS
- Start-up spunlace capacity investments in Europe and the USA
- Sustain positive developments in wipes segment
- Grow volume sales to automotive segment
- Increase utilisation of shared service centre in Czech Republic
- Ensure sustained profitability in filtration and nano areas

GPV
- Win new customers and manufacture new products in Mexico
- Optimise factory footprint
- Build on and internationalise design and engineering competencies
- Ensure tight cost management and adapt to current market conditions
- Develop organisation and strengthen operational management

HYDRASPECMA
- Follow global growth in wind segment
- Expand product assortment within electrification
- Upgrade and develop Nordic aftermarket
- Finish construction projects in Sweden and Denmark
- Drive optimisation in sales and procurement

BORG AUTOMOTIVE
- Integrate the turbocharger business TMI
- Develop further and implement production optimisation systems
- Optimise logistics platform and implement vendor managed inventories
- Ensure production scalability
- Enhance efficiency and profitability of UK production unit

Risks

Building on different business areas and geographies, Schouw & Co.'s conglomerate structure means highly diversified business risk. The main business-specific risk relate to BioMar, the largest business of the portfolio.

RISKS PARTIALLY OFFSET BY CONGLOMERATE DIVERSIFICATION

Global macroeconomics
For BioMar, Fibertex Personal Care and to some extent Fibertex Nonwovens and Borg Automotive, their business models and sales are not particularly affected by the 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
The Group sells its products in more than 100 countries and has 60 production facilities in 29 countries, Some countries have a greater effect than others, and any country-specific conditions in countries of special importance may have derived global effects on the value chain.

Acquisitions
M&A has historically been a major value creator, and the Group will in future have additional opportunities to contribute to consolidate operations and create acquisitive growth within the different business areas and geographies in which the portfolio businesses operate.

Cyber risk
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 risk
The world is increasingly experiencing climate-related effects, but the geographic diversification of Schouw & Co.'s operations minimises the implications of local and regional natural disasters and weather phenomena. Any reliance on specific sources of energy is company-specific.

Currency risk
The broad geographical diversification with strong production and sales overlap within countries creates a natural hedge at group level. The overall foreign currency risk is considered to be moderate.

Financing risk
Debt is generally managed centrally, and the parent company and the companies are jointly liable for debts. The Group mainly raises financing with four banks (three of which are Nordic) and through a schuldschein issue.

Interest rate risk
The Group has moderate interest-bearing debt relative to its earnings, and higher interest rates would only have a moderate impact on earnings.

RISKS OF SOME IMPORTANCE DESPITE DIVERSIFICATION

Market risk
All of the portfolio companies operate in highly competitive markets and face natural concerns as to whether it will be possible to sell the projected volumes at the expected prices and to collect trade receivables. Risks vary from market to market, as there may be excess capacity causing pressure on prices in some, while in others technology innovation may change the competitive setting.

Reliance on major customers
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.

Risk relating to raw materials
Raw material 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.

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 the feed produced is for salmon farmed in Norway, Scotland or 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 fish and shrimp 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 and earnings.

FEED FOR SALMON

Value creation

BioMar has produced quality fish feed for farmed salmon since 1987. BioMar manufactures feed for all phases of fresh-water and salt-water fish farming operations, from larvae to fish ready for slaughter. 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 Australia too, where BioMar also has a feed factory. BioMar has a total of seven factories producing salmon feed and a market share of 25–30%.

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 reliability 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 strongest. The business of feed for Mediterranean fish species is growing at a slower rate.

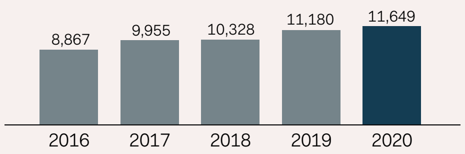
Presence

BioMar's EMEA region spans operations in the Mediterranean and the Baltic regions and includes factories in Denmark, France, Spain, Greece and Turkey. The company produces feed for more than forty different species, but mainly for trout, sea bass and sea bream. Shrimp farming takes place in many different parts of the world. BioMar manufactures shrimp feed in Ecuador and Costa Rica, and will soon open a facility in Vietnam. In China, BioMar has a presence through a joint venture with a local feed manufacturer.

BioMar

A good year with revenue and EBITDA improving and strong positive cash flows from operations. New production capacity in Australia, China and Ecuador together with a new partnership in Vietnam. Guiding for sustained improvements in 2021.

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 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 two factories in China and, from 2021, a new factory in Vietnam.

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

Financial performance
BioMar closed out the year on a high level of business activity in the fourth quarter, as volume sales increased by 5%. However, reported revenue fell by 3% from DKK 3,126 million in Q4 2019 to DKK 3,045 million in Q4 2020, mostly due to foreign exchange developments.

Both for the fourth quarter and for the year as a whole, the increase in volume sales was attributable mainly to the Salmon Division, with the exception of Chile where the coronavirus situation led to sluggish demand. The ongoing efforts to develop close relationships with customers on advanced feed solutions and the start-up of the new factory in Australia were some of the most important factors driving the improvement. The EMEA and LatAm divisions were impacted by the coronavirus situation, although the EMEA division improved year-on-year sales in the fourth quarter as favourable water temperatures offset the negative effects of the coronavirus pandemic.

As a result, full-year 2020 revenue was up by 4% to DKK 11,649 million from DKK 11,180 million in 2019. The revenue improvement was based on a 7% increase in volumes sold relative to 2019, which were offset mainly by foreign exchange developments. Overall, exchange rate developments had a negative effect on revenue of more than DKK 400 million.

Reported Q4 2020 EBITDA was down 11% year on year, especially due to difficult market conditions in Chile and Ecuador caused by the coronavirus pandemic, bringing full-year

JOINT VENTURES AND ASSOCIATES

BioMar manufactures fish feed in China and Turkey through 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 2020 revenue (100% basis) of DKK 682 million and EBITDA of DKK 40 million, against revenue of DKK 676 million and EBITDA of DKK 25 million in 2019. Revenue developments consisted of a decline in Turkey due to challenging macroeconomic conditions and improvements in China following the start-up of the new factory in Wuxi, near Shanghai. The earnings improvement was driven by relatively normal conditions in 2020, whereas the 2019 figure was impacted by provisions for bad debts in Turkey.

However, the non-consolidated businesses also include the Chilean fish farming company Salmones Austral and three minor businesses, Letsea, ATC Patagonia and LCL Shipping.

BioMar holds a non-strategic ownership interest of 22.9% in Salmones Austral, which is recognised as an associate in the consolidated financial statements. At the beginning of 2020, the owners of Salmones Austral had expected to work towards a listing of the company in Santiago, Chile for purposes of raising capital for the continued development of the business. However, the plans for an IPO have been postponed until further notice due to the coronavirus pandemic.

Furthermore, the coronavirus situation has had a severe, negative impact on the year's revenue and earnings in Salmones Austral. The main reason is lower settlement prices for farmed salmon, which has obviously influenced the volumes of fish sold, but it has also resulted in negative value adjustments of salmon stocks at fish farms. As a result, Salmones Austral reported 2020 revenue of DKK 1,089 million and EBITDA of DKK -112 million, against revenue of DKK 1,605 million and EBITDA of DKK 418 million in 2019.

The non-consolidated joint ventures and associates are recognised in the 2020 consolidated financial statements at a DKK 36 million share of loss after tax, compared with a DKK 50 million share of profit in 2019.

BioMar

BioMar	Q4 20	Q4 19	2020	2019
Volume ('000 of tonnes)	354	337	1,342	1,250
Revenue (DKKm)	3,045	3,126	11,649	11,180
- of which salmon north	1,624	1,568	5,501	5,008
- of which salmon south	651	764	3,009	2,819
- other divisions	770	793	3,139	3,353

EBITDA to DKK 972 million, compared with DKK 966 million in 2019. The moderate improvement was driven by increased volume sales and a number of cost cuts, but which were partially offset by unfavourable foreign exchange developments compared with 2019, and costs related to the coronavirus pandemic, such as additional costs for testing, cleaning, extra production shifts and support provided to local communities in affected areas.

Working capital fell from DKK 1,315 million at 31 December 2019 to DKK 955 million at 31 December 2020. The reduction of the working capital was due to a number of factors, including reduced trade receivables and inventories and an increase in other debt. Foreign exchange developments also contributed to reducing the working capital. The use of supply chain financing amounted to DKK 829 million at 31 December 2020, which was largely unchanged from 31 December 2019.

ROIC excluding goodwill remained high, at 18.4% at 31 December 2020, compared with 18.8% at 31 December 2019.

Business review
Despite the unusual conditions caused by the coronavirus pandemic, BioMar managed to maintain near-normal operations in 2020. The situation varied from country to country, but BioMar implemented a number of measures in order to protect the employees and to support local communities in the most affected areas. The negative impact on BioMar's overall volume sales has been relatively modest to date, although certain markets have faced more challenges than others, particularly Chile, Ecuador and the Mediterranean markets.

However, the current challenges in Ecuador resulting from the coronavirus pandemic have not affected the expectations for long-term market growth that were the background for the capacity expansion which BioMar launched in Ecuador in 2019. Completed in the fourth quarter of 2020, the expansion includes a production line for extruded feed, which has increased annual production capacity by a further 40,000 tonnes. The new production line represents an investment of about DKK 50 million.

Despite the exceptional circumstances in 2020, BioMar also successfully managed to start up production at new factories in Australia and China, despite the travel restraints faced by technicians and specialists. The two new factories, located in Tasmania, Australia and in Wuxi, China, respectively, began commercial operations in the second quarter of 2020 and, as part of BioMar's global production facilities, they now play an important role in the company's presence in those two important aquaculture markets.

In the second quarter of 2020, BioMar concluded a declaration of intent with a leading player in Vietnam's shrimp farming industry, Viet-UC, intended to pave the way for BioMar becoming a co-owner and taking operational charge of a relatively new feed factory owned by Viet-UC. The new partnership is expected to produce substantial synergies and to strengthen BioMar's global position in the shrimp feed business. The process to define the partnership has taken longer than originally expected due to the continuing travel restrictions, but the parties have collaborated constructively and the final agreement on the partnership has been signed after year end.

Outlook
From a general perspective, demand for farmed fish and shrimp is progressing well in most markets. However, the coronavirus situation has disrupted the usual sales channels for farmed fish and shrimp, leading to import/export restrictions and creating a highly volatile supply/demand situation and, as a result, volatile pricing.

To date, the coronavirus pandemic has had only a limited impact on BioMar's overall volume sales. However, there have been shifts in geographical sales, as fish farmers in certain markets have reduced feed volumes, while in others sales of more advanced feed products have declined and have been replaced by relatively more ordinary products.

According to current assessments, the markets in Chile and Ecuador are subject to the most uncertainty, as fish farmers are seeing the coronavirus pandemic having a very significant impact on their sales, especially to the HoReCa segment. The effects of the ongoing vaccination programmes are as yet unknown, but BioMar's guidance for 2021 assumes that primary market conditions will gradually normalise. Based on that assumption, BioMar expects an increase in volume sales driven in part by gradual normalisation, in part by the effects of the strategic investments made in recent years.

Against this background, BioMar expects to generate full-year 2021 revenue of about DKK 12.0 billion, but as always changes in raw materials prices and foreign exchange rates may impact revenue. Earnings may also be affected by foreign exchange developments, but based on the current outlook, BioMar expects to generate EBITDA in the range of DKK 950–1,020 million in 2021.

Associates and joint ventures, which are recognised at a share of profit after tax, are expected to contribute a total share of profit of approximately DKK 40 million in 2021. The improvement relative to 2020 is largely attributable to Salmones Austral, and subject to a significant degree of normalisation of salmon prices in Chile.

The management of Schouw & Co.: Pictured from left to right: Erik Weimar Rasmussen, CFO, Jens Bjerg Sørensen, CEO, Peter Kjær (Vice President) and Kasper Okkels (Vice President Business Development, Strategy & IR.

Schouw & Co. creates long-term value by exercising active and inspiring ownership of leading Danish industrial businesses

OWNERSHIP THROUGH AND ALONGSIDE MANAGEMENT TEAMS

Schouw & Co. maintains an ongoing and close dialogue with portfolio company management teams on such issues as strategy, financing, accounting, investments and acquisitions. Active ownership is always exercised through and alongside company management teams.

Nonwovens

Fibertex was founded in 1968 and the Personal Care activities were started up in 1998. In 2011, the two units became separate independent companies through a demerger. A common trait for 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 spunbond/spunmelt nonwovens for the personal care industry.

Value creation

Fibertex Personal Care manufactures much of the materials used for diapers, sanitary towels and incontinence products. In many cases, customers are major hygiene product manufacturers, such as Procter & Gamble, selling their products under well-known brands. For many years, customers have recognised Fibertex Personal Care for its focus on innovation and product development.

Growth

In Asia, disposable diapers are still used much less than in Europe, where disposable diapers are used for virtually all babies. Due to growing prosperity and attention to personal hygiene, the Asian market has grown by more than 10% annually over the past many years. The rate of growth in the global market is lower.

Presence

The production of spunbond materials 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. In addition to the production of spunbond nonwovens, the company possesses a unique technology that allows direct printing on nonwoven fabrics. These services are provided in Germany, Malaysia and the USA.

Fibertex NONWOVENS

Fibertex Nonwovens manufactures special-purpose nonwovens for a wide range of industrial and healthcare-related applications.

Value creation

Fibertex Nonwovens manufactures nonwovens for use in, among other things, cars and furniture, for wipes, as weed covers, in composite products, filtration solutions and in infrastructure projects. The products can be used in place of other, more expensive and heavier materials, but also 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 products. 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.

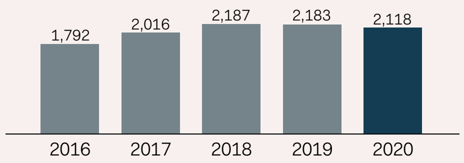
Presence

Considerable parts of production and sales take place within the EU, and Fibertex Nonwovens operates factories in Denmark, France and the Czech Republic. Currently, the fastest growing market is North America, where Fibertex Nonwovens has two manufacturing facilities. In addition, the company has production facilities in Turkey, Brazil and South Africa.

Fibertex Personal Care

Improved volume sales and effect of exchange rate terms in contracts driving all-time high EBITDA and strong positive cash flows from operations. New production capacity underway in Malaysia and the USA.

Revenue performance



Fibertex Personal Care is one of the world's largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry. The company has nonwovens production facilities in Denmark and Malaysia.

Operations include printing on nonwoven textiles for the personal care industry. The company is the market leader in this field. Printing operations are based in Germany, Malaysia and the USA. Both businesses focus mainly on materials for diapers, sanitary towels and incontinence products.

Financial performance

Fibertex Personal Care generated revenue of DKK 524 million in Q4 2020, compared with DKK 546 million in Q4 2019. The revenue decline was driven by a number of opposing factors with volume sales increasing in Denmark and Malaysia, while selling prices have declined due to lower prices of raw materials and lower exchange rates. Full-year revenue for 2020 was DKK 2,118 million, a 3% drop from DKK 2,183 million in 2019.

Fibertex Personal Care	Q4 20	Q4 19	2020	2019
Revenue (DKKm)	524	546	2,118	2,183
- nonwovens Denmark	166	192	696	743
- nonwovens Malaysia	261	270	1,065	1,057
- printing activities	97	84	357	383

Reported EBITDA for 2020 was DKK 406 million, compared with DKK 352 million in 2019. The earnings improvement was driven in particular by higher volume sales at the factories in Malaysia and Denmark, but also by exchange rate terms in contracts and positive trends in prices of raw materials. Nevertheless, reported Q4 2020 EBITDA was down 5% year on year, in part due to less favourable trends in prices of raw materials towards the end of the year.

Fibertex Personal Care reduced its working capital from DKK 332 million at 31 December 2019 to DKK 250 million at 31 December 2020. The reduction of the working capital was mainly due to a drop in trade receivables. The improved earnings lifted ROIC excluding goodwill to 18.3% at 31 December 2020 from 13.0% at 31 December 2019.

Business review

In September 2020, Fibertex Personal Care announced plans to set up another production line in Sendayan, Malaysia. The new production line is expected to be operational in the second half of 2021, enabling Fibertex Personal Care to share in the continuing growth being projected for the Asian market.

At the same time, Fibertex Personal Care announced plans to add a new printing line to operations in the USA, which is also expected to be operational in the second half of 2021, to accommodate growing demand for printed nonwovens in the US market. Representing a combined investment of about DKK 250 million, the two new production lines will add 10% to the existing capacity within each business area.

For many years, sustainable production and responsible use of resources have been focus areas for Fibertex Personal Care and the company is now the world's first nonwoven manufacturer to be ISCC PLUS certified. As a result, the company is now able to supply nonwovens based on a sustainable raw material called bio-polypropylene or circular polypropylene.

Fibertex Personal Care's efforts in this context involve six of the United Nations' seventeen sustainable development goals (SDGs). In order to strengthen its communications in this field, Fibertex Personal Care launched a new communication concept under the slogan "Sustainable is Possible" along with a different visual expression. Through a new, more holistic approach to sustainability, the company has now launched new initiatives based on a mindset to 'Reimagine – Reuse – Reduce'.

Outlook

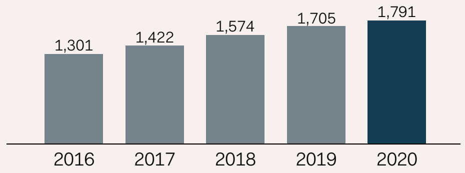
Demand for nonwovens for the production of personal protective equipment remains strong due to the coronavirus pandemic, but Fibertex Personal Care has retained its main focus on materials for diapers, sanitary towels and incontinence products. However, business has picked up in prints for face masks as still more private companies and organisations see an opportunity to express their brand, which has driven up demand for printed nonwovens with various designs, symbols or text.

From a general perspective, Asia is expected to see growth in all three core areas, but incontinence products have shown particularly positive trends in the European market. The high levels of volume sales are expected to continue in 2021, whereas developments in prices of raw materials will likely impact on earnings.

As a result, Fibertex Personal Care expects to generate full-year 2021 revenue of about DKK 2.2 billion and EBITDA in the DKK 320-360 million range. As always, revenue and EBITDA are subject to changes in prices of raw materials and in foreign exchange rates.

Fibertex Nonwovens

Revenue performance



Strong close to the year with considerable revenue and earnings improvements. Growing sales of materials for healthcare purposes and strong business activity in North America. Full-year EBITDA better than expected.

Fibertex Nonwovens is among the world's leading manufacturers of special-purpose 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 North and South America, while its secondary markets are in Africa.

Financial performance

Fibertex Nonwovens reported Q4 2020 revenue of DKK 476 million, a 28% increase from DKK 373 million in Q4 2019. Sales were strong in all segments and earnings grew in all regions, bringing full-year 2020 revenue to DKK 1,791 million, an 5% increase from DKK 1,705 million in 2019. The revenue improvement was driven by a surge in sales of filtration materials and materials for disposable wipes as well as a generally positive performance in North America. Overall sales in Europe were also slightly higher than in 2019, but reduced demand from the automotive industry due to the shutdown of automotive plants in the second quarter as a consequence of the coronavirus pandemic also impacted activities in the region.

The strong turnover in the fourth quarter, which also drove a strong earnings improvement, brought reported 2020 EBITDA to an all-time high of DKK 270 million, compared with DKK 141 million in 2019, which was better than the guidance provided in the Q3 2020 interim report. The main reasons for the improved earnings were higher sales late in the year combined with an improved product mix, growing sales of advanced products and a considerable effect from a temporary drop in prices of raw materials, although the latter were trending upwards towards the end of the year.

Despite the increase in business activity, working capital fell from DKK 510 million at 31 December 2019 to DKK 472 million at 31 December 2020 due in part to lower inventories.

ROIC excluding goodwill surged from 3.1% at 31 December 2019 to 12.2% at 31 December 2020, driven by increased earnings and lower invested capital.

Business review

In recent years, Fibertex Nonwovens has consolidated its position as a leading manufacturer of special-purpose nonwovens. In 2020, the company reaped the benefits of recent years' investments in global production capacity, which has enabled the company to capitalise on the opportunities that have arisen during the coronavirus pandemic based on a surge in the consumption of filtration materials for face masks and materials for wipes, used for disinfection purposes, for example.

Market conditions were generally turbulent during 2020, with large fluctuations in demand. Many of the company's customers have been hampered by the coronavirus pandemic, with the automotive industry especially hard hit because many factories were forced to close in the second quarter. However, there were also new business opportunities, and the company managed to adapt production to market needs as the year progressed. The North American operations continued the positive developments, and building a presence in the USA is considered an important long-term investment in an attractive growth market.

Production capacity has been expanded in an ongoing process, most recently with a new production line in the USA, while other production lines have been upgraded in order to increase the proportion of value-added products. Fibertex Nonwovens is planning additional investments to expand capacity, in both the USA and Europe.

Outlook

Going forward, Fibertex Nonwovens expects promising growth opportunities in the use of nonwovens for industrial and healthcare-related purposes. However, the outlook for 2021 remains full of uncertainty about economic developments due to the coronavirus pandemic. The latest effect has been a global shortage of raw materials, which has triggered higher prices and, combined with higher freight rates, this will put earnings under pressure until a new equilibrium has been found.

Fibertex Nonwovens expects satisfactory market activity in 2021 along with good capacity utilisation for the company. Demand for filtration material and materials for wipes is expected to remain high, making this a logical focal area for future strategic investments. The company also expects the automotive industry will recover some of its business activity.

Against this background, Fibertex Nonwovens expects to generate full-year 2021 revenue of DKK 1.8–1.9 billion, while EBITDA is projected at the range of DKK 220–250 million due to rising prices of raw materials.

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Industrial solutions

Three of the companies in our portfolio are quite different, 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 largest EMS (Electronics Manufacturing Services) companies and has been under Schouw & Co ownership since 2016.

Value creation

GPV creates value by offering 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.

Presence

Serving European and American customers operating in international markets. GPV has business units in Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka, China 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 and systems to various growth industries, including on/offshore wind turbines, buses, lorries and contractors' equipment.

Presence

Strong Nordic presence in Denmark, Sweden, Norway and Finland and has followed its major customers to international markets and currently has 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

Instead of being scrapped, defective alternators, brake callipers and turbochargers can be remanufactured and reused in the market as part of the circular economy. Borg offers a comprehensive product range, covering nearly all car makes.

Growth

There is a growing number of cars on the roads, and today's cars have higher mileage than cars had previously. Focus on sustainability and reusing materials is growth-supportive.

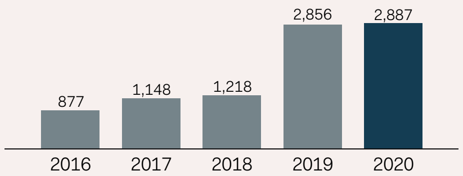
Presence

European-based production in Poland, the UK and Spain. Customers are European distributors of auto parts and OE manufacturers.

GPV

Strong earnings improvement in an otherwise challenging year. Surge in volume sales to selected segments offsets slump in other segments. Full-year EBITDA better than expected.

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, China and Mexico.

Financial performance

GPV reported Q4 2020 revenue of DKK 696 million, a 2% increase from DKK 682 million in Q4 2019, bringing full-year revenue to DKK 2,887 million, a 1% improvement from DKK 2,856 million in 2019 and a new record. The revenue performance was restrained because a few of the company's factories were temporarily closed fully or in part in compliance with government-imposed restrictions on account of the coronavirus pandemic. In addition, the company saw reduced demand in certain market segments during the year, whereas other segments, such as MedTech and Semiconductors, enjoyed growing demand. In particular, GPV delivered a large order in 2020 to a MedTech customer in the ventilator segment, which had a positive effect on both revenue and earnings, especially in the third quarter.

EBITDA for the fourth quarter was much better than expected, bringing the full-year EBITDA to DKK 271 million and ahead of the guidance provided in the Q3 interim report, compared with DKK 196 million in 2019. Earnings were lifted by the higher business activity resulting from the increased sales to the MedTech segment, tight cost management and by the lower integration and other costs incurred relative to the previous year.

Working capital fell from DKK 766 million at 31 December 2019 to DKK 701 million at 31 December 2020, mainly due to the ongoing work to optimise inventories and the effects of extended government deadlines for paying in VAT and employee income taxes, etc. due to the coronavirus situation. ROIC excluding goodwill improved to 11.0% at 31 December 2020 from 6.0% at 31 December 2019.

Business review

Meeting customer requirements for high quality standards and reliability of supply is a top priority for GPV. To ensure adequate flexibility, the company has an ongoing investment programme to step up automation and efficiency. This includes ongoing attention to digitising business processes, including the use of video streaming for customer audits, certification audits and implementing new products.

GPV expects to initiate two planned expansion projects in 2021, one in Thailand and one in Sri Lanka. However, the project start-ups will depend on how the coronavirus situation develops.

Outlook

GPV believes the coronavirus situation will continue to impact market developments in the early months of 2021, which would likely affect the general level of business activity in the first half of the year. Recently, increased consumption of components, in particular for electrification, computers and 5G networks, has extended lead times for electronic components. This has led to higher component prices and longer lead times.

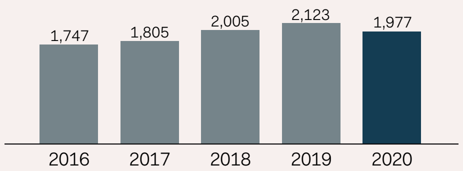
The large shipments to the MedTech segment made in 2020 are not expected to repeat in 2021, but GPV is experiencing growing demand from a number of customers, including in the Instruments & Industry and Semiconductor segments, and the company has a strong pipeline with an ongoing inflow of new contracts and new customers, which in the longer term will support its business activity. Considering the time frame usually required for integrating such new activities, the process is not expected to offset the negative impact of the coronavirus pandemic or the reduced sales to the MedTech segment over the coming quarters.

Against this background, GPV expects to generate FY 2021 revenue of about DKK 2.7 billion and EBITDA in the range of DKK 220–250 million.

HydraSpecma

Strong close to the year with sales of products for the vehicles segment increasing and persistently strong sales of solutions for wind turbines and other stationary equipment. Full-year EBITDA better than expected.

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 its own businesses in Poland, the UK, China, India, Brazil and the USA.

Financial performance

The fourth quarter proved to be better than expected for HydraSpecma. Sales improved to global customers in the vehicles segment, especially Commercial Vehicle and Construction Equipment which had both seen reduced activity during the year due to the coronavirus pandemic. By the end of the quarter, activity in the segment had almost recovered to pre-pandemic levels. Sales of solutions for wind turbines and other stationary equipment have remained at a high level, while a few other segments are still affected by the coronavirus situation.

HydraSpecma generated Q4 revenue of DKK 513 million, compared with DKK 509 million in Q4 2019, bringing full-year revenue to DKK 1,977 million, a 7% drop from DKK 2,123 million in 2019.

Driven by the cost adjustments made, a change in the product mix and the effects of investments in efficiency improvements, reported Q4 EBITDA rose to DKK 51 million from DKK 37 million in Q4 2019, which was better than expected. The full-year EBITDA was DKK 211 million, in line with the reported EBITDA for 2019 of DKK 215 million, of which gains from the sale of property accounted for DKK 6 million.

Working capital fell from DKK 665 million at 31 December 2019 to DKK 621 million at 31 December 2020. The decline was due especially to the continuous efforts to optimise inventories.

ROIC excluding goodwill fell from 13.5% at 31 December 2019 to 12.9% at 31 December 2020, mainly due to the slightly lower earnings.

Business review

In recent years, HydraSpecma has expanded its product assortment and grown its expertise within electrified solutions that not only operate independently but can also be combined with hydraulic components for hybrid solutions.

HydraSpecma is currently building new logistics and production facilities covering 11,000m^2 in the Gothenburg area, which will help the company optimise its current production and increase capacity to meet anticipated future demand from customers in the vehicles segment. The new unit is expected to begin operations by the end of the second quarter of 2021. The company has also begun to build a new tech centre at Ishøj outside Copenhagen which is scheduled to be operational by the end of the third quarter of 2021.

Production efficiency has generally improved thanks to investments made and the work to optimise production lead times. The geographical distribution of the business is expected to continue to shift towards Asia, with business activity growing especially in the wind turbine segment, and to accommodate this situation, HydraSpecma plans to begin expanding its production facilities in India in 2021.

Outlook

HydraSpecma expects to grow its sales to major global customers in the vehicles segment. In combination with its growing market share, the company expects sales will return to pre-corona levels in the near future. HydraSpecma also expects to maintain sales to customers in the wind turbine segment and for other stationary equipment at the current satisfactory level. Other customers are also experiencing growing business activity, but it is believed that a full return to normal will take a good deal longer.

The hydraulics market remains volatile, with prospects continually changing and at short notice. The growing market demand will result in higher prices as well as longer lead times from suppliers and higher transport costs.

HydraSpecma continues to help its companies align to the future market situation while also making the necessary investments to ensure that the organisation remains agile and retains its competitive strength and high level of service. Earnings for the year are expected to be reduced by the extra costs involved in the relocation of activities from current locations to the new facilities in Gothenburg, Sweden and Ishøj, Denmark.

Against this background, HydraSpecma expects to generate FY 2021 revenue of about DKK 2.1 billion and EBITDA in the range of DKK 210–230 million.

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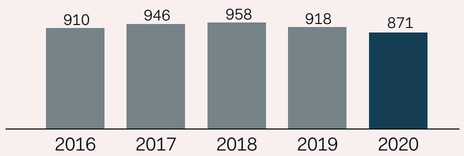
Borg Automotive

Good momentum to close out the year with growing demand in key markets. Strengthened product offering to boost sales. Expecting sharply improving revenue and EBITDA in 2021.

Revenue performance



As Europe's largest independent remanufacturing company, Borg Automotive defines the concept of the circular economy, being a producer, seller and distributor of remanufactured automotive parts to the European market.

Borg Automotive sells its 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 calipers, 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.

Headquartered in Silkeborg, Denmark, Borg Automotive has a sales subsidiary in Belgium, production facilities in Poland, the UK and, since the end of 2020, in Spain.

Financial performance

Borg Automotive reported increasing business activity in several markets in the fourth quarter of 2020, although the coronavirus pandemic remains a factor. Reported Q4 revenue was DKK 224 million, up from DKK 198 million in Q4 2019, bringing the reported full-year revenue to DKK 871 million, a 5% decline from DKK 918 million in 2019.

Borg Automotive launched a number of initiatives and cost adjustments during 2020 intended to counter the effects of the pandemic, which combined with the improved revenue towards the end of the year lifted EBITDA from DKK 24 million in Q4 2019 to DKK 35 million in Q4 2020. The company made a positive value adjustment of cores for the full year, but it was offset by a corresponding negative inventory adjustment, bringing reported EBITDA to DKK 108 million, compared with DKK 110 million in 2019.

Working capital fell from DKK 156 million at 31 December 2019 to DKK 113 million at 31 December 2020, which is a good deal less than would otherwise have been expected. The reduced working capital was due to, among other things, lower trade receivables. ROIC excluding goodwill improved from 14.9% at 31 December 2019 to 17.5% at 31 December 2020.

Business review

Borg Automotive was clearly negatively affected by the coronavirus pandemic in 2020. In April and May, especially, a number of important European markets experienced reduced traffic intensity and lower activity, and production had to be reduced temporarily due to the much weaker demand. However, the company managed to retain its customer base and adapted to the business activity as the year progressed.

Borg Automotive has continuously worked to develop its product portfolio and as part of these efforts, the company struck a deal with Spanish remanufacturing company Turbo Motor Inyección (TMI) to acquire its turbocharger operations effective from 16 December 2020. With the takeover date so late in the year, the acquisition had a negligible effect on 2020 revenue and EBITDA. Remanufactured turbochargers constitute a rapidly growing product segment, and this addition to the product portfolio accommodates customer demand. The acquisition added about 150 employees to Borg Automotive's staff and about DKK 100 million to annual revenue. The acquisition was made with an earn-out model that over time is expected to lead to an enterprise value of DKK 70-80 million.

Outlook

The considerable customer consolidation seen in recent years in the market Borg Automotive serves has obviously caused changes to prevailing trading patterns, but it also provides added revenue opportunities for large, well-established players like Borg Automotive. Borg Automotive has a broad product portfolio and a strong pipeline that will support positive sales developments to the independent aftermarket and to the OE segment.

Expectations to 2021 demand remain generally positive, and the acquisition of the turbocharger operations in Spain is expected to support Borg Automotive's product portfolio and its market position. However, growing competition and rising costs are also expected to affect the market. Borg Automotive generated about 20% of its total sales in the UK, and the country's exit from the EU will have a negative impact, not only in terms of rising costs, but also due to a more complex trading environment.

Borg Automotive expects full-year revenue of around DKK 1,050 million in 2021, corresponding to a 20% improvement on 2020. The full-year EBITDA is expected to be in the DKK 130–150 million range.

Portfolio company financial highlights – full year

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg		Group	
FY	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
INCOME STATEMENT														
Revenue	11,649	11,180	2,118	2,183	1,791	1,705	2,887	2,856	1,977	2,123	871	918	21,273	20,946
Gross profit	1,459	1,477	501	407	446	309	427	444	495	532	198	201	3,528	3,370
EBITDA	972	966	406	352	270	141	271	196	211	215	108	110	2,209	1,951
Depreciation and impairment losses	335	311	137	137	104	107	120	118	88	79	48	48	833	802
EBIT	637	655	269	215	166	33	151	78	123	136	60	62	1,376	1,149
Profit after tax in assc's and joint ventures, etc.	-36	79	0	0	0	0	0	0	0	1	0	0	-36	79
Net financial items	-68	-62	-16	-12	-31	-28	-32	-13	-41	-23	-3	-1	-133	-79
Profit/loss before tax	534	672	253	203	134	6	119	65	82	114	57	62	1,209	1,149
Tax on profit/loss for the year	-141	-134	-57	-43	-46	0	-18	-16	-20	-25	-13	-18	-300	-243
Profit before non-controlling interests	393	537	197	160	88	5	101	50	62	89	44	43	909	906
Non-controlling interests	0	0	0	0	3	5	0	0	1	-1	0	0	3	5
Profit for the year	393	537	197	160	90	11	101	50	63	88	44	43	912	911
CASH FLOWS														
Cash flows from operating activities	1,028	328	423	426	225	112	252	235	197	177	139	85	2,296	1,410
Cash flow from investing activities	-131	-543	-93	-55	-92	-256	-33	-88	-113	-77	-71	-27	-533	-1,043
Cash flows from financing activities	-845	198	-346	-371	-97	142	-247	-143	-92	-101	-62	-60	-1,630	-421
BALANCE SHEET														
Intangible assets *	1,178	1,311	73	78	134	152	412	422	254	255	345	323	3,423	3,568
Property, plant and equipment	1,625	1,750	1,254	1,368	914	976	423	478	318	256	97	97	4,659	4,956
Other non-current assets	1,004	1,194	7	51	23	36	161	183	123	124	79	88	1,427	1,699
Cash and cash equivalents	293	270	14	31	62	23	133	168	18	28	9	3	635	538
Other current assets	4,401	4,246	521	579	822	766	1,187	1,157	1,011	1,028	530	594	7,851	8,016
Total assets	8,500	8,771	1,869	2,107	1,954	1,953	2,317	2,406	1,724	1,691	1,059	1,105	17,994	18,777
Shareholders' equity	2,655	2,852	1,105	1,104	651	650	899	857	575	530	543	579	9,605	9,521
Interest-bearing liabilities	2,258	2,565	341	574	966	1,042	820	1,009	751	771	34	91	2,599	3,885
Other liabilities	3,587	3,355	423	430	338	261	598	540	399	390	482	435	5,790	5,371
Total equity and liabilities	8,500	8,771	1,869	2,107	1,954	1,953	2,317	2,406	1,724	1,691	1,059	1,105	17,994	18,777
Average no. of employees	1,377	1,239	745	746	1,019	1,019	3,611	3,829	1,161	1,221	1,466	1,615	9,393	9,683
FINANCIAL DATA														
EBITDA margin	8.3%	8.6%	19.2%	16.1%	15.1%	8.2%	9.4%	6.9%	10.7%	10.1%	12.4%	12.0%	10.4%	9.3%
EBIT margin	5.5%	5.9%	12.7%	9.8%	9.2%	1.9%	5.2%	2.7%	6.2%	6.4%	6.9%	6.8%	6.5%	5.5%
ROIC excluding goodwill	18.4%	18.8%	18.3%	13.0%	12.2%	3.1%	11.0%	6.0%	12.9%	13.5%	17.5%	14.9%	15.3%	12.3%
ROIC including goodwill	13.4%	13.7%	17.2%	12.3%	11.3%	2.9%	9.8%	5.5%	11.4%	12.0%	8.8%	8.2%	12.3%	10.0%
Working capital	955	1,315	250	332	472	510	701	766	621	665	113	156	3,107	3,738
Net interest-bearing debt	1,532	2,077	327	542	826	980	615	819	696	718	1	2	1,936	3,298

* Intangible assets in portfolio businesses stated exclusive of consolidated goodwill in Schouw & Co.

Portfolio company financial highlights – Q4

Q4	BioMar 2020	BioMar 2019	Fibertex Personal Care 2020	Fibertex Personal Care 2019	Fibertex Nonwovens 2020	Fibertex Nonwovens 2019	GPV 2020	GPV 2019	HydraSpecma 2020	HydraSpecma 2019	Borg 2020	Borg 2019	Group 2020	Group 2019
INCOME STATEMENT														
Revenue	3,045	3,126	524	546	476	373	696	682	513	509	224	198	5,473	5,428
Gross profit	387	427	107	102	134	54	102	120	128	124	59	30	917	857
EBITDA	266	299	83	88	76	16	79	53	51	37	35	24	582	510
Depreciation and impairment losses	84	76	33	35	24	33	32	29	24	21	12	12	209	207
EBIT	182	223	50	52	52	-17	47	24	27	17	23	12	373	303
Profit after tax in assc's and joint ventures, etc.	0	16	0	0	0	0	0	0	0	1	0	0	0	17
Net financial items	-21	-17	-6	-7	-5	-6	-12	8	-11	-10	2	3	-39	-14
Profit/loss before tax	160	222	44	45	47	-23	35	32	17	7	25	15	335	306
Tax on profit for the period	-41	-33	-8	-7	-27	6	2	-9	-4	-3	-6	-10	-84	-57
Profit before non-controlling interests	119	189	36	39	20	-18	37	23	13	4	19	6	251	249
Non-controlling interests	0	0	0	0	-1	3	0	0	0	0	0	0	-1	3
Profit for the year	119	189	36	39	20	-15	37	24	12	4	19	6	250	252
CASH FLOWS														
Cash flows from operating activities	156	135	53	76	58	50	157	85	24	62	1	59	429	458
Cash flow from investing activities	-10	-125	-15	-8	-21	-54	-8	1	-40	-36	-66	-11	-160	-233
Cash flows from financing activities	-181	-66	-50	-60	-29	-3	-139	-94	-5	-32	64	-51	-301	-298
BALANCE SHEET														
Intangible assets *	1,178	1,311	73	78	134	152	412	422	254	255	345	323	3,423	3,568
Property, plant and equipment	1,625	1,750	1,254	1,368	914	976	423	478	318	256	97	97	4,659	4,956
Other non-current assets	1,004	1,194	7	51	23	36	161	183	123	124	79	88	1,427	1,699
Cash and cash equivalents	293	270	14	31	62	23	133	168	18	28	9	3	635	538
Other current assets	4,401	4,246	521	579	822	766	1,187	1,157	1,011	1,028	530	594	7,851	8,016
Total assets	8,500	8,771	1,869	2,107	1,954	1,953	2,317	2,406	1,724	1,691	1,059	1,105	17,994	18,777
Shareholders' equity	2,655	2,852	1,105	1,104	651	650	899	857	575	530	543	579	9,605	9,521
Interest-bearing liabilities	2,258	2,565	341	574	966	1,042	820	1,009	751	771	34	91	2,599	3,885
Other liabilities	3,587	3,355	423	430	338	261	598	540	399	390	482	435	5,790	5,371
Total equity and liabilities	8,500	8,771	1,869	2,107	1,954	1,953	2,317	2,406	1,724	1,691	1,059	1,105	17,994	18,777
Average no. of employees	1,377	1,280	754	757	1,041	1,024	3,575	3,729	1,152	1,220	1,464	1,551	9,376	9,576
FINANCIAL DATA														
EBITDA margin	8.7%	9.6%	15.9%	16.1%	15.9%	4.3%	11.4%	7.8%	9.9%	7.3%	15.8%	12.3%	10.6%	9.4%
EBIT margin	6.0%	7.1%	9.5%	9.6%	10.9%	-4.6%	6.8%	3.5%	5.3%	3.3%	10.4%	6.1%	6.8%	5.6%
ROIC excluding goodwill	18.4%	18.8%	18.3%	13.0%	12.2%	3.1%	11.0%	6.0%	12.9%	13.5%	17.5%	14.9%	15.3%	12.3%
ROIC including goodwill	13.4%	13.7%	17.2%	12.3%	11.3%	2.9%	9.8%	5.5%	11.4%	12.0%	8.8%	8.2%	12.3%	10.0%
Working capital	955	1,315	250	332	472	510	701	766	621	665	113	156	3,107	3,738
Net interest-bearing debt	1,532	2,077	327	542	826	980	615	819	696	718	1	2	1,936	3,298

* Intangible assets in portfolio businesses stated exclusive of 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, Carlsen Byggeselskab Løgten 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, 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 2019: 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 2021.

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 Exploration 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.

Board member: Formuepleje Holding A/S.

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

Shares held in Schouw & Co.
Holds 15,000 shares in Schouw & Co. (End 2019: 15,000 shares)

Independence as a board member
Jørgen Wisborg is considered to be independent, but from April 2021 he will have 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 2019: 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.

Board member: Danske Invest Management A/S, Danish Committee on Corporate Governance, University of Copenhagen

Shares held in Schouw & Co.
Holds 3,237 shares in Schouw & Co. (End 2019: 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 2021.

M.SC. (Economics) Aarhus University and Senior Vice President, regional CFO, Vestas Northern & Central Europe. Mr Smith has special expertise in finance, business development, strategy, M&A, capital markets and investor relations.

Directorships
Board member: Availon, Inc, NEG Micon UK Limited, Vestas Belgium SA, Vestas Benelux B.V., Vestas-Celtic Wind Technology Ltd., Vestas Central Europe – Zagreb d.o.o., Vestas Eastern Africa Ltd., Vestas Finland Oy, Vestas Ireland Ltd., Vestas Manufacturing Rus OOO, Vestas Northern Europe AB, Vestas Norway AS, Vestas Poland sp. z o.o., Vestas Southern Africa (Pty) Ltd., Vestas Switzerland AG.

Executive Management: Availon Holding GmbH. Availon GmbH, Vestas Blades Deutschland GmbH, Vestas Bulgaria EOOD, Vestas Central Europe d.o.o. Beograd, Vestas CEU Romania S.R.L., Vestas Czech Republic s.r.o., Vestas Deutschland GmbH, Vestas Georgia LLC, Vestas Hungary Kft., Vestas Nacelles Deutschland GmbH, Vestas Services GmbH, Vestas Slovakia spol. S.r.o., Vestas Österreich GmbH.

Shares held in Schouw & Co.
Holds 600 shares in Schouw & Co. (End 2019: 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: Almondy AB, Almondy Fastighets AB, Almondy Group Holding AB, Grocon Holding ApS, MTK GmbH.

Board member: Carletti A/S, Carletti Fastigheter AB, Coronet Cake Company ApS, Dina Food ApS, Food Innovation Center ApS, Food Innovation Group ApS, Givesco A/S, Givesco Ejendomme A/S, Hands-on Mikrofonden A/S, Holdingselskabet af 22. august 2018 ApS, 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, Grain Active A/S, Grocon Holding ApS, JFKA Invest ApS, Porto ApS.

Shares held in Schouw & Co.
Holds 381,990 shares in Schouw & Co. (End 2019: 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 and CEO
Jens Bjerg Sørensen

Born in 1957,
Appointed in 2000.

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

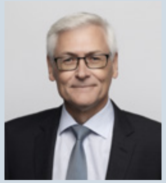
Directorships
Chairman: A. Kirk A/S, BioMar Group A/S, Borg Automotive A/S, F. Salling Holding A/S, F. Salling Invest A/S, GPV International A/S, HydraSpecma A/S, Købmand Herman Sallings Fond.

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 2019: 56,000 shares)



Vice President
Peter Kjær

Born in 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, 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 2019: 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 2020. The Board held an initial board meeting as well as five ordinary board meetings and one board seminar during the year.

The members of the Executive Management of Schouw & Co. are Jens Bjerg Sørensen, President, 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 committer 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/cg2020.

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 2020, 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.

Recommendation to keep dividend for the 2020 financial year unchanged at DKK

14

per share.

Treasury shares

Schouw & Co. used 23,556 treasury shares in 2020 in connection with options exercised under the Group's share incentive scheme.

At the end of 2020, the company held 1,520,724 treasury shares, equal to 5.96% of the share capital.

The market value of the holding of treasury shares was DKK 937 million at 31 December 2020. The portfolio of treasury shares is recognised at DKK 0.

Incentive plans

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 2020, a total of 360,000 share options to 27 people.

The share options vest over a period of three years and are exercisable during a 12-month period following the publication of Schouw & Co.'s annual report for the 2022 financial year at a strike price of DKK 483.56 plus a 3% premium per annum from the date of grant until the date of exercise.

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 are available from the company's website, www.schouw.dk.

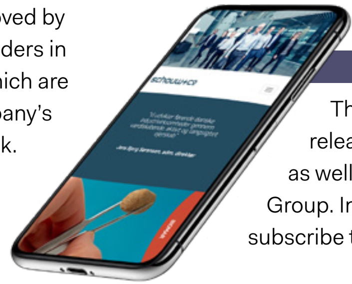
Financial calendar for 2021

15.04.2021	Annual general meeting
20.04.2021	Expected distribution of dividend for the 2020 financial year
06.05.2021	Release of Q1 2021 interim report
12.08.2021	Release of Q2 2021 interim report
11.11.2021	Release of Q3 2021 interim report

Company announcements

Schouw & Co. released the following company announcements in 2020: The announcements are available at the company's website, www.schouw.dk.

06.03.2020	#1	Annual report 2019
13.03.2020	#2	Continuation of incentive programme
16.03.2020	#3	Notice of the Annual General Meeting of Aktieselskabet Schouw & Co.
25.03.2020	#4	Financial guidance for 2020 suspended
15.04.2020	#5	Annual general meeting of Schouw & Co.
07.05.2020	#6	Interim report – First quarter of 2020
14.08.2020	#7	Interim report – Second quarter of 2020
05.11.2020	#8	Interim report – Third quarter of 2020
22.12.2020	#9	Schouw & Co.'s financial calendar 2021



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.

Investor information

SHARE PRICE PERFORMANCE

The Schouw & Co. share closed the year at a price of DKK 616 (official year-end price), compared with DKK 560 per share at 31 December 2019, corresponding to an increase of 10% in addition to a paid dividend of DKK 14 per share.

Accordingly, the total market capitalisation of the company's listed share capital amounted to DKK 15,708 million at the close of the financial year, against DKK 14,280 million at the close of 2019. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 14,771 million at 31 December 2020.

Investor relations policy

Schouw & Co. aims to create value and achieve results to match the best of its 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 of Nasdaq Copenhagen.

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

11,000

registered shareholders, of which 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.

5.96%

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 2020.

REGISTER OF SHAREHOLDERS

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

Henrik Larsen, assembler, HydraSpecma, Denmark

Corporate social responsibility and corporate governance

New data basis for future ESG reporting. Statutory reports as required under sections 99a, 99b, 107b and 107d of the Danish Financial Statements Act are available from the company's website. Go to www.schouw.dk/en/cg2020

Corporate social responsibility
Schouw & Co. is a diversified industrial conglomerate with an operational structure consisting of the parent company and a number of 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 2020 in relation to the four CR areas of human rights, social issues and labour conditions, anti-corruption and business ethics, and climate and the environment. In addition, in 2020, we worked at Group level to establish a new and more comprehensive data basis for the Group's future reporting on corporate social responsibility.

Report pursuant to section 99a.
Schouw & Co. has prepared an ESG (Environment, Social & Corporate Governance) report, which constitutes the Group's full report on corporate social responsibility for the 2020 financial year pursuant to section 99a of the Danish Financial Statements Act. The ESG report is available on the company's website at www.schouw.dk/en/cg2020.

The ESG Report for 2020 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 performance review of the targets defined a number of years ago for the period 2016–2020. The report also introduces the more comprehensive data basis forming the baseline for our future ESG reporting developed on inspiration from the Nasdaq ESG Reporting Guide.

Reports pursuant to sections 107d and 99b
The 2020 ESG report contains a separate section on statutory reporting. IT includes the report on our 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/cg2020.

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 the 2020 financial year (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 at schouw.dk/cg2020.

The statutory report consists of three parts:
- A report on the company's work to comply with the 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. In addition, information on the company's Board of Directors and Executive Management can be found on pages 35-37.

Remuneration Report
Schouw & Co. has prepared a Remuneration Report for the 2020 financial year, which can be found in its entirety on the company's website at schouw.dk/en/cg2020

ESG report
Schouw & Co. is introducing a new data basis for the future ESG reporting.

Paola Valdivieso Pinzón, R&D Assistant, BioMar, Eucador

RESULTS ARE CREATED BY PEOPLE

When exercising ownership and developing portfolio businesses, Schouw & Co. is always respectful of creating value in a decent and trustworthy manner.

Consolidated financial statements

Statements of income and comprehensive income

1 January – 31 December

Note	Income statement	2020	2019
1, 2	Revenue	21,273	20,946
3	Cost of sales	-17,746	-17,576
	Gross profit	3,528	3,370
4	Other operating income	27	37
3	Distribution costs	-1,331	-1,335
3, 32	Administrative expenses	-831	-918
4	Other operating expenses	-17	-5
	EBIT	1,376	1,149
12	Profit after tax in associates	-44	49
12	Profit after tax in joint ventures	8	1
	Gains on divestments	2	29
16	Financial income	76	84
17	Financial expenses	-209	-164
	Profit/loss before tax	1,209	1,149
21	Tax on profit/loss for the year	-300	-243
	Profit for the year	909	906
	Shareholders of Schouw & Co.	912	911
	Non-controlling interests	-3	-5
	Profit for the year	909	906
33	Earnings per share (DKK)	38.04	38.27
33	Diluted earnings per share (DKK)	38.00	38.27

Note	Statement of comprehensive income	2020	2019
	Items that cannot be reclassified to the income statement:		
	Actuarial gains/losses on defined benefit pension liabilities	-17	3
	Items that can be reclassified to the income statement:		
	Foreign exchange adjustments of foreign subsidiaries	-492	163
	Value adjustment of hedging instruments for the year	-8	0
	Hedging instruments transferred to cost of sales	-2	2
	Hedging instruments transferred to financials	2	4
	Other comprehensive income from associates and joint ventures	-11	9
	Other adjustments to other comprehensive income	-2	0
21	Tax on other comprehensive income	3	-1
	Other comprehensive income after tax	-528	180
	Profit for the year	909	906
	Total recognised comprehensive income	381	1,086
	Attributable to		
	Shareholders of Schouw & Co.	383	1,091
	Non-controlling interests	-2	-5
	Total recognised comprehensive income	381	1,086

Amounts in DKK million

Balance sheet • Assets and liabilities

at 31 December

Note	**Assets**	**2020**	**2019**
9	Intangible assets	3,423	3,568
10	Property, plant and equipment	4,659	4,956
11	Lease assets	721	827
12	Equity investments in associates	347	427
12	Equity investments in joint ventures	134	136
25	Securities	80	79
22	Deferred tax	104	122
13	Receivables	41	107
	Total non-current assets	9,509	10,222
5	Inventories	3,692	3,868
6	Receivables	4,071	4,112
23	Income tax receivable	88	37
	Cash and cash equivalents	635	538
	Total current assets	8,486	8,554
	Total assets	17,994	18,777

Note	**Liabilities and equity**	**2020**	**2019**
20	Share capital	255	255
	Hedge transaction reserve	-10	-3
	Exchange adjustment reserve	-253	251
	Retained earnings	9,257	8,658
	Proposed dividend	357	357
	Equity attributable to parent company shareholders	9,606	9,519
	Non-controlling interests	0	2
	Total equity	9,605	9,521
22	Deferred tax	357	409
26	Other payables	344	306
18	Interest-bearing debt	1,742	2,976
	Non-current liabilities	2,443	3,691
18	Interest-bearing debt	856	909
7	Trade payables and other payables	4,574	4,173
27	Liability regarding put option	360	369
23	Corporate income tax	155	114
	Current liabilities	5,946	5,565
	Total liabilities	8,389	9,256
	Total equity and liabilities	17,994	18,777

Notes without reference 15, 28-31 and 34-36.

Amounts in DKK million

Cash flow statement

1 January – 31 December

Note		2020	2019
	Profit/loss before tax	1,209	1,149
	Adjustment for non-cash operating items etc.:		
3	Depreciation and impairment losses	833	802
	Other non-cash operating items, net	-7	-1
	Provisions	24	33
	Share of profit after tax in associates and JVs	36	-50
	Financial income	-76	-84
	Financial expenses	209	164
	Cash flows from operations before changes in working capital	2,228	2,012
8	Changes in working capital	471	-228
	Cash flows from operations	2,699	1,784
	Interest received	19	16
	Interest paid	-113	-116
	Cash flows from ordinary activities	2,605	1,684
23	Income tax paid	-309	-274
	Cash flows from operating activities	2,296	1,410
24	Purchase of intangible assets	-48	-30
24	Purchase of property, plant and equipment	-454	-774
	Sale of property, plant and equipment	9	12
14	Acquisitions	-60	-259
	Acquisition of non-controlling interests	0	-1
	Acquisition of/capital contribution to associates and JVs	0	-3
	Dividends received from associates	0	11
	Additions/disposals of other financial assets	22	1
	Cash flows from investing activities	-533	-1,043

Note		2020	2019
	Loan financing:		
	Repayment of non-current liabilities	-360	-363
24	Proceeds from non-current liabilities incurred	0	1,020
	Increase (repayment) of bank overdrafts	-945	-881
19	**Cash flows from debt financing**	-1,305	-224
	Shareholders:		
	Dividends paid	-336	-309
	Purchase/sale of treasury shares, net	11	112
	Cash flows from financing activities	-1,630	-421
	Cash flows for the year	133	-54
	Cash and cash equivalents, beginning of period	538	585
	Value adjustment of cash and cash equivalents	-37	8
	Cash and cash equivalents, end of period	635	538

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 2019	255	-8	79	7,994	332	8,652	7	8,659
Profit and other comprehensive income in 2019								
Foreign exchange adjustments of foreign subsidiaries		0	163	0	0	163	0	163
Hedging instruments transferred to cost of sales		2	0	0	0	2	0	2
Hedging instruments transferred to financials		4	0	0	0	4	0	4
Other comprehensive income from associates and joint ventures		0	9	0	0	9	0	9
Actuarial gains/losses on defined benefit pension liabilities		0	0	3	0	3	0	3
Tax on other comprehensive income		-1	0	0	0	-1	0	-1
Profit for the year		0	0	554	357	911	-5	906
Total recognised comprehensive income	0	5	172	557	357	1,091	-5	1,086
Transactions with the owners								
Share-based payment (including tax)		0	0	21	0	21	0	21
Distributed dividends		0	0	22	-332	-309	0	-309
Value adjustment of put option		0	0	-48	0	-48	0	-48
Treasury shares bought/sold		0	0	112	0	112	0	112
Total transactions with owners during the year	0	0	0	107	-332	-224	0	-224
Equity at 31 December 2019	255	-3	251	8,658	357	9,519	2	9,521
Profit and other comprehensive income in 2020								
Foreign exchange adjustments of foreign subsidiaries		0	-493	0	0	-493	1	-492
Value adjustment of hedging instruments for the year		-8	0	0	0	-8	0	-8
Hedging instruments transferred to cost of sales		-2	0	0	0	-2	0	-2
Hedging instruments transferred to financials		2	0	0	0	2	0	2
Other comprehensive income from associates and joint ventures		0	-11	0	0	-11	0	-11
Actuarial gains/losses on defined benefit pension liabilities		0	0	-17	0	-17	0	-17
Other adjustments to other comprehensive income		0	0	-2	0	-2	0	-2
Tax on other comprehensive income		1	0	3	0	3	0	3
Profit for the year		0	0	555	357	912	-3	909
Total recognised comprehensive income	0	-8	-504	538	357	383	-2	381
Transactions with the owners								
Share-based payment (including tax)		0	0	20	0	20	0	20
Distributed dividends		0	0	21	-357	-336	0	-336
Value adjustment of put option		0	0	9	0	9	0	9
Treasury shares bought/sold		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

Amounts in DKK million

Notes • Basis of preparation of the consolidated financial statements

The structure of the Schouw & Co. consolidated financial statements is consistent with that applied 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 individually 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, HydraSpecma 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 2020 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. The annual report also complies with the International Financial Reporting Standards (IFRS) issued by IASB.

Recognition and measurement

Schouw & Co. has implemented the standards and interpretations which are effective from 2020. The consolidated accounting policies are consistent with those of last year. The annual report is presented in Danish kroner.

Roundings and presentation

In the preparation of the annual report, the Schouw & Co. Group uses minimum amounts of DKK 1,000 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 Schouw & Co. 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 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.

Notes • Basis of preparation of the consolidated financial statements

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 is one of the largest items in the balance sheet and have had a significant effect on the income statement when viewed in terms of historical business cycles.. Management reviews the need for bad debt provisions on an ongoing basis. See note 6.

- Valued at DKK 2.451 billion, goodwill represents a significant amount in the balance sheet, and the value of goodwill is subject to the future earnings of the underlying units. Management performs at least one impairment test annually. See note 15.

In addition, accounting estimates are also made in a number of other areas, including assessments of depreciation periods for property, plant and equipment, assessments of needs for writedowns on inventories, warranty provisions and deferred tax/deferred tax asset estimates.

Notes • Basis of preparation of the consolidated financial statements

Definitions of financial ratios

The financial ratios in the annual report are defined in the following manner:

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 at year end / 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:	**2020**	**2019**	**Change**
Income statement ratios:			
EBIT	1,376	1,149	19.7%
Amortisation of intangible assets	129	133	
Impairment of intangible assets	0	2	
EBITA	**1,505**	**1,284**	**17.2%**
EBITA	1,505	1,284	
Depreciation of property, plant and equipment	493	466	
Impairment of property, plant and equipment	8	7	
Depreciation of lease assets	202	194	
Impairment of lease assets	2	0	
EBITDA	**2,209**	**1,951**	**13.2%**

Amounts in DKK million

Balance sheet ratios	**2020**	**2019**	**Change**
Inventories	3,692	3,868	
Trade receivables	3,781	3,790	
Other receivables (non-interest bearing)	208	210	
Other non-current operating receivables	25	39	
Prepayments	56	65	
Trade payables	-3,479	-3,218	
Core liability	-237	-250	
Other debt (non-interest bearing)	-794	-686	
Customer prepayments	-15	-13	
Prepayments	-81	-49	
Other non-current operating liabilities	-49	-18	
Working capital	**3,107**	**3,738**	**-16.9%**
Interest-bearing debt	2,599	3,885	
Other non-current receivables (interest-bearing)	-2	-2	
Other current receivables (interest-bearing)	-26	-47	
Cash and cash equivalents	-635	-538	
Net interest-bearing debt (NIBD)	**1,936**	**3,298**	**-41.3%**
Working capital	3,107	3,738	
Intangible assets	3,423	3,568	
Goodwill	-2,366	-2,451	
Property, plant and equipment	4,659	4,956	
Lease assets	721	827	
Non-current provisions	-33	-32	
Other non-current payables (non-interest bearing)	-63	-77	
Current provisions	-27	-20	
Invested capital (ex. goodwill)	**9,421**	**10,510**	**-10.4%**
Invested capital (ex. goodwill)	9,421	10,510	
Goodwill	2,366	2,451	
Invested capital (including goodwill)	**11,787**	**12,961**	**-9.1%**

Notes • EBIT, 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. Costs
4. Other operating income and expenses
5. Inventories
6. Receivables (current)
7. Trade payables and other payables
8. Changes in working capital

Comments

The coronavirus situation
The coronavirus pandemic had both positive and negative effects on the Group in 2020. The effects were mainly positive for Fibertex Personal Care and Fibertex Nonwovens, whereas HydraSpecma and Borg Automotive suffered a sharp decline in business activity, especially in the second quarter. During the second half of 2020, the effects of the coronavirus situation diminished, although some of BioMar's customers are experiencing a lower level of activity related to temporary closures in the HoReCa segment.

Fibertex Personal Care and Fibertex Nonwovens saw positive effects on earnings and sales, and a large order to the MedTech segment had a positively impact for GPV. On the other hand, HydraSpecma and Borg Automotive experienced a negative impact on earnings due to the reduced level of activity during 2020.

However, public compensation schemes have offset the impact on earnings of the lower level of business activity, and the Group's subsidiaries received wage compensation in 2020 amounting to a total of DKK 37 million, the majority of which was received by HydraSpecma in Sweden and by Borg Automotive in Poland. The total amount received in Denmark was DKK 4 million.

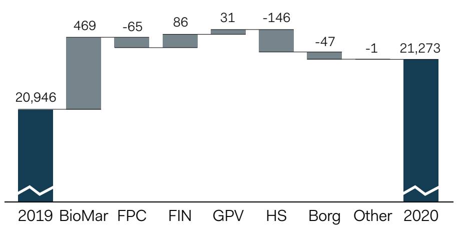
Generally, the ability to pay among the Group's customers is not believed to have deteriorated during the year, and it has not been necessary to increase provisions for expected losses on bad debts. See note 6. BioMar's customers in Ecuador and Chile are the main exceptions to the generally unchanged or improved ability to pay, due to a decline in market prices of shrimp and salmon in 2020.

In a number of countries, the coronavirus situation has led to extensions of government deadlines for paying in VAT and employee income taxes, and at 31 December 2020, this factor had increased the consolidated cash flow by DKK 62 million.

The Group's employees were affected by major production-related changes during 2020, and many employees working in administrative positions were required to work from home during parts of the year. As a direct effect of the coronavirus situation, Borg Automotive reduced its workforce in Poland by up to 15% in the second quarter, but as business activity picked up, the workforce was partially restored during the second half of the year.

Revenue
Consolidated revenue was up by DKK 328 million, or 1.6%, to DKK 21,273 million in 2020.

Changes in revenue, 2019 to 2020

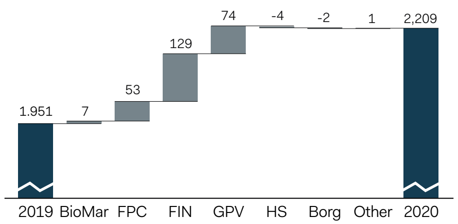


Borg Automotive's acquisition of Turbo Motor Inyección was completed so late in the year that it contributed less than DKK 1 million to revenue.

Changes in exchange rates relative to 2019 adversely impacted the recognition of revenue from foreign entities by approximately DKK 600 million in 2020. Adjusted for this factor, organic growth was about 4.5%.

EBITDA
EBITDA improved by DKK 258 million, from DKK 1,951 million in 2019 to DKK 2,209 million in 2020, for a 13.2% increase.

Changes in EBITDA, 2019 to 2020



Apart from HydraSpecma and Borg Automotive, all Group businesses reported improvements in EBITDA.

GPV reported a DKK 7 million improvement in EBITDA, for a 0.7% increase that was mostly due to a 7.3% increase in volume sales, whereas earnings per kilo declined in part due to a change to the geography mix.

Fibertex Personal Care recorded a strong improvement in EBITDA, by DKK 53 million or 15.1%. The improvement was based on more than a 10% increase in volume sales in both the nonwovens and the print business, which led to very efficient utilisation of the production apparatus. In addition, currency clauses in contracts also contributed to the improvement.

For Fibertex Nonwovens, 2020 was a year in which the automotive segment was adversely affected by the coronavirus situation, but with strong growth in the sale of wipes and advanced products. Fibertex Nonwovens managed to adapt production to the various product types, thereby using the stronger demand to increase earnings by 92.1%. As a result, EBITDA increased from DKK 141 million to DKK 270 million in 2020.

GPV reported a DKK 74 million improvement in EBITDA, for a 37.7% increase. The improvement was driven in part by a single order for the MedTech segment that was a result of the coronavirus situation.

HydraSpecma recorded a DKK 4 million drop in EBITDA, equal to 2.1%, primarily due to the drop in business activity resulting from coronavirus lockdowns in March/April 2020. The decline in business activity in the second quarter was the main reason for the overall drop in revenue of 6.9% that HydraSpecma incurred in 2020.

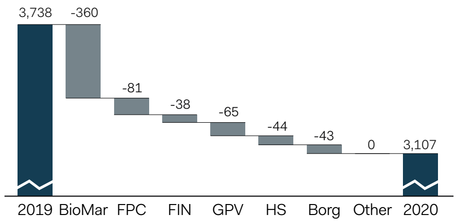
Borg Automotive reported a DKK 2 million decline in EBITDA, equal to 1.6%. Like HydraSpecma, Borg Automotive experienced a severe slowdown in the second quarter of 2020, and the company incurred a 3% drop in the number of cores sold.

Working capital
The consolidated working capital fell from DKK 3,738 million at 31 December 2019 to DKK 3,107 million at 31 December 2020, driven in part by all portfolio companies' efforts to optimise their working capital. Another part of the explanation is that BioMar has moved from markets with a tradition for long terms of payment to markets with shorter terms of payment. Due to the appreciation of Danish kroner versus a large number of currencies, foreign subsidiaries' working capital were translated at lower exchange rates resulting in lower amounts when expressed in Danish kroner. The effects are estimated at approximately DKK 100 million.

Amounts in DKK million

Notes • EBIT, working capital and cash flows

Changes in working capital, 2019 to 2020

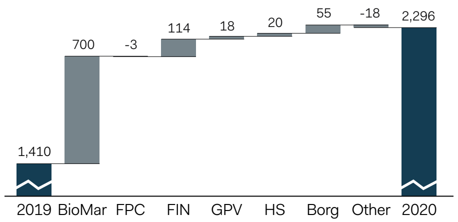


The extension of government deadlines for paying VAT and taxes had the effect of reducing working capital by DKK 62 million.

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

Cash flow statement
Cash flows from operations for the year before changes in working capital improved by DKK 216 million to DKK 2,228 million from DKK 2,012 million in 2019. A positive DKK 471 million shift in the 2020 working capital brought the cash flow from operations to DKK 2,699 million, against DKK 1,784 million in 2019. Net of interest and taxes paid, cash flows from operating activities for the year amounted to DKK 2,296 million compared with DKK 1,410 million in 2019. The DKK 886 million improvement in cash flows from operating activities for the year corresponds to an increase of 62.8%. As shown in the chart below, almost all portfolio companies improved their cash flows from operating activities. Fibertex Personal Care was the only exception, recording a slight drop.

Change in cash flows from operating activities, 2019 to 2020



Cash flows from investing activities amounted to an outflow of DKK 533 million, a reduction of DKK 511 million, or 49%, from an outflow of DKK 1,043 million in 2019. Investment in property, plant and equipment reflects the fact that, at the beginning of 2020, the Group had completed a number of major investments in output capacity and did not start up any new capacity-expanding investments until towards the end of 2020.

A total of DKK 60 million was used for company acquisitions in 2020, which consisted of Borg Automotive's acquisition of Spanish company Turbo Motor Inyección. Company acquisitions made in 2019 amounted to DKK 259 million.

Cash flows from operating activities for the year amounted to DKK 2,296 million, of which DKK 533 million was used for investing purposes. Debt financing was reduced by a net amount of DKK 1,305 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 addition, the company sold treasury shares for option settlement purposes for DKK 11 million.

Net of amounts used for investing and financing purposes, the Group had a total cash inflow for 2020 of DKK 133 million, compared to a cash outflow in 2019 of DKK 54 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 depreciation/amortisation and write-downs 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 is measured excluding VAT and other taxes and duties charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of sales
Cost of sales comprises costs defrayed to achieve the year's revenue. Enterprises engaged in trading recognise cost of sales and enterprises engaged in manufacturing recognise production costs corresponding to revenue for the year. This includes direct and indirect costs of raw materials and consumables, wages and salaries, depreciation and amortisation of intangible assets and production facilities, depreciation and amortisation of lease assets as well as depreciation of inventories. Cost of sales also includes research costs and product development costs that do not meet the criteria for capitalisation, as well as amortisation and impairment of capitalised product development costs.

Distribution costs
Distribution costs comprise expenses incurred in connection with the distribution of goods sold during the year and in connection with sales campaigns, etc. launched during the year under review, including cost of sales and logistics staff, advertising and exhibition costs, as well as depreciation/amortisation and impairment.

Administrative expenses
Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses,

Amounts in DKK million

Notes • EBIT, working capital and cash flows

and depreciation and impairment. Administrative expenses also comprise write-downs on receivables.

Employee benefits
Wage compensation received in connection with the coronavirus situation has been offset in wages and salaries under production costs, distribution costs or administrative costs.

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

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 and property plant and equipment.
- 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.

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 administrative 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.

Cash flow statement
The cash flow statement shows the cash flows for the year distributed on operating, investing, financing and discontinued 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 the profit for the year before tax 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 acquisition and disposal of intangible assets, property, plant and equipment 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.

Significant accounting estimates

Trade receivables
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 2020.

The other companies are not believed to involve material credit risks. See note 6.

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.

Notes • EBIT, working capital and cash flows

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.

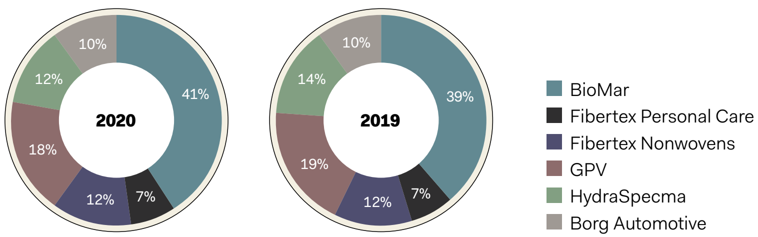
HydraSpecma applies a general impairment model of automatically writing down goods after they have been in stock for a certain period of time. The company reviews its impairment model on a regular basis, and in the Group's best estimate, the model provides an appropriate and fair presentation of the 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 5.

Notes • EBIT, working capital and cash flows

1
Segment reporting

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 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

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.

All inter-segment transactions were made on an arm's length basis.

Capital expenditure is defined as the net cash flows from investment activities in property, plant and equipment and intangible assets.
Acquisitions is defined as cash flows from investment activiteis in acquisitions and divestments of businesses, including associates, joint ventures and capital injections.

The data on revenue by geography are based on customers' geographical location, while data on intangible assets and property, plant and equipment 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.

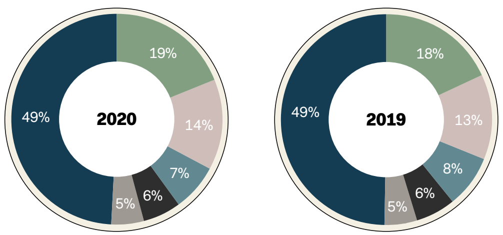
Amounts in DKK million

Notes • EBIT, working capital and cash flows

1
Segment reporting (continued)

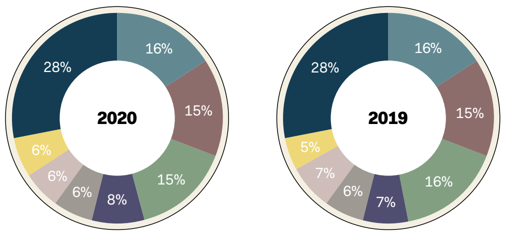
Reporting segments 2019	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra-Specma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	11,180	2,163	1,705	2,856	2,123	918	20,944	1	0	0	20,946
Intra-group revenue	0	20	0	0	0	0	20	0	10	-30	0
Segment revenue	11,180	2,183	1,705	2,856	2,123	918	20,964	1	10	-30	20,946
EBITDA	966	352	141	196	215	110	1,980	1	-31	0	1,951
Depreciation and impairment losses	311	137	107	118	79	48	800	1	1	0	802
EBIT	655	215	33	78	136	62	1,180	1	-31	0	1,149
Share of profit in associates and JVs	50	0	0	0	1	0	50	0	0	0	50
Tax on profit/loss for the year	-134	-43	0	-16	-25	-18	-237	0	-6	0	-243
Profit for the year	537	160	5	50	89	43	884	0	22	0	906
Segment assets:	9,201	2,155	1,985	2,406	1,691	1,621	19,060	12	12,011	-12,306	18,777
Of which goodwill	1,400	99	120	174	142	516	2,451	0	0	0	2,451
Equity investments in associates and JVs	555	0	0	0	8	0	563	0	0	0	563
Segment liabilities	5,920	1,003	1,303	1,549	1,161	525	11,462	6	2,493	-4,705	9,256
Working capital	1,315	332	510	766	665	156	3,745	0	-6	0	3,738
Net interest-bearing debt	2,077	542	980	819	718	2	5,138	5	-1,845	0	3,298
Cash flows from operating activities	328	426	112	235	177	85	1,362	1	31	16	1,410
Capital expenditure	445	55	123	88	55	27	791	0	1	0	792
Acquisitions	107	0	134	0	22	0	262	0	100	-100	263
Average no. of employees	1,239	746	1,019	3,829	1,221	1,615	9,669	0	14	0	9,683

Revenue by country:



	2020	2019
Norway	3,958	3,788
Chile	3,008	2,817
Denmark	1,394	1,647
UK	1,374	1,341
Germany	1,028	1,102
Other	10,511	10,251
Total	21,273	20,946

Property, plant and equipment and lease assets by country:



	2020	2019
Denmark	873	923
Malaysia	822	895
Norway	809	948
USA	395	383
Czech Republic	323	360
Chile	319	375
Australia	318	280
Other	1,522	1,620
Total	5,381	5,783

Amounts in DKK million

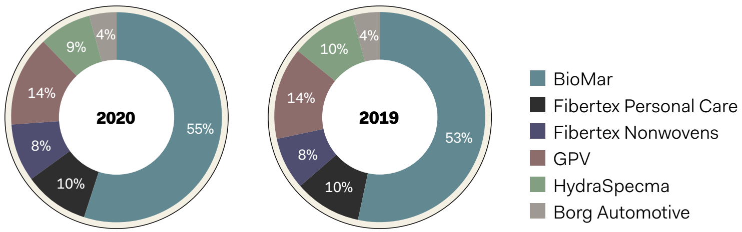
Notes • EBIT, working capital and cash flows

2
Revenue

	2020	2019
Sale of goods	20,785	20,451
Disposal of biological assets	128	103
Sale of services	357	383
Royalties	2	8
Rental income	2	2
Total revenue	21,273	20,946

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
Costs

	2020	2019
Cost of sales		
Cost of goods sold	-14,795	-14,689
Inventory impairment	-101	-57
Reversed write-down of inventories	56	31

	2020	2019
Staff costs		
Remuneration to the Board of Directors of Schouw & Co.	-4	-4
Wages and salaries	-1,939	-1,949
Defined contribution pension plans	-113	-129
Defined benefit pension plans	-15	-11
Other social security costs	-220	-232
Share-based payment	-19	-22
Total staff costs	-2,309	-2,346
Of which capitalised under non-current assets	4	11
Staff costs recognised in the income statement	-2,306	-2,335
Staff costs are recognised as follows:		
Production	-1,437	-1,393
Distribution	-474	-498
Administration	-393	-444
Staff costs recognised in the income statement	-2,306	-2,335
Average no. of employees	9,393	9,683

Staff costs include wage compensation for a total of DKK 37 million received in various countries in connection with the temporary closure and furloughing of employees as a result of the coronavirus situation in 2020. The allocation model for distributing staff costs in 2020 was adjusted for the GPV group, which reduced administrative expenses by approximately DKK 45 million and increased production costs correspondingly.

Determination of remuneration to the Board of Directors and the Executive Management
Schouw & Co. has 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 2020, describing remuneration to members of the company's Board of Directors and Executive Management. The remuneration policy and report are available from the company's website. The remuneration to each board member consists of a fixed base fee, which in 2020 amounted to DKK 325,000. The base fee for 2021 is proposed to remain unchanged. The total fee to the Board of Directors amounted to DKK 4.3 million (2019: DKK 4.0 million). Remuneration to the Board of Directors includes a fee for serving on committees of DKK 0.7 million (2019: DKK 0.6 million) and fees from subsidiaries of DKK 0.8 million (2019: DKK 0.8 million). The Executive Management of Schouw & Co. received total remuneration of DKK 17.1 million (2019: DKK 16.1 million). Jens Bjerg Sørensen received total remuneration of DKK 12.5 million (2019: DKK 11.5 million), of which share-based payment amounted to DKK 2.3 million (2019: DKK 2.5 million). Peter Kjær received total remuneration of DKK 4.6 million (2019: DKK 4.6 million), of which share-based payment amounted to DKK 0.8 million (2019: DKK 0.9 million).

Amounts in DKK million

Notes • EBIT, working capital and cash flows

3
Costs (continued)

Staff costs include total remuneration of DKK 38 million (2019: DKK 28 million), pension contributions of DKK 2 million (2019: DKK 1 million) and share-based payment of DKK 10 million (2019: DKK 10 million) to the registered executive managements of directly owned subsidiaries. This group comprised eight people in 2020 (2019: 8 people). No severance payments were made in 2020 (2019: DKK 1 million).

Share-based payment: Share option programme
The company has an incentive programme for the Management and senior managers, including the executive management 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 (2020: DKK 483.56) plus a premium (2020 allocation: 2% p.a.) from the date of grant until the date of exercise.

Outstanding options	Executive management	Other	Total
Granted in 2016	0	20,000	20,000
Granted in 2017	55,000	229,500	284,500
Granted in 2018	55,000	281,000	336,000
Granted in 2019	47,000	274,833	321,833
Total outstanding options at 31 December 2019	157,000	805,333	962,333
Granted in 2020	60,000	310,000	370,000
Exercised (from 2016 grant)	0	-20,000	-20,000
Lapsed (from 2017 grant)	0	-17,500	-17,500
Lapsed (from 2018 grant)	0	-18,000	-18,000
Exercised (from 2019 grant)	0	-3,556	-3,556
Lapsed (from 2019 grant)	0	-6,277	-6,277
Total outstanding options at 31 December 2020	217,000	1,050,000	1,267,000

Options exercised in 2020:	Exercised from 2016 grant	Exercised from 2019 grant
Number of shares exercised	20,000	3,556
Average exercise price (DKK)	442.34	531.34
Average share price (DKK) at date of exercise	508.00	598.40
Group's cash proceeds in DKK million	8.8	1.9

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	2020 grants	2019 grants	2018 grants	2017 grants
Expected volatility	22.21%	29.23%	21.10%	23.37%
Expected term	48 mo.	48 mo.	48 mo.	48 mo.
Expected dividend per share	DKK 13	DKK 13	DKK 12	DKK 10
Risk-free interest rate	-0.97%	-0.52%	-0.38%	-0.25%
Other information on option programmes:				
Exercise price (DKK) *	523.42	574.35	705.58	671.93
Fair value (DKK) per option **	44.1	71.47	58.51	68.45
Total fair value in DKKm	16.3	23.3	20.1	20.1
Exercisable from	March 2023	March 2022	March 2021	March 2020
Exercisable until	March 2024	March 2023	March 2022	March 2021

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

Research & development costs	**2020**	**2019**
Research and development costs expensed and development costs incurred are shown below:		
Research and development costs incurred	-100	-114
Development costs recognised as intangible assets	0	5
Amortisation and impairment of recognised development costs	-7	-7
Research and development costs expensed and recognised in the income statement	-106	-116
Depreciation and impairment losses		
Amortisation of intangible assets	-129	-133
Impairment, of intangible assets	0	-2
Depreciation of property, plant and equipment	-493	-466
Impairment of property, plant and equipment	-8	-7
Impairment of lease assets	-202	-194
Lease assets written off	-2	0
Total depreciation, amortisation and impairment losses	-833	-802
Depreciation/amortisation and impairment is recognised in the income statement as follows:		
Production	-534	-501
Distribution	-222	-218
Administration	-77	-82
Total depreciation, amortisation and impairment losses	-833	-802

Amounts in DKK million

Notes • EBIT, working capital and cash flows

4
Other operating income and expenses

	2020	2019
Gains on the disposal of property, plant and equipment and intangible assets	5	9
Government grants	15	12
Other operating income	7	16
Total other operating income	27	37
Loss on the disposal of property, plant and equipment and intangible assets	-3	-3
Other operating expenses	-14	-2
Total other operating expenses	-17	-5

Fibertex Personal Care recognised a DKK 7.7 million investment grant received in Malaysia under government grants in 2020 (2019: DKK 6.6 million). 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.

BioMar received a DKK 5.7 million grant in 2020 related to a development project in Scotland.

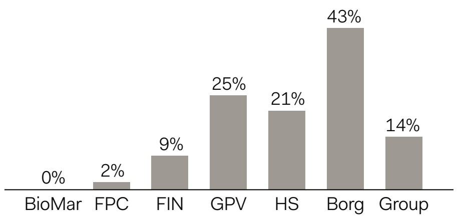
5
Inventories

	2020	2019
Raw materials and consumables	2,301	2,199
Work in progress	174	162
Finished goods and goods for resale	1,177	1,446
Biological assets (fish)	40	60
Total inventories	3,692	3,868
Cost of inventories for which impairment losses have been recognised	534	540
Accumulated impairment losses on inventories	-254	-226
Net sales value	280	314

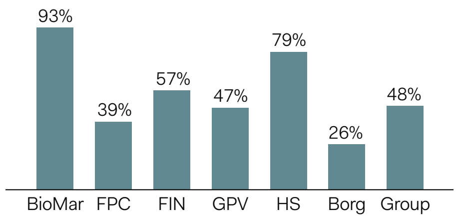
The Group's biological assets consist exclusively of fish used for fish feed experiments.

2020

Proportion of impaired inventory

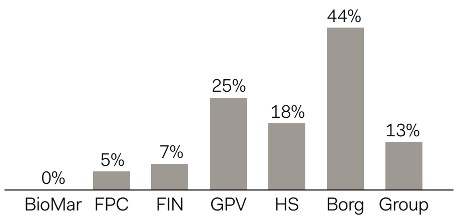


Impairment rate for impaired inventories

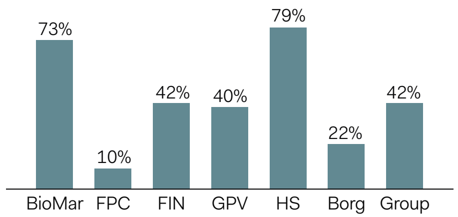


2019

Proportion of impaired inventory



Impairment rate for impaired inventories



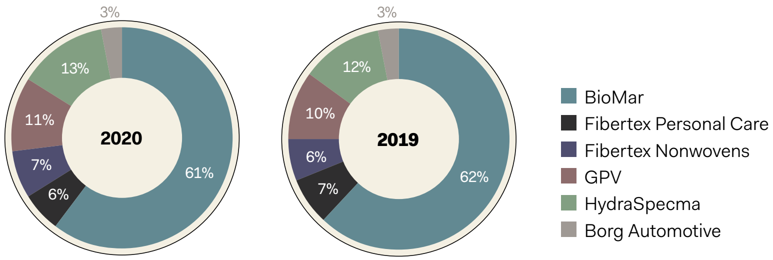
Amounts in DKK million

Notes • EBIT, working capital and cash flows

6
Receivables (current)

	2020	2019
Trade receivables	3,781	3,790
Other current receivables	234	257
Prepayments	56	65
Total current receivables	**4,071**	**4,112**

Trade receivables by portfolio company:



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%

2019	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Trade receivables	3,135	424	151	251	3,961
Impairment losses on trade receivables	-26	-3	-11	-131	-171
Trade receivables, net	3,109	421	140	120	3,790
Proportion of total receivables expected to be settled					95.7%
Impairment rate	0.8%	0.7%	7.4%	52.2%	4.3%

	2020	2019
Impairment losses on trade receivables		
Impairment losses, beginning of period	-171	-144
Foreign exchange adjustments	8	-3
Reversed impairment losses	0	1
Årets nedskrivninger, netto	-15	-28
Realised loss	36	2
Impairment losses, end of period	**-142**	**-171**

The coronavirus situation generally did not have a negative impact on the Group's impairment losses on trade receivables

Amounts in DKK million

Notes • EBIT, working capital and cash flows

6
Receivables – current (continued)

The principal risk in terms of anticipated bad debts in the Schouw & Co. Group relates to BioMar. DKK 122 million of the total of DKK 142 million in bad debt provisions at 31 December 2020 was related to BioMar, and the following estimates have been made for the current risk of loss:

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 provisions	19	2	3	98	122

2019	Not fallen due	Due between (days) 1-30	31-90	>91	Total
High risk of loss	6	1	5	43	55
Medium risk of loss	16	2	2	69	89
Low risk of loss	1	0	0	1	2
Total provisions	23	3	7	113	146

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 market 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 1,133 million for its trade receivables (2019: DKK 1,101 million). In addition, customers have provided collateral to BioMar in the amount of DKK 203 million (2019: DKK 254 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.

7
Trade payables and other payables

	2020	2019
Trade payables	3,479	3,218
Core liability	178	188
Customer prepayments	15	13
Other payables	794	686
Provisions	27	20
Prepayments	81	49
Total trade payables and other payables	4,574	4,173

Trade payables and other payables all fall due in all material respects within one year. Extended government deadlines for paying VAT and personal income taxes intended to support company liquidity has an overall effect of DKK 62 million at 31 December 2020. The amount is recognised under other debt.

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 829 million is recognised in the balance sheet under trade payables (2019: DKK 818 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 237 million at 31 December 2020 (2019: DKK 250 million). Of this amount, DKK 178 million (2019: DKK 188 million) is recognised as current liabilities, while the rest is recognised as other non-current liabilities.

8
Changes in working capital, effect on cash flows

	2020	2019
Change in inventories	16	-100
Change in receivables	-146	12
Change in trade payables and other payables	601	-140
Total changes in working capital	471	-228

Notes • invested capital

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

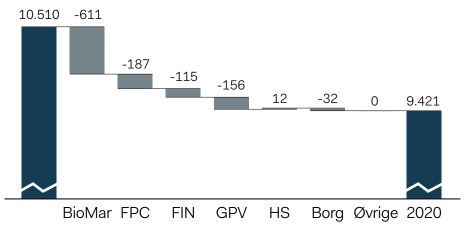
The following notes are presented in this section:

9. Intangible assets
10. Property, plant and equipment
11. Lease assets
12. Investments in subsidiaries, associates and joint arrangements
13. Receivables – non-current
14. Acquisitions
15. Impairment test

Comments

Invested capital
Invested capital exclusive of goodwill declined by DKK 1,089 million from DKK 10,510 million to DKK 9,421 million at 31 December 2020. Changes in invested capital by portfolio company appear from the chart below.

Changes in invested capital 2019-2020



As can be seen from the chart, invested capital declined in all businesses with the exception of HydraSpecma, whose invested capital increased by 1%.

BioMar accounted for the largest drop, amounting to DKK 611 million, equal to 56% of the total decline.

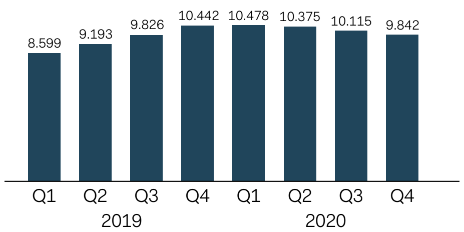
Amounts in DKK million

The drop reflects the reduced investment activity in 2020 as well as the reduced working capital. Similar to the working capital, the reduction of invested capital was also affected by foreign exchange developments.

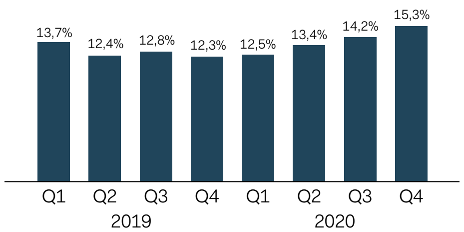
ROIC
Return on invested capital (ROIC) is measured as operating profit/loss before amortisation of intangible assets (EBITA) as a percentage of average invested capital. ROIC exclusive of goodwill improved from 12.3% in 2019 to 15.3% in 2020.

The reason for the higher ROIC was, in part, a 6% decline in average invested capital exclusive of goodwill in 2020, whereas EBITA increased by only 17%.

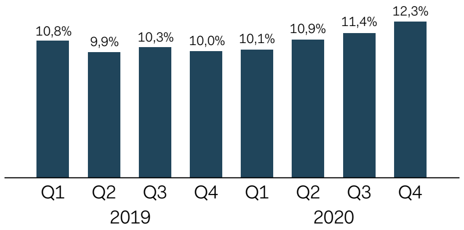
Avg. invested capital excluding goodwill



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 know-how, 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
Know-how	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
Plant and machinery	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 as production costs, distribution costs or administrative expenses.

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 principal component reducing the lease and an interest component recognised in financial expenses.

The underlying asset is 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, minority interests are either recognised at their fair value or at their pro-rate 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 minority interests of the acquired business, while for the latter option, goodwill relating to minority interests is not recognised. The measurement of minority 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.

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.

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 rev-

Notes • invested capital

enue, 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. Write-downs are recognised in the income statement as production costs, distribution costs or administrative expenses. 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 acquisition of Turbo Motor Inyección, a number of estimates were made of the acquired assets and liabilities, including primarily the value of customers and the value of know-how. The valuation of these intangible assets are subject to a number of assumptions based on estimates. Due to the amount of the transaction, 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 15.

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

Notes • invested capital

9
Intangible assets

2020	Goodwill	Customer relations	Brands	Know-how	Other in-tangible 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 at 31 December 2020	-2	-208	-55	-101	-188	-553
Carrying amount at 31 December 2020	2,366	482	143	328	104	3,423

2019	Goodwill	Customer relations	Brands	Know-how	Other in-tangible assets	Total
Cost at 1 January 2019	2,404	665	198	416	211	3,895
Foreign exchange adjustments	27	9	0	7	1	44
Addition on internally generated assets	0	0	0	0	7	7
Addition through separate acquisition	0	0	0	0	26	26
Additions on company acquisitions	22	13	0	0	0	35
Disposals	0	0	0	0	-1	-1
Transferred/reclassified	0	0	0	0	2	2
Cost at 31 December 2019	2,452	687	198	423	245	4,006
Amortisation and impairment at 1 January 2019	0	-115	-29	-46	-110	-300
Foreign exchange adjustments	0	-2	0	-1	0	-3
Transferred/reclassified	0	0	0	0	-1	-1
Impairment	-2	0	0	0	0	-2
Amortisation	0	-51	-13	-29	-40	-133
Amortisation and impairment at 31 December 2019	-2	-168	-41	-76	-151	-438
Carrying amount at 31 December 2019	2,451	519	157	347	94	3,568

The Group had minor additions of intangible assets in 2020 in connection with the acquisition of Turbo Motor Inyección.

As per 31 December 2020, the Group had commenced a number of IT projects with different suppliers and had committed to prepaying an agreed sum on completion of the projects. At 31 December 2020, outstanding payments to those suppliers amount to 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

10
Property, plant and equipment

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
Amortisation 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
Amortisation and impairment of disposed assets	1	4	10	0	14
Disposals on divestment	0	0	0	0	0
Impairment	0	-7	-1	0	-8
Amortisation	-93	-352	-48	0	-493
Amortisation and impairment at 31 December 2020	-853	-3,594	-304	0	-4,751
Carrying amount at 31 December 2020	2,079	2,183	127	270	4,659

2019	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under con-struction	Total
Cost at 1 January 2019	2,509	4,950	372	501	8,332
Foreign exchange adjustments	51	104	6	13	174
Additions	57	155	46	516	774
Additions on company acquisitions	131	155	4	36	326
Disposals on divestment	-38	-64	-3	-12	-116
Disposals	-3	-9	-11	0	-24
Transferred/reclassified	61	197	5	-282	-19
Cost at 31 December 2019	2,768	5,488	419	772	9,446
Amortisation and impairment at 1 January 2019	-712	-3,056	-247	0	-4,015
Foreign exchange adjustments	-11	-63	-4	0	-78
Transferred/reclassified	0	1	4	0	5
Amortisation and impairment of disposed assets	1	6	9	0	16
Disposals on divestment	12	40	2	0	54
Impairment	0	-7	0	0	-7
Amortisation	-90	-331	-44	0	-466
Amortisation and impairment at 31 December 2019	-799	-3,412	-280	0	-4,490
Carrying amount at 31 December 2019	1,969	2,076	139	772	4,956

At the end of 2020, the Group had entered into contracts for the purchase of property, plant and equipment for future delivery for an amount of DKK 248 million (2019: DKK 121 million).

Properties with evidence of impairment have been tested for impairment. No properties were written down during 2020 (2019: DKK 0 million).

Amounts in DKK million

Notes • invested capital

11
Lease assets

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
Amortisation and impairment at 1 January 2020	-76	-84	-24	-184
Foreign exchange adjustments	5	2	1	8
Impairment	0	-2	0	-2
Amortisation	-84	-87	-30	-202
Amortisation and impairment of disposed assets	0	2	8	11
Disposals on divestment	0	0	0	0
Amortisation and impairment at 31 December 2020	-156	-169	-45	-370
Carrying amount at 31 December 2020	327	336	58	721

2019	Ships	Property	Other assets	Total
Effects of transition to IFRS 16	450	413	47	910
Transferred from property, plant and equipment	0	0	13	13
Cost at 1 January 2019 under IFRS 16	450	413	60	922
Foreign exchange adjustments	6	8	0	14
Additions	43	74	30	147
Disposals	-51	-17	-3	-72
Cost at 31 December 2019	447	478	87	1,012
Amortisation and impairment at 1 January 2019	0	0	0	0
Foreign exchange adjustments	2	-1	0	1
Amortisation	-82	-86	-27	-194
Amortisation and impairment of disposed assets	4	2	2	9
Amortisation and impairment at 31 December 2019	-76	-84	-24	-184
Carrying amount at 31 December 2019	371	394	62	827

DKK 15 million (2019: DKK 16 million) was recognised in the income statement for 2020 regarding leases not recognised in the balance sheet, the amount consisting of DKK 6 million in services, DKK 2 million in small assets and DKK 7 million in short-term leases.

At the balance sheet date, liabilities concerning leases of small assets and services amounted to DKK 9 million (2019: DKK 12 million), of which DKK 5 million falls due within 12 months and DKK 4 million falls due in between one and five years.

At the balance sheet date, the Group had entered into a contract for a new ship to be used in Bio-Mar's distribution activities. The vessel is being readied by the owner and is expected to be available to the Group in mid-2021. The liability relating to the new ship, which was not recognised at the balance sheet date, is expected to amount to DKK 61 million.

Amounts in DKK million

Notes • invested capital

12
Investments in subsidiaries, associates and joint arrangements

The Group has the following subsidiaries and joint operations:

Name	Registered office	Ownership interest 2020	Ownership interest 2019
Alba Ejendomme A/S	Aarhus, Denmark	100%	100%
BioMar			
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 Group A/S	Aarhus, Denmark	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%
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, USA	100%	100%
Fibertex Personal Care K.K.	Tokyo, Japan	100%	100%
Fibertex Personal Care Sdn Bhd	Nilai, Malaysia	100%	100%
Fibertex Nonwovens			
Elephant Nonwovens - Nao Tecidos U.P., Lda.	Estoril, Portugal	100%	100%
Fibertex Elephant Espana 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 A/S	Aalborg, Denmark	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 2020	Ownership interest 2019
GPV			
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 Adaxys AG	Lachen, Switzerland	100%	100%
GPV Germany GmbH	Hildesheim, Germany	100%	100%
GPV International A/S	Tarm, Denmark	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			
Dansk Afgratningsteknik A/S	Skjern, Denmark	60%	60%
HydraSpecma A/S	Skjern, Denmark	100%	100%
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, Texas, 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, 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%	-
Borg Automotive UK Ltd	Wednesbury, UK	100%	100%
Car Parts Industries Belgium SA	Nivelles, Belgium	100%	100%

* 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 25 million (2019 DKK 27 million), non-current assets DKK 25 million (2019: DKK 31 million), current liabilities DKK 9 million (2019: DKK 14 million), non-current liabilities DKK 8 million (2019: DKK 12 million), revenue DKK 36 million (2019 DKK 43 million) and expenses DKK 36 million (2019 DKK 42 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

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Investments in subsidiaries, joint arrangements and associates (continued)

On 16 December 2020, the Group acquired all operations of the Spanish company Turbo Motor Inyección. The operations have been placed in the newly-established company Borg Automotive Spain S.L.U.

Effective 30 June 2020, Fibertex Nonwovens merged the companies Fibertex Nonwovens Inc. and Fibertex Nonwovens LLC, with Fibertex Nonwovens Inc. as the continuing company.

The Group has the following associates:

Name	Registered office	Ownership interest 2020	Ownership interest 2019
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.	Gimpo, South Korea	30%	30%
Micron Specma India (Pvt.) Ltd	Delhi, India	25%	25%
NGIN A/S	Aarhus, Denmark	40%	40%

Associates:	2020	2019
Cost at 1 January	276	267
Foreign exchange adjustments	-25	6
Additions during the year	0	3
Cost at 31 December	251	276
Adjustments at 1 January	151	110
Foreign exchange adjustments and other changes in equity	-12	3
Dividends paid	0	-11
Profit after tax from associates	-44	49
Adjustments at 31 December	96	151
Carrying amount at 31 December	347	427

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

2019	LetSea	ATC Patagonia	Salmones Austral	LCL Shipping	Young Tech Co. South Korea	Micron Specma India (Pvt.)	NGIN
Revenue	210	14	1,605	7	40	3	3
Profit for the year	8	-3	203	1	1	0	0
Assets	166	70	2,893	21	41	10	2
Liabilities	75	5	1,348	10	29	0	0
Recognised in the Schouw & Co. Group:							
Share of profit	3	-1	47	0	0	0	0
Share of equity	30	20	354	4	4	2	1
Goodwill	0	0	11	0	0	0	1
Carrying amount at 31 December	30	20	365	4	4	2	2

Salmones Austral is individually considered to be of significant importance to the Group. The comprehensive income in Salmones Austral for 2020 amounted to DKK -192 million (2019: DKK 203 million), its EBITDA was DKK -112 million (2019: DKK 418 million) and its NIBD at 31 December was DKK 715 million (2019: DKK 513 million).

Salmones Austral had non-current assets of DKK 1,555 million at 31 December 2020 (2019: DKK 1,511 million), current assets of DKK 1,177 million (2019: DKK 1,382 million), non-current debt of DKK 895 million (2019: DKK 671 million) and current debt of DKK 619 million (2019: DKK 677 million).

Amounts in DKK million

Notes • invested capital

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Investments in subsidiaries, associates and joint ventures (continued)

The Group has the following joint ventures:

Name	Registered office	Ownership interest 2020	Ownership interest 2019
BioMar-Sagun TTK	Söke, Turkey	50%	50%
BioMar-Tongwei (Wuxi) Biotech Co., Ltd.	Wuxi, China	50%	50%

Joint ventures:	**2020**	**2019**
Cost at 1 January	153	153
Reclassified	-7	0
Additions during the year	0	0
Disposals for the year	0	0
Cost at 31 December	146	153
Adjustments at 1 January	-17	-16
Reclassified	7	0
Foreign exchange adjustments	-10	-2
Share of profit after tax in joint ventures	8	1
Adjustments at 31 December	-13	-17
Carrying amount at 31 December	134	136

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

2019	BioMar-Sagun	BioMar-Tongwei
Revenue	181	496
Profit for the year	-2	4
Assets	170	375
Liabilities	124	156
Recognised in the Schouw & Co. Group:		
Share of profit	-1	2
Share of equity	23	110
Goodwill	1	2
Carrying amount at 31 December	24	112

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Receivables – non-current

	2020	**2019**
Investment grants	0	43
Other non-current receivables	41	64
Total non-current receivables	41	107

Amounts in DKK million

Notes • invested capital

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Acquisitions

	2020	2019
Customer relations	22	13
Know-how	27	0
Property, plant and equipment	4	326
Lease assets	6	0
Inventories	24	69
Receivables	16	332
Cash and cash equivalents	0	12
Credit institutions	-6	-66
Deferred tax	0	-20
Provisions	-2	0
Trade payables	-7	-325
Other payables	-8	-6
Net assets acquired	76	335
Fair value of original ownership interest	0	-91
Goodwill	0	22
Acquisition cost	76	266
of which cash and cash equivalents	0	-6
Contingent consideration	-16	0
Total cash acquisition costs	60	259

Through Borg Automotive, the Group has acquired the turbocharger operations of the Spanish company Turbo Motor Inyección (TMI), giving it a new product segment within the remanufacturing of turbochargers. The transaction has also given Borg Automotive a stronger presence in the important southern European markets, consolidating the company's position as Europe's largest independent automotive remanufacturing company. Headquartered in Pamplona, Spain, TMI generated revenue of DKK 105 million in 2019 and employs 150 people. TMI remanufactures 65,000 turbochargers per year and currently has a capacity for up to 140,000 cores per year. The Group paid DKK 60 million to acquire the company and expects to pay an additional DKK 16 million under an earn-out agreement. Half of the DKK 16 million is expected to be paid in 2021 and the rest in 2022, assuming the criteria for the agreement are met. The acquisition involved costs of DKK 2.7 million, of which DKK 1.6 million was recognised in 2020 under administrative expenses. Had the company been acquired effective from 1 January 2020, revenue would have been DKK 84 million higher, while profit would have been the same.

In 2019, the Group acquired a newly-established spunlace production business in South Carolina, USA through Fibertex Nonwovens. Also 2019, the Group acquired the outstanding 50% of the shares in the fish feed factory Alitec Pargua S.A. Lastly, in December 2019, the Group acquired the operations of HTR-Hydraulics OY, Finland.

Amounts in DKK million

15
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 (2021-2025). The realised values for 2020 in the model were based on eleven months of actual figures plus budget figures for December 2020.

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 2020, capitalised goodwill in the Schouw & Co. Group amounted to DKK 2,366 million, compared with DKK 2,451 million at 31 December 2019. There was no addition of goodwill in 2020, and the change consisted entirely of a foreign exchange adjustment pf DKK 85 million, a large part of which was related to 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:

		Test assumptions			Sensitivity analysis	
	Carrying amount of goodwill	Revenue growth	WACC after tax	WACC before tax	EBIT allowed decline	WACC allowed increase
BioMar (excl. Alimentsa)	772	3.8%	5.9%	6.1%	3.5pp	7.2pp
BioMar Ecuador (Alimentsa)	545	9.5%	10.8%	11.5%	4.0pp	2.4pp
Fibertex Personal Care	99	1.1%	7.0%	7.3%	6.8pp	7.7pp
Fibertex Nonwovens	116	2.0%	7.7%	8.0%	1.0pp	0.8pp
GPV International	174	4.6%	7.4%	7.7%	2.1pp	2.6pp
HydraSpecma *	144	6.4%	7.0%	7.4%	2.4pp	2.8pp
Borg Automotive	516	9.3%	8.1%	8.2%	1.6pp	1.4pp
Total	2,366					

* Goodwill relates only to Specma.

Notes • invested capital

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Impairment test (continued)

Goodwill relating to BioMar amounted to DKK 1,317 million, which was equal to about 56% of Schouw & Co.'s consolidated goodwill of DKK 2,366 million. Of the goodwill amount recognised in BioMar, DKK 545 million relates to BioMar Ecuador, which is considered an independent cash-generating unit because the products and market conditions applying to shrimp feed are materially different from the feed for the other fish species BioMar is involved in. As a result, BioMar Ecuador is tested separately.

BioMar continues to operate in a growth industry driven by rising population growth and rising standards of living. Volume sales are generally expected to increase slightly in Chile and Ecuador, while weaker growth is expected in other fish farming markets. Against that background, BioMar assumes 3.8% revenue growth during the forecast period and 9.5% revenue growth for BioMar Ecuador. The assumed production capacity for the budget period will cover the expected increase in business activity, and no productivity enhancements or cost savings have been assumed for the period. BioMar's feed products are mainly based on marine and vegetable raw materials, for which price fluctuations can in all material respects be passed on to selling prices.

The impairment tests made at 31 December 2020 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 2020, Schouw & Co. recognised other intangible assets of DKK 1,057 million, DKK 60 million less than at 31 December 2019. The amount consisted of an addition of DKK 97 million, in part due to Borg Automotive's acquisition of operations in Spain, while the item was reduced by DKK 129 million due to amortisation. The remaining changes under other intangible assets were due to foreign exchange adjustments.

Property, plant and equipment
In 2020, the Group identified assets with an indication of impairment. Total impairment was DKK 8 million consisting of minor write-downs in BioMar, Fibertex Nonwovens, GPV and Borg Automotive.

Investments in joint ventures and associates
The equity investment in Salmones Austral was tested for impairment in 2020. The test did not show any indication of impairment.

Other non-current assets
There were no indications of impairment in other non-current assets, except an impairment of leasing assets of DKK 2 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:
16. Financial income
17. Financial expenses
18. Interest-bearing debt
19. Net interest-bearing debt
20. Share capital

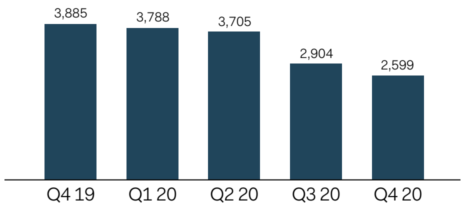
Comments

Financial income
Financial income of DKK 76 million in 2020 included fair value adjustment of securities of DKK 5 million. Adjusted for this amount, financial income amounted to DKK 72 million in 2020, compared with DKK 80 million in 2019. Foreign exchange gains fell by DKK 10 million and interest income increased by DKK 2 million.

Financial expenses
Financial expenses amounted to DKK 209 million in 2020 compared with DKK 164 million in 2020. Interest expenses dropped from DKK 99 million in 2019 to DKK 93 million in 2020. Financial expenses also included foreign exchange losses of DKK 105 million compared with DKK 45 million in 2019. Dividends paid to the minority shareholder in BioMar Ecuador amounted to DKK 12 million compared with DKK 20 million in 2019.

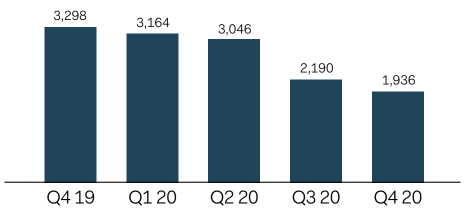
Liabilities
Interest-bearing debt was DKK 2,599 million at 31 December 2020, representing a year-on-year decrease of DKK 1,287 million that was driven by the Group's positive cash flows and its reduced investment activity. A large part of the Group's debt is in DKK or in EUR, these currencies representing 56% of total debt in 2020 (2019: 51%). NOK, AUD and USD account for 14%, 14% and 7% of the debt, respectively, while a number of currencies combine to make up the remaining 8%.

Interest-bearing debt



Net interest-bearing debt
Due to the positive cash flow from operations and partly due to the lower investment activity, net interest-bearing debt fell by DKK 1,362 million to DKK 1,936 million at 31 December 2020.

Net interest-bearing debt



Treasury shares
The share capital was unchanged at 25,500,000 shares of DKK 100 each. At 31 December 2019, Schouw & Co. held 1,544,280 treasury shares, corresponding to 6.06% of the share capital. In 2020, the Group sold 23,556 treasury shares for purposes of its share option programme. Accordingly, Schouw & Co. held 1,520,724 treasury shares at 31 December 2020, corresponding to 5.96% 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.

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

Amounts in DKK million

Notes • capital structure

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Financial income

	2020	2019
Interest income	17	15
Foreign exchange adjustments	54	64
Fair value adjustment of financial assets	5	5
Total	76	84

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Financial expenses

	2020	2019
Interest expense	-67	-69
Lease interest expense	-24	-26
Fair value adjustment of hedging transactions transferred from equity	-2	-4
Foreign exchange adjustments	-105	-45
Dividend to non-controlling shareholders of BioMar Ecuador (Alimentsa)	-12	-20
Total	-209	-164

Borrowing costs of DKK 5 million were capitalised in 2020 (2019: DKK 7 million) based on an average rate of interest of 1.8% p.a. (2019: 2.5%).

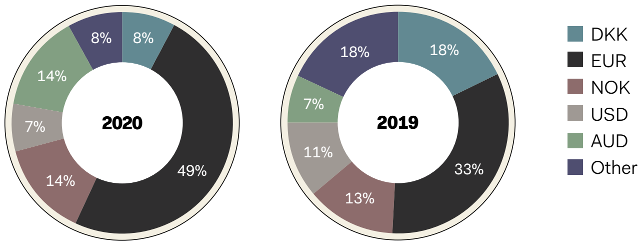
18
Interest-bearing debt

Debt recognised in the balance sheet:

	2020	2019
Credit institutions (non-current)	1,090	2,186
Mortgage debt (non-current)	98	140
Lease debt (non-current)	555	651
Recognised as non-current interest-bearing debt	1,742	2,976
Current portion of mortgage debt	41	42
Current portion of lease debt	188	189
Credit institutions (current)	628	678
Recognised as current interest-bearing debt	856	909
Total interest-bearing debt	2,599	3,885

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

18
Interest-bearing debt (continued)

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

	2020		2019	
	Interest-bearing debt	Of which lease debt	Interest-bearing debt	Of which lease debt
Principal repayment				
Overdraft facilities				
without planned repayment	601		548	
Less than 1 year	286	207	412	211
1-5 years	1,530	511	2,714	571
More than 5 years	300	82	365	131
Total	2,717	800	4,040	913
Interest				
Overdraft facilities				
without planned repayment	0		0	
Less than 1 year	30	19	51	22
1-5 years	80	31	88	41
More than 5 years	8	7	15	11
Total	118	57	154	73
Carrying amount				
Overdraft facilities				
without planned repayment	601		548	
Less than 1 year	256	188	360	189
1-5 years	1,450	480	2,626	530
More than 5 years	292	74	350	121
Total	2,599	743	3,885	840

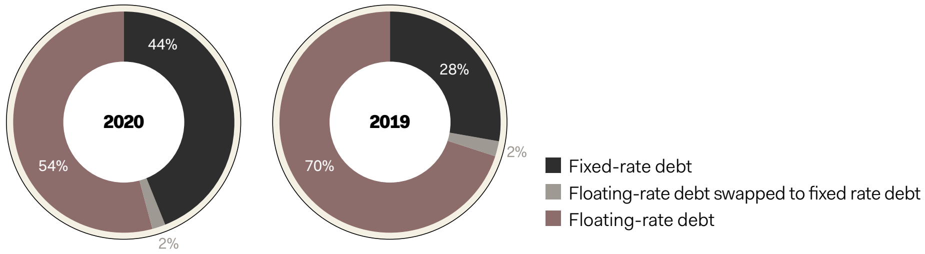
Spot rate used for floating rate loans in the table above.

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 2.9% per annum (2019: 2.9%).

Total lease payments made in 2020 amounted to DKK 220 million (2019: DKK 208 million), consisting of a repayment of DKK 196 million (2019: 182 million) and interest of DKK 24 million (2019: DKK 26 million).

The weighted average effective rate of interest for the year was 2.8% (2019: 2.5%).
The weighted average effective rate of interest at the balance sheet date was 2.1% (2019: 2.2%).

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.

	2020	2019
Interest hedging expires in:		
Less than 1 year	0	0
1-5 years	77	100
More than 5 years	18	18
Total	95	118

An increase in interest rates of 1 percentage point would cause the annual interest expense to increase by about DKK 11 million after tax (2019: DKK 21 million).

Amounts in DKK million

Notes • capital structure

18
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.

Facility	Loans and lines	Of which utilised	Unutilised	Commitment	Avg. term to maturity
Revolving credit facility	3,275	45	3,230	Committed	3 yrs (+2 yrs)
Standby facility	1,000	0	1,000	Committed	3 mths (+1 year)
Other credit facilities	767	601	165	Uncommitted	
Schuldschein	1,012	1,012	0	Committed	3 yrs 8 mths
Mortgages	138	138	0	Committed	4 yrs 9 mths
Other long-term debt	60	60	0	Uncommitted	2 yrs 6 mths
Leases	743	743	0	Committed	
Cash and cash equivalents			635		
31 December 2020	6,994	2,599	5,030		

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 (of which DKK 500 million as an accordion) compared with DKK 2,100 million previously. The new 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. In addition, in April 2019, the parent company Schouw & Co. issued Schuldscheins for a total of EUR 136 million (DKK 1,012 million) maturing in 2024 (80%) and 2026 (20%), and in April 2020 two committed bilateral facilities for a total of DKK 1,000 million were established to ensure maximum economic versatility for the Group during the coronavirus pandemic. The bilateral facilities expire in April 2021, but have a one-year extension option.

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 capital resources of DKK 5,030 million represent appropriate cash resources. The Group aims to have a financial gearing of from 1.0x to 2.5x. During periods immediately following a (major) acquisition, however, gearing may exceed 2.5x. At 31 December 2020, the financial gearing was 0.9x.

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Net interest-bearing debt

			Non-cash items			
2020	Beginning of year	Cash flows	Acquisitions	Foreign exchange adjustments	Other	End of year
Interest-bearing liabilities:						
Non-current debt	2,976	-1,001	5	-89	-150	1,742
Current debt	909	-304	1	-31	281	856
Total interest-bearing liabilities	3,885	-1,305	6	-119	131	2,599
Interest-bearing assets:						
Non-current receivables	2	0	0	0	0	2
Current receivables	47	-20	0	-2	0	26
Cash and cash equivalents	538	133	0	-37	0	635
Total interest-bearing assets	587	114	0	-39	0	662
Net interest-bearing debt	3,298	-1,419	6	-81	131	1,936

			Non-cash items			
2019	Beginning of year	Cash flows	Acquisitions	Foreign exchange adjustments	Other	End of year
Interest-bearing liabilities:						
Non-current debt	1,749	537	0	19	671	2,976
Current debt	1,309	-761	33	7	321	909
Total interest-bearing liabilities	3,058	-224	33	26	992	3,885
Interest-bearing assets:						
Non-current receivables	35	-7	0	0	-25	2
Current receivables	14	6	0	2	25	47
Cash and cash equivalents	585	-61	6	8	0	538
Total interest-bearing assets	633	-62	6	10	0	587
Net interest-bearing debt	2,425	-162	27	17	992	3,298

Amounts in DKK million

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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 2019	1,806,997	18,069,970	504	7.09%
Share option programme	-262,717	-2,627,170	-35	-1.03%
31 December 2019	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%

In 2020, Schouw & Co. sold shares held in treasury for proceeds of DKK 11 million used for the Group's share option programme. The shares had a fair value of DKK 12 million at the time of sale.

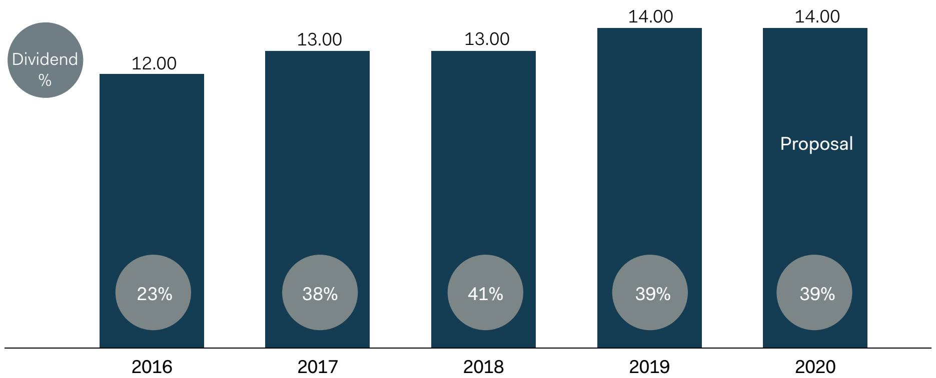
Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20.0% of the share capital. The authorisation is valid until 1 April 2025.

The company acquires treasury shares for allocation to the Group's share option programmes. At 31 December 2020, the company's treasury shares had a market value of DKK 937 million (2019: DKK 865 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 14 per share is proposed in respect of the 2020 financial year for a total dividend amount of DKK 357 million and a dividend payout of 39% of the profit for the year. On 20 April 2020, the Group paid dividend in respect of 2019 of DKK 14 per share for a total dividend amount of DKK 357 million. Payment of dividends has no tax implications for the company.

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:
21. Tax on profit/loss for the year
22. Deferred tax
23. Corporate income tax

Comments

Corporate income tax
Schouw & Co. recorded a profit for the year before tax of DKK 1,209 million (2019: DKK 1,149 million), resulting in total tax for the year of DKK 300 million (2019: DKK 243 million) for an effective tax rate of 24.8% (2019: 21.2%).

Profit before tax includes the share of profit or loss after tax in associates and joint ventures. However, the tax on the share of profit or loss is not included in the tax for the year. Accordingly, an adjustment for the share of profit or loss increases the effective tax rate.

The effective tax rate was also driven higher by a DKK 5 million drop in non-taxable income and an DKK 18 million increase in non-deductible costs. Non-deductible costs included among others the costs of the Group's stock option awards for the year (Black & Scholes).

Also a part of the increase was withholding tax of DKK 5 million that could not be offset against other tax, and uncertain tax positions for an amount corresponding to DKK 13 million relating to tax disputes, mainly in France.

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.

Significant 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 on the profit 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 2020, the Group had capitalised tax losses at a value for tax purposes of DKK 47 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 116 million are not expected to be utilised within the next few years. More than one third of the non-recognised losses relate to Fibertex South Africa.

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

Notes • tax

21
Tax on profit/loss for the year

	2020	2019
Tax on the profit for the year is specified as follows:		
Tax on profit/loss for the year	-300	-243
Tax on other comprehensive income	3	-1
Total tax	-297	-244
Tax on the profit for the year has been calculated as follows:		
Current tax	-323	-313
Deferred tax	25	63
Change in deferred tax due to change in corporate tax rates	0	2
Adjustment of prior-year tax charge	-3	5
Total tax recognised in the income statement	-300	-243
Specification of the tax on the profit for the year:		
Calculated 22% tax of profit/loss before tax	22.0%	22.0%
Tax in foreign subsidiaries adjusted relative to 22%	1.6%	2.6%
Weighted consolidated income tax rate	23.6%	24.6%
Tax effect of:		
Change of corporate income tax rate	0.0%	-0.2%
Non-taxable income	-2.4%	-2.9%
Non-deductible costs	2.5%	1.0%
Share of profit or loss in associates and JVs	1.2%	-0.9%
Investment grants	0.0%	-0.1%
Adjustment of prior-year tax charge	0.2%	-0.4%
Revised valuation of tax asset	0.2%	0.5%
Tax assets recognised during the year	-0.4%	-0.4%
Effective tax rate	24.8%	21.2%

	2020		
Tax on items recognised in other comprehensive income	**Before tax**	**Taxation**	**After tax**
Foreign exchange adjustments of foreign entities, 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

	2019		
Tax on items recognised in other comprehensive income	**Before tax**	**Taxation**	**After tax**
Foreign exchange adjustments of foreign entities, etc.	163	0	163
Hedging instruments for the year	0	0	1
Hedging instruments transferred to cost of sales	2	0	2
Hedging instruments transferred to financials	4	-1	3
Other comprehensive income from associates and JVs	9	0	9
Adjustment of defined benefit pension plan	3	0	3
Total tax on items recognised in other comprehensive income	181	-1	180

Amounts in DKK million

Notes • tax

22
Deferred tax

2020

Change in deferred tax	Balance at 1 January	Foreign exchange adjustments	Additions on acquisitions	Disposals on divestment	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
Recaptured losses	-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

2019

Change in deferred tax	Balance at 1 January	Foreign exchange adjustments	Additions on acquisitions	Disposals on divestment	Recognised in the profit for the year	Recognised inequity	Balance at 31 December
Intangible assets	258	3	2	0	-24	0	239
Property, plant and equipment	215	4	20	-5	8	0	241
Receivables	-24	0	0	0	-8	0	-32
Inventories	10	-1	0	0	-7	0	2
Other current assets	1	0	0	0	12	0	13
Shareholders' equity	8	0	0	0	1	1	9
Provisions	-20	0	0	0	-17	0	-37
Other liabilities	-52	-1	-2	0	-24	0	-79
Recaptured losses	-16	0	0	0	-3	0	-19
Tax losses	-50	0	0	0	-1	0	-51
Total change in deferred tax	331	5	20	-5	-65	1	286

Amounts in DKK million

Notes • tax

22
Deferred tax (continued)

	2020	2019
Deferred tax at 1 January	286	331
Foreign exchange adjustments	-16	5
Deferred tax adjustment at 1 January	12	0
Deferred tax for the year recognised in profit/loss for the year	-25	-63
Reduction of corporate tax rate	0	-2
Deferred tax for the year recognised in equity	-5	1
Additions on acquisitions	0	20
Disposals on divestment	0	-5
Deferred tax at 31 December, net	253	286
Deferred tax is recognised as follows in the balance sheet:		
Deferred tax (asset)	-104	-122
Deferred tax (liability)	357	409
Deferred tax at 31 December, net	253	286

Deferred tax recognised in profit for the year consists of an adjustment of deferred tax at the beginning of the year of DKK 12 million and changes in deferred tax for the year of DKK -25 million, for a total of DKK -13 million.

Schouw & Co. has capitalised tax assets of DKK 104 million (2019: DKK 122 million). It is expected that the capitalised tax asset will be absorbed by taxable income within the next few years. All deferred tax liabilities are recognised in the balance sheet.

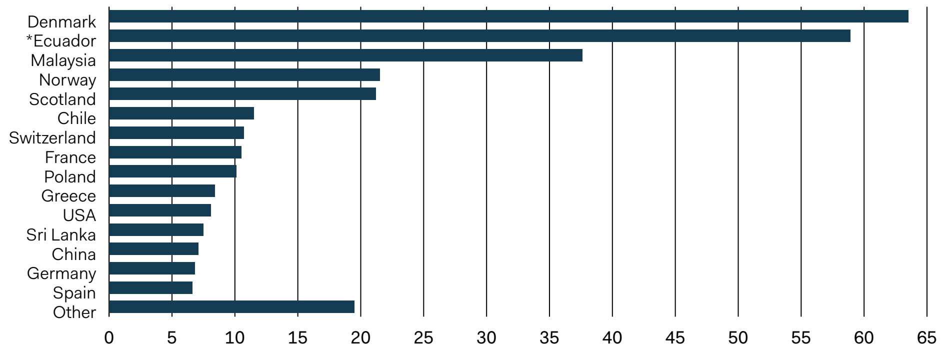
Tax losses with an aggregate value for tax purposes of DKK 116 million (2019: DKK 114 million) have not been recognised, because it is considered unlikely that the deferred tax assets will be realised.

In a transfer pricing review performed in 2013, the Danish tax authorities ("SKAT") 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 2020. This matter is unchanged from last year.

23
Corporate income tax

	2020	2019
Income tax payable at 1 January	78	46
Foreign exchange adjustments	-7	4
Current tax for the year	323	313
Adjustment related to prior years	-17	-10
Current tax for the year recognised in other comprehensive income	0	1
Current tax on other equity adjustments	0	-1
Additions on company acquisitions	0	0
Income tax paid during the year	-309	-274
Income tax at 31 December	67	78
which is specified as follows:		
Income tax (asset)	-88	-37
Income tax (liability)	155	114
Income tax at 31 December	67	78

Income tax paid by country, 2020



* Tax paid in Ecuador of DKK 59 million includes newly-introduced on account taxation and ordinary tax payments for 2020 of DKK 14 million and DKK 15 million respectively, as well as final tax for 2019 of DKK 13 million. The amount also includes payment of tax disputes from previous financial years.

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 2020 consisted mainly of a 15.8% shareholding in Incuba A/S.

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. 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.

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.

Significant accounting estimates

Liability regarding put option
The put option pertains to the acquisition of the outstanding shareholding interest in BioMar Ecuador (Alimentsa) 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. The obligation prior to exercise is based on an estimate of the company's expected financial performance.

Other notes to the consolidated financial statements

24
Adjustment for non-cash transactions

	2020	2019
Purchase of intangible assets	-48	-32
of which was not paid at the balance sheet date/date of adjustment for the year	0	2
Paid relating to purchase of intangible assets	-48	-30
Purchase of property, plant and equipment	-477	-774
of which was not paid at the balance sheet date/date of adjustment for the year	22	0
Paid relating to purchase property plant and equipment	-454	-774
Financial liabilities incurred	67	1,168
of which lease debt	-67	-147
Proceeds from incurring financial liabilities	0	1,020

25
Securities

	2020	2019
Securities measured at fair value		
Cost at 1 January	57	57
Additions	0	0
Disposals	-11	0
Cost at 31 December	45	57
Adjustments at 1 January	22	18
Dividends paid	-1	-1
Disposals relating to divestment	9	0
Adjustments recognised in the income statement	5	5
Adjustments at 31 December	35	22
Carrying amount at 31 December	80	79

Shares in unlisted companies are assessed on the basis of a discounted cash flow model, in which budgets and general market expectations are included. Fair value is assessed on the basis of an aggregate assessment, taking into consideration the difficult tradability of shares in an unlisted market.

26
Other payables

	2020	2019
Pension liabilities	130	115
Provisions	33	32
Other payables	118	83
Prepayments	63	77
Total other payables	344	306

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 130 million at 31 December 2020 compared with DKK 115 million at 31 December 2019. CCS has pension plans in several units, but mainly relating to Switzerland where the liability was DKK 92 million at 31 December 2020 (2019: DKK 76 million). Like last year, provisions were actuarially calculated, and the DKK -17 million adjustment for the year was recognised as other comprehensive income. Gross liabilities amounted to a total of DKK 381 million at 31 December 2020 (2019: DKK 364 million), and the corresponding gross assets in Switzerland amounted to DKK 290 million (2019: DKK 288 million). The calculation of the present value in Switzerland is based on a discount rate of 0.15% (2019: 0.30%).

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.

Other debt consists of holiday funds payable and the non-current component of the cores liability in Borg Automotive. Deferred income mainly consists of investment grants.

27
Liability regarding put option

	2020	2019
Put option at 1 January	369	321
Foreign exchange adjustments	-37	8
Change in liability during the year	28	40
Put option at 31 December	360	369

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

Amounts in DKK million

Other notes to the consolidated financial statements

28
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 2020.

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 Chile 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 2020 corresponded to approximately USD 26 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 statement of defence on the indiction from the Chilean competition authorities on 19 May 2020. However, the entire process has been delayed due to the coronavirus pandemic, and the matter is still at an early stage of what is expected to be a long-term process.

29
Guarantees

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

	2020	**2019**
Land and buildings	507	521
Plant and machinery	150	75
Current assets	0	811
Total	656	1,407

The collateral set out above represents the Group's debt to credit and mortgage-credit institutions of DKK 142 million (2019: DKK 197 million).

Following the renegotiation of a syndicated bank agreement, as discussed on note 18, the Group has no longer provided collateral against current assets

Amounts in DKK million

Other notes to the consolidated financial statements

30
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.

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 2020, the maximum credit risk considering the collateral provided was DKK 4,207 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:

Currency	**Likely change in exchange rate***	**Effect on the profit for the year****
USD/DKK	5.0%	-6
EUR/DKK	0.5%	-6
TRY/DKK	15.0%	-4
ZAR/DKK	15.0%	9
PLN/DKK	5.0%	4
CNY/DKK	5.0%	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.

	2020	**2019**
Market value of hedges		
Currency hedges	-8	2
Interest hedges	-4	-6
Recognised before tax	-12	-4
Tax on recognised hedge transactions	2	1
Hedging agreements after tax	-10	-3
Currency hedging agreements expire in maximum (number of months)	12	20
Interest hedging agreements expires in maximum (number of months)	72	84

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

30
Financial risk - continued

The Group's debt maturity profile:

2020	Carrying amount	Overdraft facilities without planned repayment	Less than 1 year	After one year through five years	More than 5 years	Total
		Cash flows including interest				
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

2019	Carrying amount	Overdraft facilities without planned repayment	Less than 1 year	After one year through five years	More than 5 years	Total
		Cash flows including interest				
Non-derivative financial instruments						
Banks and other credit institutions	3,046	548	201	2,144	233	3,127
Lease debt	840	0	211	571	131	913
Trade payables	3,218	0	3,218	0	0	3,218
Other payables	1,312	0	1,255	81	0	1,336
Derivative financial instruments:						
Forward currency contracts used as hedging instruments	20	0	20	0	0	20
Interest rate swaps used as hedging instruments	6	0	1	5	0	6
Recognised in balance sheet total	8,441	548	4,906	2,800	365	8,619
Contractual obligations to acquire non-current assets			121	0	0	121
Total liabilities		548	5,027	2,800	365	8,740

Amounts in DKK million

Other notes to the consolidated financial statements

31
Categories of financial assets and liabilities

Financial assets	2020	2019
Non-current assets		
Securities (1)	0	2
Other securities and investments (2)	79	76
Other securities and investments (3)	1	1
Financial assets at fair value through profit or loss	80	79
Other receivables	41	102
Receivables are measured at amortised cost	41	102
Current assets		
Trade receivables	3,781	3,790
Other receivables	221	242
Cash and cash equivalents	635	538
Receivables are measured at amortised cost	4,638	4,571
Derivative financial instruments (2)	12	14
Hedging instruments measured at fair value	12	14
Financial liabilities		
Non-current liabilities		
Debt to mortgage-credit institutions	98	140
Other credit institutions	1,645	2,836
Other payables	118	83
Financial liabilities measured at amortised cost	1,860	3,059
Current liabilities		
Debt to mortgage-credit institutions	41	42
Other credit institutions	816	867
Trade payables and other payables	4,772	4,447
Financial liabilities measured at amortised cost	5,629	5,356
Derivative financial instruments (2)	53	26
Hedging instruments measured at fair value	53	26

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

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

The Group sold its holding of equities measured at the official market value (level 1) in 2020. 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). The fair values applied are calculated mainly by external sources on the basis of discounted future cash flows. 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.

Amounts in DKK million

Other notes to the consolidated financial statements

32
Fees to auditors appointed by the general meeting

	2020	2019
Statutory audit fees, EY	-10	-11
Fees for other assurance engagements, EY	-1	-2
Fees for tax and VAT-related services, EY	-1	-2
Non-audit services, EY	-2	-1
Total fees, EY	-14	-16
Statutory audit fees, other auditors	-1	-1
Fees for other assurance engagements, other auditors	0	0
Fees for tax and VAT-related services, other auditors	0	0
Non-audit services, other auditors	0	0
Total fees, other auditors	-1	-1

33
Earnings per share (DKK)

	2020	2019
Share of the profit for the year attributable to shareholders of Schouw & Co.	912	911
Average number of shares	25,500,000	25,500,000
Average number of treasury shares	-1,526,501	-1,709,337
Average number of outstanding shares	23,973,499	23,790,663
Average dilutive effect of outstanding share options *	25,349	2,090
Diluted average number of outstanding shares	23,998,848	23,792,753
Earnings per share of DKK 10	38.04	38.27
Diluted earnings per share of DKK 10	38.00	38.27

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

Amounts in DKK million

Brooke Knight, Lead opeator, Fibertex Nonwovens, USA

Other notes to the consolidated financial statements

34
Related party transactions

Under Danish legislation, Givesco A/S, Lysholt Allé 3, DK-7100 Vejle, members of the Board of Directors, the Executive Management and senior 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 12 to the consolidated financial statements and note 9 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. Management's remuneration and share option programmes are set out in note 3.

	2020	2019
Joint ventures:		
During the financial year, the Group sold goods in the amount of	11	30
During the financial year, the Group had interest income in the amount of	1	0
At 31 December, the Group had a receivable of	16	35
At 31 December, the Group had debt in the amount of	1	1
Associates:		
During the financial year, the Group sold goods in the amount of	362	316
During the financial year, the Group bought goods in the amount of	84	99
At 31 December, the Group had a receivable of	158	133
At 31 December, the Group had debt in the amount of	11	62
During the financial year, the Group received dividends in the amount of	0	11

During 2020, 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. (5.96%).

35
Events after the balance sheet date

Other than as set out elsewhere in this annual report, Schouw & Co. is not aware of events occurring after 31 December 2020 which are expected to have a material effect on the Group's financial position or outlook.

36
New financial reporting regulations

As of the date of release 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 2020. 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 to Schouw & Co. as per the EU effective dates.

Amounts in DKK million

PATIENT, BUT DEMANDING

Schouw & Co. exercises active, long-term ownership of its portfolio businesses. Each company has its own strong and independent management with full operational responsibility. Schouw & Co.'s role as a parent company is to maintain an ongoing and close dialogue about profitable growth, efficient use of capital and future-proofing the company's strategic platform. Having a long-term approach and giving priority to investing in innovation and development is deeply entrenched in Schouw & Co.'s DNA, but so is having a tight and consistent focus on costs.

Parent company financial statements

Statements of income and comprehensive income

1 January – 31 December

Note	Income statement	2020	2019
1	Revenue	10.7	10.4
2, 23	Administrative expenses	-41.7	-41.6
	EBIT	-30.9	-31.2
9	Recognition of share of profit in subsidiaries	878.7	877.4
	Gains from the sale of equity investments	2.0	0.0
12	Financial income	92.4	100.6
13	Financial expenses	-34.1	-41.6
	Profit/loss before tax	908.0	905.2
19	Tax on profit/loss for the year	-5.4	-6.2
	Profit for the year	902.6	899.0
	Proposed distribution of profit		
	Proposed dividend of DKK 14 per share (2019: DKK 14 per share)	357.0	357.0
	Retained earnings	545.6	542.1
	Profit for the year	902.6	899.1

Note	Statement of comprehensive income	2020	2019
	Items that can be reclassified to the income statement:		
	Hedging instruments transferred to financials	0.0	1.0
	Value adjustment of subsidiaries	-528.4	179.6
19	Tax on other comprehensive income	0.0	-0.2
	Other comprehensive income after tax	-528.4	180.3
	Profit for the year	902.6	899.1
	Total recognised comprehensive income	374.2	1,079.4

Amounts in DKK million

Balance sheet • Assets and liabilities

Note	Assets	31/12 2020	31/12 2019
6	Intangible assets	0.8	1.0
7	Property, plant and equipment	18.6	18.9
8	Lease assets	0.4	0.7
9	Investments in subsidiaries	7,477.7	7,602.3
10	Securities	79.1	76.0
20	Deferred tax	7.3	6.2
11	Receivables from subsidiaries	949.7	1,001.1
	Total non-current assets	8,533.6	8,706.3
11	Receivables from subsidiaries	2,686.5	3,281.2
3	Receivables	14.9	9.4
	Cash and cash equivalents	106.1	15.5
	Total current assets	2,807.4	3,306.1
	Total assets	11,341.1	12,012.4

Note	Liabilities and equity	31/12 2020	31/12 2019
15	Share capital	255.0	255.0
	Hedge transaction reserve	0.0	0.0
	Net revaluation reserve as per the equity method	3,447.0	3,571.6
	Retained earnings	5,565.0	5,336.2
	Proposed dividend	357.0	357.0
	Total equity	9,624.0	9,519.8
16	Other payables	17.0	17.6
14	Interest-bearing debt	1,061.0	2,110.0
	Non-current liabilities	1,078.0	2,127.6
14	Interest-bearing debt	618.9	344.2
5	Trade payables and other payables	16.9	13.5
21	Joint taxation contributions	1.9	5.2
22	Corporate income tax	1.3	0.0
	Provisions	0.0	2.0
	Current liabilities	639.0	365.0
	Total liabilities	1,717.0	2,492.5
	Total equity and liabilities	11,341.1	12,012.4

Notes without reference 17, 18 and 24.

Amounts in DKK million

Cash flow statement

1 January – 31 December

Note		2020	2019
	Profit/loss before tax	908.0	905.2
	Adjustment for operating items of a non-cash nature, etc.		
2	Depreciation and impairment losses	0.8	0.6
	Other operating items, net	-0.5	6.4
	Share of profit from subsidiaries, associates and joint ventures	-878.7	-877.4
	Provisions	-0.9	-0.9
	Financial income	-92.4	-100.6
	Financial expenses	34.1	41.6
	Cash flows from operations before changes in working capital	-29.6	-25.2
4	Changes in working capital	-5.0	1.4
	Cash flows from operations	-34.5	-23.7
	Financial income received	86.6	96.8
	Financial expenses paid	-30.5	-38.4
	Cash flows from ordinary activities	21.7	34.6
21, 22	Joint taxation contribution received and net tax paid	-8.2	-3.6
	Cash flows from operating activities	13.4	31.0
	Purchase of intangible assets	0.0	-1.0
	Purchase of property, plant and equipment	-0.1	-0.1
	Capital increase in subsidiaries	0.0	-100.0
	Dividends received from subsidiaries and associates	510.0	467.0
	Additions/disposals of other financial assets	1.0	3.1
	Cash flows from investing activities	510.9	369.1

Note		2020	2019
	Loan financing:		
	Repayment of non-current liabilities	-0.8	-0.8
	Non-current debt raised	0.0	1,015.3
	Change in bank overdrafts	-997.1	-1,116.3
	Change in intra-group balances	873.8	-153.3
	Shareholders:		
	Dividends paid	-335.7	-309.1
	Treasury shares, etc. bought/sold	26.0	127.5
	Cash flows from financing activities	-433.8	-436.7
	Cash flows for the year	90.6	-36.6
	Cash and cash equivalents, beginning of period	15.5	52.2
	Value adjustment of cash and cash equivalents	0.0	0.0
	Cash and cash equivalents, end of period	106.1	15.5

Amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Net revaluation Reserve as per the equity method	Retained earnings	Proposed dividend	Shareholders' equity
Equity at 1 January 2019	255.0	-0.6	2,989.7	5,049.6	331.5	8,625.3
Other comprehensive income in 2019						
Value adjustment of hedging instruments for the year		-0.2	0.0	0.2	0.0	0.0
Hedging instruments transferred to financials		1.0	0.0	0.0	0.0	1.0
Value adjustment of subsidiaries		0.0	179.6	0.0	0.0	179.6
Tax on other comprehensive income		-0.2	0.0	0.0	0.0	-0.2
Profit for the year		0.0	877.4	-335.3	357.0	899.1
Total recognised comprehensive income	0.0	0.6	1,057.0	-335.1	357.0	1,079.4
Transactions with the owners						
Share-based payment, net		0.0	0.2	20.3	0.0	20.5
Value adjustment of put option in subsidiary		0.0	-8.3	0.0	0.0	-8.3
Distributed dividends		0.0	-467.0	489.4	-331.5	-309.1
Treasury shares bought/sold		0.0	0.0	112.0	0.0	112.0
Total transactions with owners during the year	0.0	0.0	-475.1	621.7	-331.5	-184.9
Equity at 31 December 2019	255.0	0.0	3,571.6	5,336.2	357.0	9,519.8
Other comprehensive income in 2020						
Value adjustment of subsidiaries		0.0	-528.4	0.0	0.0	-528.4
Profit for the year		0.0	878.7	-333.1	357.0	902.6
Total recognised comprehensive income	0.0	0.0	350.3	-333.1	357.0	374.2
Transactions with the owners						
Share-based payment, net		0.0		19.9	0.0	19.9
Value adjustment of put option in subsidiary		0.0	35.1	0.0	0.0	35.1
Distributed dividends		0.0	-510.0	531.3	-357.0	-335.7
Treasury shares bought/sold		0.0	0.0	10.7	0.0	10.7
Total transactions with owners during the year	0.0	0.0	-474.9	561.9	-357.0	-270.0
Equity at 31 December 2020	255.0	0.0	3,447.0	5,565.0	357.0	9,624.0

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.

Net revaluation reserve as per 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.

Amounts in DKK million

Notes • Basis of preparation of the parent company financial statements

The structure of the parent company Schouw & Co.'s financial statements is consistent with that applied 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

Schouw & Co. has implemented the standards and interpretations which are effective from 2020.

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 under equity 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

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.

Notes to the parent company financial statements

1
Revenue

	2020	2019
Management fee	10.7	10.4
Total revenue	10.7	10.4

2
Costs

	2020	2019
Staff costs		
Remuneration to the Board of Directors of Schouw & Co.	-3.4	-3.2
Wages and salaries	-22.2	-22.0
Defined contribution pension plans	-1.8	-1.6
Other social security costs	-0.1	-0.1
Share-based payment	-4.4	-4.7
Total staff costs	-31.9	-31.6
Average no. of employees	14	14
Amortisation		
Amortisation of intangible assets	-0.2	0.0
Depreciation of property, plant and equipment	-0.4	-0.3
Depreciation of lease assets	-0.3	-0.2
Total amortisation/depreciation	-0.8	-0.6
Depreciation is recognised as follows:		
Administration	-0.8	-0.6
Amortisation/depreciation is recognised in the income statement	-0.8	-0.6

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
Receivables

	2020	2019
Other current receivables	1.9	1.9
Prepayments	13.0	7.5
Total receivables	14.9	9.4

No impairment losses were recognised on receivables during the year.

4
Changes in working capital

	2020	2019
Change in receivables	-8.3	0.7
Change in trade payables and other payables	3.4	0.8
Total changes in working capital	-5.0	1.4

5
Trade payables and other payables

	2020	2019
Trade payables	0.5	0.8
Other payables	16.4	12.7
Total trade payables and other payables	16.9	13.5

Amounts in DKK million

Notes to the parent company financial statements

6
Intangible assets

2020	IT projects	Total
Cost at 1 January 2020	1.0	1.0
Additions	0	0
Disposals	0	0
Cost at 31 December 2020	1.0	1.0
Amortisation and impairment at 1 January 2020	0	0
Amortisation and impairment of disposed assets	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

2019	IT projects	Total
Cost at 1 January 2019	0.0	0.0
Additions	1.0	1.0
Disposals	0.0	0.0
Cost at 31 December 2019	1.0	1.0
Amortisation and impairment at 1 January 2019	0.0	0.0
Amortisation and impairment of disposed assets	0.0	0.0
Amortisation	0.0	0.0
Amortisation and impairment at 31 December 2019	1.0	1.0
Carrying amount at 31 December 2019	1.0	1.0

7
Property, plant and equipment

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
Amortisation and impairment at 1 January 2020	-2.9	-4.0	-7.0
Amortisation and impairment of disposed assets	0.0	0.1	0.1
Amortisation	0.0	-0.3	-0.4
Amortisation and impairment at 31 December 2020	-2.9	-4.2	-7.2
Carrying amount at 31 December 2020	16.0	2.6	18.6

2019	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2019	19.0	8.0	26.9
Additions	0.0	0.1	0.1
Disposals	0.0	-1.2	-1.2
Cost at 31 December 2019	19.0	6.9	25.8
Amortisation and impairment at 1 January 2019	-2.9	-4.9	-7.8
Amortisation and impairment of disposed assets	0.0	1.2	1.2
Amortisation	0.0	-0.3	-0.3
Amortisation and impairment at 31 December 2019	-2.9	-4.0	-7.0
Carrying amount at 31 December 2019	16.1	2.8	18.9

At 31 December 2020, 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.

Amounts in DKK million

Notes to the parent company financial statements

8
Lease assets

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
Amortisation and impairment at 1 January 2020	-0.2	-0.2
Amortisation and impairment of disposed assets	0.0	0.0
Amortisation	-0.3	-0.3
Amortisation and impairment at 31 December 2020	-0.5	-0.5
Carrying amount at 31 December 2020	0.4	0.4

2019	Cars	Total
Effects of transition to IFRS 16	0.5	0.5
Cost at 1 January 2019 under IFRS 16	0.5	0.5
Additions	0.5	0.5
Disposals	0.0	0.0
Cost at 31 December 2019	0.9	0.9
Amortisation and impairment at 1 January 2019	0.0	0.0
Amortisation and impairment of disposed assets	0.0	0.0
Amortisation	-0.2	-0.2
Amortisation and impairment at 31 December 2019	-0.2	-0.2
Carrying amount at 31 December 2019	0.7	0.7

9
Investments in subsidiaries

The parent company has the following subsidiaries:

Name	Registered office	Ownership interest 2020	Ownership interest 2019
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%
HydraSpecma A/S	Skjern, Denmark	100%	100%
Borg Automotive Holding A/S	Silkeborg, Denmark	100%	100%
GPV International A/S	Vejle, Denmark	100%	100%
Alba Ejendomme A/S	Aarhus, Denmark	100%	100%

	2020	**2019**
Cost at 1 January	4,030.7	3,930.7
Additions during the year	0.0	100.0
Cost at 31 December	4,030.7	4,030.7
Adjustments at 1 January	3,571.6	2,989.8
Share of profit for the year	878.6	877.4
Dividends paid	-510.0	-467.0
Other capital entries	-493.3	171.5
Adjustments at 31 December	3,447.0	3,571.6
Carrying amount at 31 December	7,477.7	7,602.3
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.

Amounts in DKK million

Notes to the parent company financial statements

10
Securities

	2020	2019
Cost at 1 January	43.1	43.1
Cost at 31 December	43.0	43.1
Adjustments at 1 January	33.0	29.7
Dividends received	-0.7	-0.6
Disposals	-1.0	0.0
Adjustments recognised in the income statement	4.8	3.8
Adjustments at 31 December	36.1	33.0
Carrying amount at 31 December	79.1	76.0

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

11
Receivables from subsidiaries

	2020	2019
Receivables from subsidiaries – non-current	949.7	1,001.1
Receivables from subsidiaries – current	2,686.5	3,281.2
Total receivables from subsidiaries	3,636.2	4,282.2
Breakdown of receivables from subsidiaries:		
Interest-bearing receivables	3,636.2	4,281.7
Non-interest-bearing receivables	0.0	0.5
Total receivables from subsidiaries	3,636.2	4,282.2

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.

Amounts in DKK million

12
Financial income

	2020	2019
Interest income from subsidiaries	86.4	96.1
Foreign exchange adjustments	1.0	0.1
Fair value adjustment of financial assets	4.8	3.8
Other interest income	0.2	0.7
Total financial income	92.4	100.6

13
Financial expenses

	2020	2019
Interest payable to subsidiaries	-0.3	-2.2
Interest expense on financial liabilities	-33.6	-38.2
Fair value adjustment of hedging transactions transferred from equity	0.0	-1.0
Foreign exchange adjustments	-0.2	-0.1
Total financial expenses	-34.1	-41.6

14
Interest-bearing debt

	2020	2019
Credit institutions (non-current)	1,057.2	2,105.4
Mortgage debt (non-current)	3.6	4.2
Lease debt (non-current)	0.2	0.4
Total recognised as non-current interest-bearing debt	1,061.0	2,110.0
Current portion of non-current liabilities	0.8	0.8
Amounts owed to subsidiaries	618.1	343.3
Total recognised as current interest-bearing debt	618.9	344.2
Total interest-bearing debt	1,679.9	2,454.2

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

Notes to the parent company financial statements

14
Interest-bearing debt (continued)

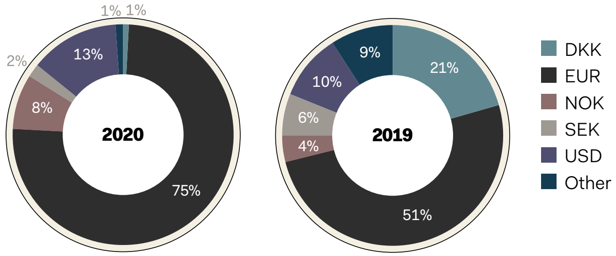
Maturity profile of interest-bearing debt, including lease debt:

	2020		2019	
	Interest-bearing debt	of which lease debt	Interest-bearing debt	of which lease debt
Principal repayment				
Overdraft facilities and debt to subsidiaries	618.1		343.3	
Less than 1 year	14.0	0.3	30.9	0.3
1-5 years	894.0	0.2	1,966.0	0.5
More than 5 years	203.1	0.0	207.3	0.0
Total	1,729.2	0.4	2,547.4	0.7
Interest				
Overdraft facilities and debt to subsidiaries	0.0		0.0	
Less than 1 year	13.2	0.0	30.0	0.0
1-5 years	35.3	0.0	59.6	0.0
More than 5 years	0.8	0.0	3.7	0.0
Total	49.3	0.0	93.3	0.0
Carrying amount				
Overdraft facilities and debt to subsidiaries	618.1		343.3	
Less than 1 year	0.8	0.3	0.8	0.3
1-5 years	858.7	0.2	1,906.4	0.4
More than 5 years	202.3	0.0	203.6	0.0
Total	1,679.9	0.4	2,454.2	0.7

Spot rate used for floating rate loans.

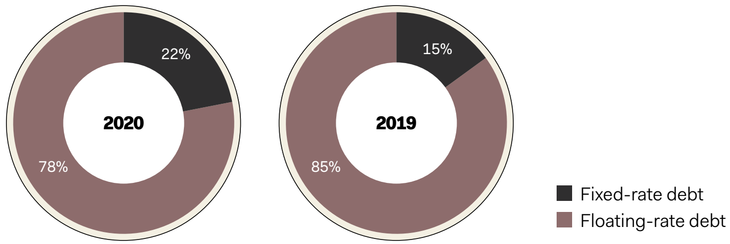
The weighted average effective rate of interest for the year was 1.5% (2019: 1.5%).
The weighted average effective rate of interest at the balance sheet date was 0.7% (2019: 1.4%).

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 10.2 million after tax (2019: DKK 16.3 million). 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

14
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.

	2020	**2019**
Credit lines	4,275.0	2,100.0
Operating credits drawn	-45.2	-1,089.5
Cash and cash equivalents	106.1	15.5
Current loans to subsidiaries	2,686.5	3,280.6
Current debt to subsidiaries	-618.1	-343.3
Parent company's net position including credit facilities	6,404.3	3,963.3
Credit facilities currently utilised by subsidiaries, net	-2,068.4	-2,937.3
Parent company's cash resources	4,335.9	1,026.0

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 (of which DKK 500 million as an accordion) compared to previously DKK 2,100 million. The new facility has a three-year term with an option for a one-year extension after the years one and two. 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. In addition, in April 2019, the parent company Schouw & Co. issued Schuldscheins for a total of EUR 136 million (DKK 1,012 million) maturing in 2024 (80%) and 2026 (20%), and in April 2020 two committed bilateral facilities for a total of DKK 1,000 million were established to ensure maximum economic versatility for the Group during the coronavirus pandemic. The bilateral facilities expire in April 2021, but have a one-year extension option.

15
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 2019	1,806,997	18,069,970	503.9	7.09%
Share option programme	-262,717	-2,627,170	-35.0	-1.03%
31 December 2019	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%

In 2020, Schouw & Co. sold shares held in treasury for proceeds of DKK 10.7 million used for the Group's share option programme. The shares had a fair value of DKK 12.3 million at the time of sale.

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 for allocation to the Group's share option programmes. At 31 December 2020, the company's treasury shares had a market value of DKK 937 million (2019: DKK 865 million). The portfolio of treasury shares is recognised at DKK 0.

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

Amounts in DKK million

Notes to the parent company financial statements

16
Other payables

	2020	2019
Pension liabilities	16.0	16.9
Frozen holiday funds payable	1.1	0.7
Total other non-current payables	17.0	17.6

Pension liabilities		
Net liability at 1 January	16.9	17.8
Paid out	-0.9	-0.9
Net liability at 31 December	16.0	16.9

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 16.0 million at 31 December 2020. The entire amount relates to the liability to insure 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.

17
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 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 16.0 million (2019: DKK 16.1 million).
The collateral set out above represents the parent company's debt to mortgage-credit institutions of DKK 4.1 million (2019: DKK 4.7 million).

Surety for group debt to credit institutions amounted to DKK 0.0 million (2019: DKK 19.6 million).

18
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 267 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

19
Tax on profit/loss for the year

	2020	2019
Tax on the profit for the year is specified as follows:		
Tax on profit/loss for the year	-5.4	-6.2
Tax on other comprehensive income	0.0	-0.2
Total tax	-5.4	-6.4
Tax on the profit for the year has been calculated as follows:		
Current tax	-6.2	-3.7
Deferred tax	0.8	-2.5
Total tax recognised in the income statement	-5.4	-6.2
Specification of the tax on the profit for the year:		
Calculated 22% tax of profit/loss before tax	-199.8	-199.2
Tax effect of non-deductible costs	-1.0	0.0
Tax effect of non-taxable income	195.4	193.0
Total tax recognised in the income statement	-5.4	-6.2
Effective tax rate	0.6%	0.7%

Non-taxable income relate primarily to non-deductible income from investments in subsidiaries.

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

Tax on items recognised in other comprehensive income – 2019	**Before tax**	**Taxation**	**After tax**
Hedging instruments transferred to financials	1.0	-0.2	0.8
Value adjustment of subsidiaries	179.6	0.0	179.6
Total tax on items recognised in other comprehensive income	180.6	-0.2	180.3

20
Deferred tax

	2020	2019
Deferred tax at 1 January	-6.2	-9.5
Deferred tax for the year recognised in profit/loss for the year	-0.8	2.5
Deferred tax for the year recognised in equity	-0.3	0.8
Deferred tax at 31 December, net	-7.3	-6.2
Deferred tax pertains to:		
Intangible assets	0.1	0.2
Property, plant and equipment	-0.5	-0.7
Shareholders' equity	-0.3	0.0
Other liabilities	-6.6	-5.7
Deferred tax at 31 December, net	-7.3	-6.2

All deferred tax assets and tax liabilities are recognised in the balance sheet.

	2020			
Change in deferred tax	Balance at 1 Jan.	Recognised in the profit for the year	Recognised in equity	Balance at 31 Dec.
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

	2019			
Change in deferred tax	Balance at 1 Jan.	Recognised in the profit for the year	Recognised in equity	Balance at 31 Dec.
Intangible assets	0.0	0.2	0.0	0.2
Property, plant and equipment	-1.0	0.3	0.0	-0.7
Shareholders' equity	-0.8	0.0	0.8	0.0
Other liabilities	-7.7	2.0	0.0	-5.7
Total change in deferred tax	-9.5	2.5	0.8	-6.2

Amounts in DKK million

Notes to the parent company financial statements

21
Joint taxation contributions

	2020	2019
Joint taxation contributions at 1 January	5.2	10.7
Adjustment related to prior years	1.1	0.0
Current tax for the year	-55.2	-48.2
Joint taxation contributions received/paid	50.8	42.7
Total joint taxation contributions	1.9	5.2
which is specified as follows:		
Joint taxation contribution receivable	0.0	0.0
Joint taxation contributions payable	1.9	5.2
Total joint taxation contributions	1.9	5.2

22
Corporate income tax

	2020	2019
Income tax payable at 1 January	0.0	-4.9
Current tax for the year	6.2	3.7
Adjustment related to prior years	-1.1	0.0
Current tax for the year recognised in other comprehensive income	0.0	0.2
Current tax on other equity adjustments	0.0	-0.8
Current tax for the year from jointly taxed companies	55.2	48.2
Income tax paid during the year	-59.0	-46.4
Total income tax	1.3	0.0
which is specified as follows:		
Income tax receivable	0.0	0.0
Income tax payable	1.3	0.0
Total income tax	1.3	0.0

23
Fees to auditors appointed by the shareholders

	2020	2019
Statutory audit fees, EY	-0.3	-0.3
Fees for tax and VAT-related services, EY	-0.1	-0.1
Non-audit services, EY	-0.4	-0.4
Total fees, EY	-0.8	-0.8

24
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.

	2020	2019
Subsidiaries:		
During the year, the parent company received a management fee of	10.7	10.4
During the year, the parent company received interest income of	86.4	96.1
During the year, the parent company paid interest expenses amounting to	0.3	2.2
At 31 December, the parent company had receivables of	3,636.2	4,282.2
At 31 December, the parent company had debt amounting to	618.1	343.3
During the year, the parent company received dividends of	510.0	467.0

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 2020 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 2020 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2020.

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.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Aarhus, 5 March 2021

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 report

To the shareholders of Aktieselskabet Schouw & Co.

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Aktieselskabet Schouw & Co. for the financial year 1 January – 31 December 2020, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor
We were initially appointed as auditor of Aktieselskabet Schouw & Co. before 1995 and must therefore withdraw from the audit no longer than at the annual general meeting in 2021. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 25 years up until the financial year 2020.

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 the financial year 2020. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.
Independent auditor's report

Trade receivables
Trade receivables represent a significant item in the consolidated financial statements, of which approx. 61% of the Group's trade receivables relate to BioMar; see note 6 to the consolidated financial statements. BioMar operates in an industry and in geographical markets that imply a risk of loss on trade receivables. The assessment of impairment losses on trade receivables is based on Management's assessment of future payments, including the value of collateral.

Our audit procedures included test of Management's estimate of provisions for losses on trade receivables, including an assessment of trade receivables ageing at financial year end and sample testing of payments received after the balance sheet date, registered collateral and realised losses on receivables in the financial year. We also examined the outcome of Management's estimates in previous periods of provisions for bad debts in order to assess Management's ability to accurately compute losses on trade receivables in previous financial years. Our audit was in particular directed at the assessment of impairment losses on trade receivables from BioMar.

Goodwill
Goodwill represents a significant item in the consolidated financial statements.

In order to ensure that the carrying amount of goodwill does not exceed the recoverable amount, Management performs an annual impairment test of group goodwill; see note 15 to the consolidated financial statements. We compared the value of each of the cash-generating units to which goodwill relates with the recoverable amount. In accordance with IAS 36, Management has estimated the future cash flows for each cash-generating unit and calculated the value in use using the discounted cash flow model.

Our audit procedures included an assessment of the appropriateness of the Group's impairment model. We compared the assumptions on which the estimated future cash flows are based with budgets and projections approved by the Board for the individual cash-generating units and compared the most significant expectations of future earnings (EBIT) with the growth rates realised in the past. We assessed the discount factors used by comparing them to external market data. We also assessed the sensitivity of the most significant assumptions for earnings and discount factors.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the

Independent auditor's report

information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

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 additional requirements of 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 in preparing the financial statements 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report
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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company 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.

Aarhus, 5 March 2021

EY Godkendt Revisionspartnerselskab
CVR no. 33 94 61 71

Claus Hammer-Pedersen
State Authorised Public Accountant
mne21334

Morten Friis
State Authorised Public Accountant
mne32732

AKTIESELSKABET SCHOUW & CO.

ANNUAL REPORT PUBLISHED
IN MARCH 2021 BY AKTIESELSKABET
SCHOUW & CO.

PHOTOS: ALLAN TOFT,
ANDRÉS LÓPEZ CASTRO
HENRIK SØRENSEN,
MORTEN FAUERBY, RYAN ARRON

TRANSLATIONS: FOKUS TRANSLATØRERNE

DESIGN AND PRODUCTION: OTW A/S

Aktieselskabet Schouw & Co.

Chr. Filtenborgs Plads 1
DK-8000 Aarhus C
T +45 86 11 22 22
www.schouw.dk
schouw@schouw.dk
Company reg. (CVR) no. 63965812