schouw&co

A stronger foundation for the future

ANNUAL REPORT 2022

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

Contents

The management review includes the sections 'Management's report', 'Businesses' and 'Group information'.
This publication is a translation of the Danish Annual Report 2022. The original Danish text shall be controlling for all purposes, and in cases of discrepancy, the Danish wording shall be applicable.

Overview

REVENUE
32.6
DKKBN

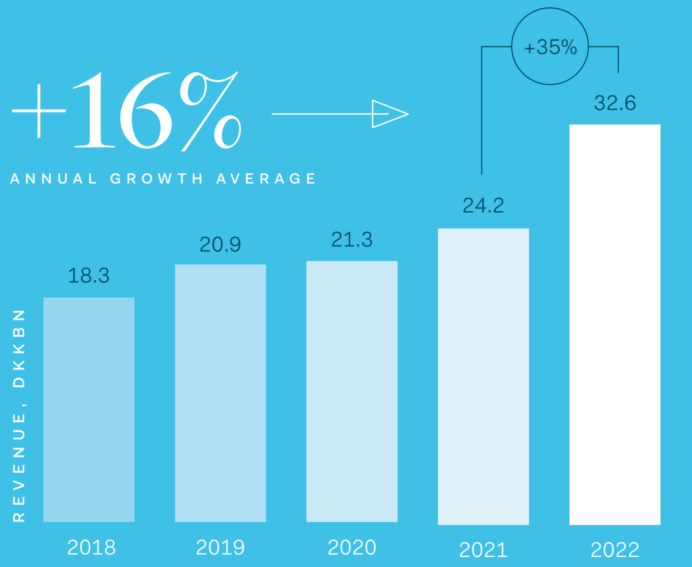
EBITDA
2.3
DKKBN

ESG highlights

13% reduction in CO_2e emissions

LTI rate reduced by 27%

+16%
ANNUAL GROWTH AVERAGE



15,000 skilled and dedicated employees at the end of 2022

80 factories in 32 countries*

* at March 2023

Strong portfolio of six leading industrial B2B businesses headquartered in Denmark

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

THREE SIGNIFICANT ACQUISITIONS

BioMar acquired aquaculture tech business AQ1 in the second quarter of 2022

GPV gained control of Swiss-based EMS business Enics **early in the fourth quarter**

In the fourth quarter, **HydraSpecma** announced agreement to acquire Ymer Technology's wind division

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

145 year history as an industrial business

> In what was a highly unusual year, Schouw & Co. managed to generate solid growth, while alsoinvesting heavily to build a stronger foundation for the future

Jens Bjerg Sørensen, President and CEO

Our purpose

At Schouw & Co., we are responsible long-term owners creating growth through transformation. We build businesses of the future by putting people first.

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

Management's report

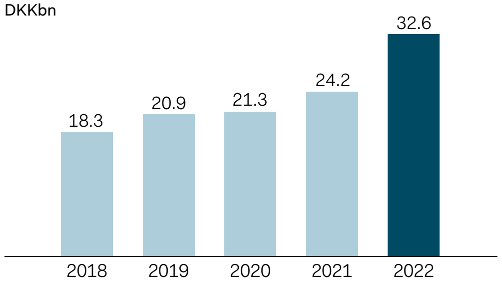
Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

Financial highlights and key ratios

GROUP SUMMARY (DKKm)	2022	2021	2020	2019	2018
Revenue and income					
Revenue	32,637	24,219	21,273	20,946	18,253
Operating profit before depreciation/amortisation (EBITDA)	2,282	2,181	2,209	1,951	1,579
Depreciation, amortisation and impairment losses	994	858	833	802	532
EBIT	1,288	1,323	1,376	1,149	1,047
Profit/loss after tax in associates and joint ventures	130	46	-36	50	70
Gains on divestments	0	3	2	29	9
Net financials	-114	-51	-133	-79	-40
Profit before tax	1,304	1,322	1,209	1,149	1,086
Profit for the year	993	1,033	909	906	796
Cash flows					
Cash flows from operating activities	319	517	2,296	1,410	837
Cash flow from investing activities	-1,499	-924	-533	-1,043	-1,360
Of which investment in property, plant and equipment	-1,068	-751	-454	-774	-685
Cash flows from financing activities	1,377	237	-1,630	-421	623
Cash flows for the year	196	-170	133	-54	100
Invested capital and financing					
Invested capital (ex. goodwill)	14,952	11,165	9,421	10,510	8,831
Total assets	28,445	21,488	17,994	18,777	16,940
Working capital	6,969	4,566	3,107	3,738	3,441
Net interest-bearing debt (NIBD)	5,790	2,773	1,936	3,298	2,425
Share of equity attributable to shareholders of Schouw & Co.	10,348	10,252	9,606	9,519	8,652
Non-controlling interests	889	397	0	2	7
Total equity	11,237	10,649	9,605	9,521	8,659
Financial data					
EBITDA margin (%)	7.0	9.0	10.4	9.3	8.7
EBIT margin (%)	3.9	5.5	6.5	5.5	5.7
EBT margin (%)	4.0	5.5	5.7	5.5	6.0
Return on equity (%)	9.3	10.1	9.5	10.0	9.4
Equity ratio (%)	39.5	49.6	53.4	50.7	51.1
ROIC excluding goodwill (%)	11.2	13.9	15.3	12.3	14.5
ROIC including goodwill (%)	9.3	11.2	12.3	10.0	11.3
NIBD/EBITDA ratio	2.4	1.3	0.9	1.7	1.5
Average no. of employees	12,278	10,210	9,393	9,683	7,174
Per share data					
Earnings per share (of DKK 10)	40.59	42.02	38.04	38.27	33.43
Diluted earnings per share (of DKK 10)	40.58	41.85	38.00	38.27	33.35
Dividends per share (of DKK 10)	15.00	15.00	14.00	14.00	13.00
Net asset value per share (of DKK 10)	441.88	427.71	400.58	397.34	365.17
Share price, end of period (per share DKK 10)	524.00	569.00	616.00	560.00	485.60
Price/Net asset value	1.19	1.33	1.54	1.41	1.33
Market capitalisation, end of period	12,271	13,638	14,771	13,415	11,505

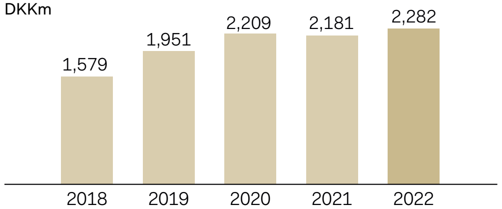
Revenue

DKKbn



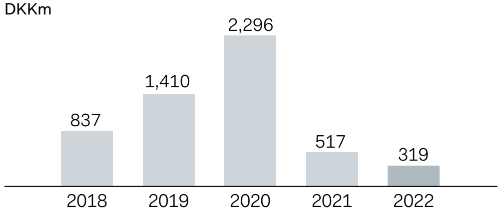
Operating profit before depreciation/amortisation (EBITDA)

DKKm



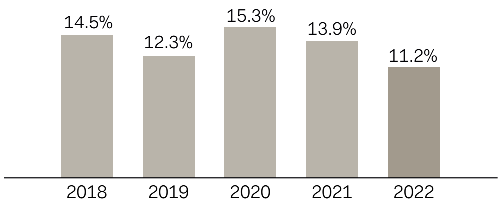
Cash flows from operating activities

DKKm



Return on invested capital

ROIC excluding goodwill

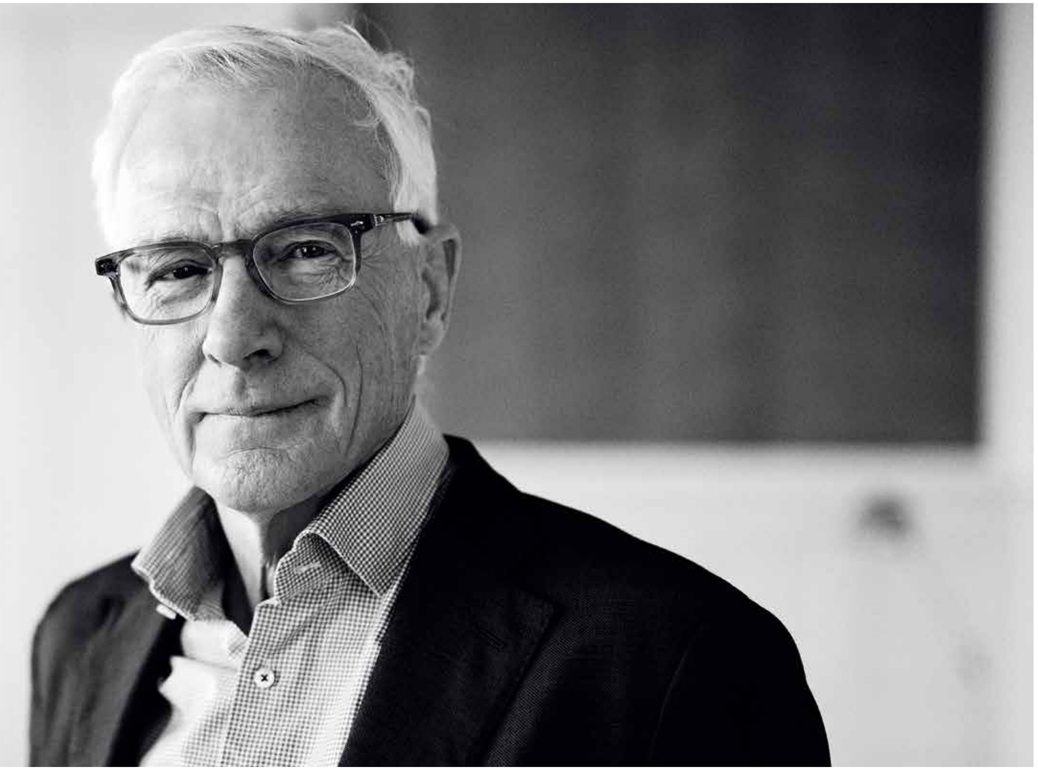


Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

A word from our CEO

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

In many ways, 2022 was a defining year for the world around us. Overall, Schouw & Co. emerged from the year safely and in stable condition, and we have delivered revenue and EBITDA at record highs. We leveraged our strengths and invested significantly to create a solid and powerful foundation for the future. We have a platform, which we expect will continue to generate profitable growth and an attractive return on investment.



A stronger foundation for the future

It was a defining year for world trade relations in 2022, with the war in Ukraine, significant changes in global value chains and extremely volatile prices on most raw materials and other input costs. It was a difficult year to navigate, one of extreme uncertainty that placed heavy demands on each of our companies' readiness to change.

The events of the year required extraordinary and dedicated efforts from our 15,000 employees, and I am very pleased to note the way in which we consistently managed to adapt to the ever-changing conditions. It took special commitment in all parts of our organisations, and we have witnessed the importance of having good, long-standing relationships with customers and suppliers.

All the hard work has not gone unrewarded. The outcome is outstanding. At Schouw & Co., we process vast volumes of raw materials, and considering the hefty price increases seen during the year, it is not surprising that our revenue ended at an all-time high in 2022. On the other hand, there was certainly nothing to indicate that we would also deliver the highest EBITDA in Schouw & Co. history. Our total operating expenses were 38% higher than in 2021, and the fact that we managed to increase efficiency and raise our selling prices by almost as much is testament to the strength and robustness of our businesses.

> **There was certainly nothing to indicate that we would also deliver the highest EBITDA in Schouw & Co. history.**

Despite the turbulence in the world around us, we continued to make good strides in the field of ESG. I am particularly pleased that our overall lost-time incident frequency rate continued to fall in 2022, and that our investments to secure jobs and support health and safety are bearing fruit. We take our responsibility as an employer in more than thirty countries very seriously. We are also well under way to achieving our ambitious targets to reduce our carbon emissions. In fact, despite our substantial growth in 2022, we have even managed to reduce by 13% our greenhouse gas emissions from our in-house production.

We made a number of significant investments in 2022 and generally spent the year building a strong foundation for the future. Combined, our businesses invested DKK 1.1 billion to build capacity, enhance efficiency and to promote innovation and sustainability in order to future-proof our strategic platform and earnings power. In addition, we made three significant and transformative transactions as part of our long-term strategic development.

Early in the year, BioMar acquired the world's leading producer of acoustic feed solutions for shrimp farming. This is a company that helps shrimp farmers optimise feeding through artificial intelligence and data analysis. This is BioMar's first venture outside conventional feed production.

While in our ownership, GPV has undergone a huge transformation, and following its recent acquisition in 2022, the company is now the second-largest European-headquartered EMS company. GPV has increased its revenue ten-fold since we acquired the company in 2016, and today has a massive global footprint.

Late in 2022, we announced that Hydra-Specma was ramping up its operations relating to the global wind industry through an acquisition. From being the market leader in lubrication and filtration systems for wind turbines, the company will start 2023 by also offering major cooling systems and collaborating even more closely with the major wind turbine manufacturers.

The portfolio is resilient to economic fluctuations, but in a conglomerate like Schouw & Co., some businesses will always perform better than others at any given moment. However, all our businesses are benefiting from underlying growth driven by global mega trends. We work with large global, dominant suppliers and customers, and we deliver relevant products that make a difference in people's everyday lives.

Since 2001, Schouw & Co. has grown by 13% per annum on average. Together with the Board of Directors of Schouw & Co. and the managements of our businesses, we are firmly determined to continue our growth journey. Schouw & Co. applies a strict model, in which the operational businesses have the day-to-day responsibility for executing on defined plans, and where Schouw & Co. is a responsible, long-term owner creating growth through transformation. We build businesses of the future by putting people first.

We expect to see the improvements continue in 2023, although there are indications early in the year that there will undoubtedly be challenges by way of rising costs and general economic uncertainty. Our diversified portfolio of businesses evens out the risks, and we have a strong platform and a firmly anchored strategy. We believe in the future.

Jens Bjerg Sørensen, President and CEO
Aarhus, 3 March 2023

Business model

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

VALUES

Schouw & Co. as an active owner

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

Long-term and visionary

As owners, we willingly take risks and invest to future-proof our businesses with due consideration for the risk involved.

Results are created by people

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

Making every penny count

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

A relevant owner

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

Patient, but demanding

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

Since 1988, the cornerstone of our strategy at Schouw & Co. has been to own and operate a portfolio of businesses in different industries. Schouw & Co. implements investments at various levels, but always for the purpose of generating the best return in a reliable and trustworthy manner.

Our aim is to consistently be a relevant and meaningful owner and to challenge and develop our businesses. Our strong managements have full operational responsibility and play an active role in long-term value creation.

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

LONG-TERM OWNERSHIP

Schouw & Co.'s long-term ownership is illustrated by the fact that its portfolio businesses have on average been part of the portfolio for 18 years.

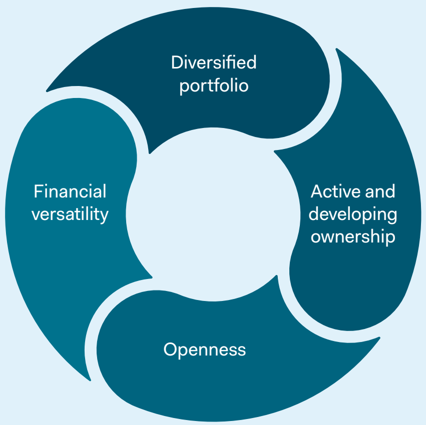
Hydra Specma – 1988
Fibertex Nonwovens, Fibertex Personal Care – 2002
BioMar – 2005
GPV – 2016
Borg Automotive – 2017

Year in which company became part of the portfolio

Active ownership

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

CONGLOMERATE STRATEGY



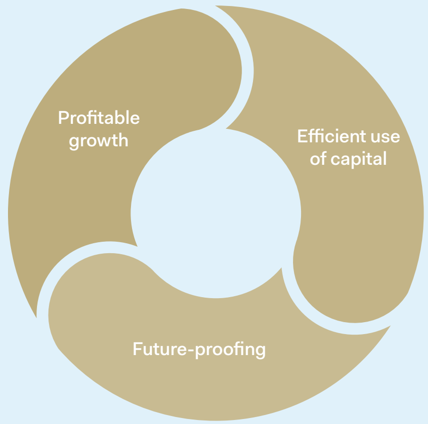
Diversified portfolio Since 1988, the cornerstone of our strategy has been to own and operate a portfolio of businesses in different industries.

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

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

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

ACTIVE AND DEVELOPING OWNERSHIP

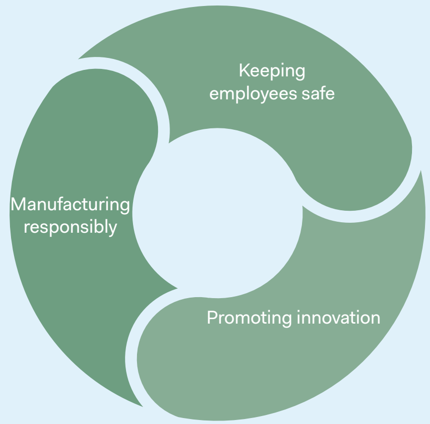


Profitable growth All Schouw & Co. companies are focused on long-term profitability and growth, which we consider fundamental to value creation.

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

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

RESPONSIBLE CONDUCT



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

Keeping employees safe All employees of the Schouw & Co. Group must be able to go to work and return home safely every day – anywhere in the world

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

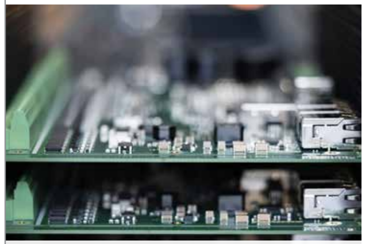
Our businesses

WHOLLY OWNED

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 and trout as well as sea bass, sea bream and shrimp.

- Schouw & Co.'s biggest company
- Economic developments have only a limited effect on fish and shrimp farming
- Aquaculture is sustainable food production



80%-OWNED

GPV

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

- Electronics increasingly being integrated in industrial products
- Strong growth through significant acquisitions
- Substantial global presence in Asia, Europe and North America

WHOLLY OWNED

HydraSpecma

Market-leading specialist within hydraulic solutions and components. Customer base of major OEM manufacturers and the aftermarket.

- The portfolio's oldest member
- Solutions that combine hydraulics and electrification
- Major supplier to the global wind turbine industry

WHOLLY OWNED

Borg Automotive

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

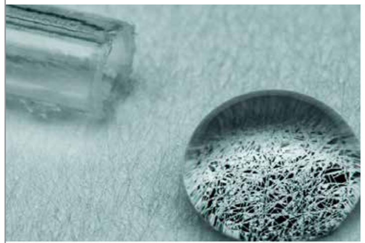
- Business model based on the circular economy
- A remanufactured product requires 90% fewer raw materials than a new product
- Products for cars powered by combustion engines or electric motors

WHOLLY OWNED

Fibertex Personal Care

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

- Not very sensitive to economic fluctuations
- Growth in Asia driven by growing middle class
- Most innovative supplier in the industry



WHOLLY OWNED

Fibertex Nonwovens

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

- Special-purpose materials with innovative applications
- Launching products based on organic cotton
- New investments to have an effect from 2023

Schouw & Co. exercises long-term and developing ownership of leading B2B businesses

Jørgen Dencker Wisborg, Chairman of the Board of Directors of Schouw & Co.

Management's report

Strong business activity in the final months of the year drove revenue and earnings higher than anticipated. Investing for growth and to develop the businesses with major strategic acquisitions.

Financial performance

Q4 (DKKm)	2022 Q4	2021 Q4	Change	
Revenue	9,706	6,836	2,869	42.0%
EBITDA	676	541	135	25.0%
EBIT	347	323	25	7.6%
Income from associates	30	10	20	200.5%
Profit before tax	284	328	-43	-13.2%
Cash flows from operating activities	605	-138	743	n/a

FULL YEAR (DKKm)	2022	2021	Change	
Revenue	32,637	24,219	8,418	34.8%
EBITDA	2,282	2,181	101	4.6%
EBIT	1,288	1,323	-35	-2.7%
Income from associates	130	46	84	180.2%
Profit before tax	1,304	1,322	-17	-1.3%
Cash flows from operating activities	319	517	-198	-38.3%
Net interest-bearing debt	5,790	2,773	3,017	108.8%
Working capital	6,969	4,566	2,403	52.6%
ROIC excluding goodwill	11.2%	13.9%	-2.7pp	
ROIC including goodwill	9.3%	11.2%	-1.9pp	

In many ways, 2022 was an unusual year. The Schouw & Co. Group began the year expecting a high level of business activity and sustained improvements, but the situation involving Russia and Ukraine escalated immediately before the release of our 2021 Annual Report, causing substantial uncertainty. Russia's invasion of Ukraine had a significant impact on our consolidated financial performance, both directly – mainly in BioMar due to its termination of trading with Russia and the write down of assets – and indirectly in all of the Group's businesses by intensifying the turbulence in global supply chains and contributing to the severe volatility in prices of raw materials, energy and freight.

Overall, the Group's businesses managed to adapt to the volatile situation. Business activity remained at a high level, and increases in prices of raw materials drove considerable revenue growth. What was most satisfactory, however, was the fact that EBITDA improved by considerably more than expected in the third quarter, before ending the year up by 5% year on year.

Consolidated revenue was up by 42% in the fourth quarter to DKK 9,706 million. GPV was the main contributor to the improvement, backed by the combination of increased business activity, higher component prices and the combination with the EMS company Enics, but BioMar also reported a considerable improvement. The FY 2022 consolidated revenue was up by 35% to DKK 32,637 million in 2021, with BioMar and GPV as the largest contributors to the increase, but Borg Automotive and the other businesses also made considerable contributions.

The consolidated Q4 2022 EBITDA was up by 25% to DKK 676 million, bringing the reported FY 2022 EBITDA to DKK 2,282 million, a 5% improvement. BioMar and GPV were the main contributors to the full-year improvement, but Borg Automotive and HydraSpecma also lifted their earnings. Fibertex Nonwovens and Fibertex Personal Care, on the other hand, reported considerably lower earnings than in the previous year.

The full-year EBITDA was achieved under turbulent conditions, in which the Group's businesses were faced with, among other things, surging freight and energy costs. Throughout most of the year, developments in prices of raw materials generally had a negative impact, although trends improved towards the end of the year.

Associates and joint ventures, which are recognised at a share of profit after tax, contributed a DKK 130 million profit for 2022 compared with a DKK 46 million profit in 2021. The profit came from BioMar's operations, as especially the fish farming business Salmones Austral, but also the testing and research company LetSea and the joint venture in Turkey reported big improvements.

Consolidated net financial items were an expense of DKK 114 million in 2022, compared with an expense of DKK 51 million in 2021, of which the actual interest expense amounted to DKK 130 million in 2022 compared with DKK 66 million in 2021. Preliminary recalculations of the earnout models applied in the acquisitions of SBS Automotive and Viet-Uc show a net income of DKK 73 million for 2022, while foreign exchange adjustments etc. accounted for the rest of the difference.

This brought the consolidated profit before tax for 2022 to DKK 1,304 million against DKK 1,322 million in 2021. The profit before tax for the year resulted in corporate income tax of DKK 311 million against DKK 288 million in 2021.

Liquidity and capital resources

The Schouw & Co. Group's operations generated a cash inflow of DKK 319 million in 2022, compared with DKK 517 million in 2021. The improvement was attributable to Borg Automotive, GPV and Fibertex Nonwovens, while the other businesses all reported improved operating cash flows relative to the previous year.

Cash flows for investing activities in 2022 amounted to DKK 1,499 million. In addition to ongoing investments in all businesses, investments were made mainly for capacity-

Management's report

expanding investments in BioMar, GPV and Fibertex Nonwovens. In 2021, by comparison, DKK 924 million was spent mainly on capacity-expanding investments in BioMar, Fibertex Nonwovens and Fibertex Personal Care.

The Group's overall working capital grew from DKK 4,566 million at 31 December 2021 to DKK 6,969 million at 31 December 2022. The considerable increase was especially attributable to GPV, a major contributor being the combination with Enics. However, all of the Group's businesses increased their working capital, primarily as a natural effect of increased revenue resulting from higher prices of raw materials and other input materials, and to a lesser extent due to a strategic decision to secure adequate supplies during the turbulent market conditions. Obviously, all of the Group's companies are very much aware of this increase in working capital.

DIVIDEND

The Board of Directors recommends to the Annual General Meeting that the dividend to be paid for 2022 remain at DKK 15 per share, for an amount equal to 2.9% of the market capitalisation at 31 December 2022. As a result, total dividend payments will amount to DKK 383 million, equal to a payout ratio of 40% after tax.

During the year, the net interest-bearing debt increased by DKK 3,017 million to DKK 5,790 million at 31 December 2022. However, the financial gearing is still at a level where the Group considers its capital resources to be sufficient to support the continuing operations and the anticipated expansion.

Group developments

During the past couple of years, the companies of the Schouw & Co. Group have continually worked to align their businesses to a situation of extremely volatile market conditions. The Group's industrial and geographic diversification makes this a complex task, but it also provides good development opportunities.

Thanks to the Group's financial strength, the portfolio companies are able to build good competitive positions. Growth and development are high priorities at Schouw & Co., as illustrated by recent years' investments in production capacity combined with major strategic acquisitions made in 2022.

The following is a brief review of business developments of the portfolio companies for 2022.

BioMar reported a 34% revenue improvement that was driven by sharply higher prices of raw materials and a marginal increase in volumes sold. Reported EBITDA became better than expected during the final months of the year, ending 14% higher year on year. In April 2022, BioMar acquired the Australian tech company AQ1, which also contributed to earnings. In addition, BioMar's associates and joint ventures reported significant improvement in the share of profit after tax, as expected.

GPV trebled its revenue in the fourth quarter of 2022 on a combination of increased business activity, higher prices of components and materials and, not least, the combination with the EMS company Enics in early October. As a result, full-year revenue was up by 86%, Reported EBITDA became better than expected during the final months of the year, ending 36% higher year on year.

HydraSpecma reported a 10% revenue improvement that was driven mainly by increased sales of products for the vehicles segment, which offset softened business activity in the wind turbine and other segments. Reported FY EBITDA also improved, ending 7% higher year on year. On 1 March 2022, HydraSpecma acquired the Dutch company GSS Hydraulics b.v. and in November 2022, HydraSpecma agreed to acquire the wind division of Swedish industrial group Ymer Technology in a transaction that subsequently took effect on 1 February 2023.

Borg Automotive reported a 33% revenue improvement in 2022, driven mainly by the acquisition of the trading company SBS Automotive, which in 2021 was only consolidated in the second half of that year. Reported EBITDA was up by 14%, driven in particular by large volumes of goods for resale in the final months of the year.

Fibertex Personal Care reported a 9% revenue increase that was driven by higher prices of raw materials, whereas sales volumes were lower than in the previous year. Reported EBITDA was lifted during the final months of the year by favourable developments in prices of raw materials, but the FY EBITDA ended 15% lower year on year due to very competitive markets in Asia and rising costs in Europe.

Fibertex Nonwovens reported a 14% revenue increase that was mainly driven by higher selling prices and currency developments. Reported Q4 EBITDA fell short of expectations, causing FY EBITDA to drop by half due to slowing demand in the USA.

Events after the balance sheet date

After the end of the financial year, HydraSpecma completed the acquisition of Ymer Technology's wind division effective on 1 February 2023.

Other than as set out elsewhere in this annual report, Schouw & Co. is not aware of events occurring after 31 December 2022 which are expected to influence the Group's financial position or outlook.

Outlook

Healthy demand in many business segments to balance out market uncertainties. Increased production capacity and strategic acquisitions supporting expectations of revenue and EBITDA improvements.

Outlook for 2023
Despite a number of different challenges in 2022, many business segments experienced quite good underlying demand, and the Group's businesses generally had sufficient production capacity and access to raw materials and components to capitalise on the business opportunities that presented themselves during the course of the year. The companies have also won acceptance in the market that it is necessary for selling prices to reflect the higher costs.

In 2022, Schouw & Co. strengthened the foundation for the future development through considerable organic and acquisitive investments. Overall, the Group's businesses made capex investments for DKK 1.1 billion as well as substantial acquisitions that individually will support transformation and long-term strategic development.

Schouw & Co. expects to maintain a high level of business activity in 2023 despite the persistent market uncertainties. To this should be added the full-year effect of the EMS business Enics acquired in October 2022 for the purpose of combining it with GPV, and the full-year guidance also includes the contribution from HydraSpecma's acquisition of the Wind Division of Ymer Technology effective on 1 February 2023.

The following is a brief review of the revenue and EBITDA guidance for the individual companies in 2023:

BioMar maintains its ambition for continued growth, even though current market conditions and volatile prices of raw materials and energy may affect developments in the shorter term. Accordingly, BioMar expects to improve revenue and earnings and to maintain the attractive share of profit from joint ventures and associates.

GPV has a conservative assessment of market prospects for 2023, but nevertheless expects good business activity and, based on the full-year effects of the combination with Enics, expects considerable revenue and earnings improvements. The capacity-expanding investments also serve to support the expected improvements.

HydraSpecma expects to continue its high level of business activity in most customer segments, and the acquisition of Ymer Technology's wind division effective from 1 February 2023 will also contribute to improving revenue and earnings.

Borg Automotive has moderate expectations for the demand situation in 2023, but still expects to maintain business activities at the level seen in 2022. Accordingly, the company expects revenue and earnings in line with the 2022 figures.

Fibertex Personal Care expects tough competition in the Asian markets and sustained cost pressures in Europe in 2023 and therefore reduced its revenue outlook relative to 2022. The company expects a considerable reduction of its reported EBITDA, but adjusting for the positive effects of developments in foreign exchange rates and prices of raw materials in 2022 brings its 2023 EBITDA guidance closer to the 2022 level.

Fibertex Nonwovens expects a positive trend in demand in 2023, and with new production capacity being phased in during the year, the company expects to improve both revenue and EBITDA. The goal for 2023 will be to secure sustainable earnings and increase volume to prepare for the expansion planned for the coming years.

Schouw & Co. Group's overall guidance
A substantial part of Schouw & Co.'s revenue is generated through the processing of raw materials. As a result, changes in the prices of raw materials can have a significant impact on revenue, even though the underlying activity may be unchanged. Similarly, changes in revenue resulting from changes in prices of raw materials will not necessarily trickle down to earnings.

Schouw & Co. announced on 24 January 2023 its preliminary full-year guidance, but since then the supply situation for certain raw materials has improved slightly. The slightly better supply situation may lead to lower prices on certain raw materials, resulting in a marginal adjustment of the guided 2023 revenue range, even though the expected actual level of activity is unchanged.

Overall, the Schouw & Co. Group projects full-year 2023 consolidated revenue in the DKK 35.8-38.0 billion range against DKK 32.6 billion in 2022, equal to a 10% to 15% increase.

Schouw & Co. provides consolidated earnings guidance at EBITDA level based on an aggregation of individual portfolio company forecasts, but actual portfolio company EBITDA results may deviate from these individual forecasts. Accordingly, the actual guidance is expressed through consolidated EBITDA, which for 2023 is in the range of DKK 2,400-2,650 million. This represents a narrowing towards the upper end of the preliminary range announced on 24 January and reflects expectations of an EBITDA improvement of 5% to 15% relative to 2022.

Depreciation and amortisation charges are expected to increase from DKK 994 million in 2022 to approximately DKK 1,100 million

Outlook

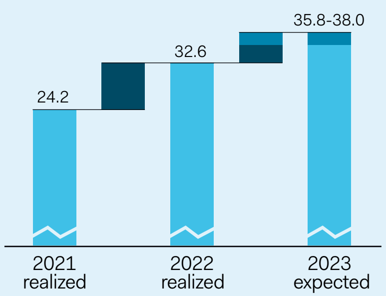
in 2023, due to investments and acquisitions made. As a result, the Group guides for consolidated 2023 EBIT in the range of DKK 1,300-1,550 million.

Associates and joint ventures, most of which form part of the BioMar business, are expected to contribute a combined share of profit of approximately DKK 130 million in 2023, in line with the 2022 figure.

The Group's net financial items are expected to be a DKK 250 million expense in 2023 before any foreign exchange or other adjustments. In 2022, consolidated net financial items totalled an expense of DKK 114 million. The expense expected for 2023 reflects an anticipated higher level of interest rates.

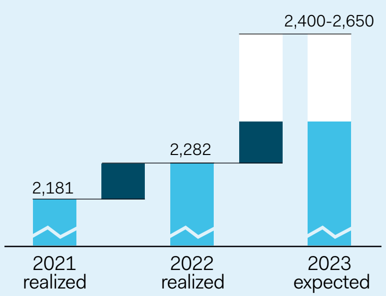
Revenue

DKKbn



EBITDA

DKKm



REVENUE (DKKm)	**2023 expected**	**2022 actual**	**2021 actual**
BioMar	18,000-19,000	17,861	13,300
GPV	8,400-8,800	5,923	3,191
HydraSpecma	3,100-3,300	2,536	2,315
Borg Automotive	1,700-1,900	1,815	1,368
Fibertex Personal Care	2,250-2,450	2,454	2,249
Fibertex Nonwovens	2,300-2,500	2,060	1,814
Other/eliminations	-	-13	-19
Total revenue	**35,750-37,950**	32,637	24,219

EBITDA (DKKm)	**2023 expected**	**2022 actual**	**2021 actual**
BioMar	1,080-1,150	1,013	889
GPV	590-640	465	342
HydraSpecma	310-340	306	286
Borg Automotive	160-190	180	158
Fibertex Personal Care	180-210	269	315
Fibertex Nonwovens	140-170	111	230
Other	-60-50	-61	-40
Total EBITDA	2,400-2,650	2,282	2,181
PPA depreciation/amortisation	-180	-130	-98
Other depreciation/amortisation	-920	-864	-760
Total EBIT	1,300-1,550	1,288	1,323
Associates and JVs	130	130	46
Divestments	-	0	3
Other financial items	-250	-114	-51
Total profit before tax	1,180-1,430	1,304	1,322

Amortisation, depreciation and capital expenditure

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

Total PPA-related depreciation and amortisation from the acquisition of businesses in 2022 amounted to DKK 130 million and related to BioMar, GPV, HydraSpecma and Borg Automotive. In 2023, PPA-related depreciation and amortisation is expected to increase to about DKK 180 million, mainly due to additions under GPV and HydraSpecma.

Other depreciation/amortisation and impairment charges are expected to increase from DKK 864 million in 2022 to about DKK 920 million in 2023 due to ongoing additions and disposals and the full-year effects of investments made in 2022. These depreciation/amortisation and impairment charges were higher than expected in 2022, in part because BioMar wrote down goodwill relating to Viet-Uc by DKK 55 million. Details of depreciation/amortisation for the individual portfolio companies are shown in the table below, but obviously the expected depreciation/amortisation charges may be affected by changing investment volumes or timing differences. The depreciation/amortisation charges may also be affected by changes in foreign exchange rates.

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

Schouw & Co. has retained a high level of investment for several years. For various reasons, 2020 was an unusual year, as capex investments were reduced to less than DKK 500 million, but as growth ambitions remained intact, annual capex investment was restored from 2021 onwards to around DKK 0.7 billion. Actual capex investments in 2022 amounted to DKK 1.1 billion, which was less than expected mainly due to timing differences for certain investments.

Due to timing differences for individual investments in 2022 combined with the sustained growth ambitions, capex investments in 2023 are expected also to be in the neighbourhood of DKK 1 billion. In addition to completion of ongoing major capacity-expansion investment programmes, the amount will cover maintenance requirements, efficiency improvements and minor expansion projects in all portfolio businesses,

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

At Schouw & Co., a decision to make an investment of such magnitude will always be based on an assessment of anticipated demand at the time the added capacity becomes operational, combined with a strategic assessment of the general market prospects in subsequent years. Obviously, on a long investment horizon, actual developments may prove to be different from any assessment made at the time of the investment decision. This has been the case, for example, in the recent capacity-expansion projects for the Fibertex companies. Such changes to plans will mainly be due to timing differences that the companies have to adjust to as much as possible.

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

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

DKKm	PPA depreciation/ amortisation		Other depreciation/ amortisation and impairment		Total depreciation/ amortisation and impairment	
	2023	2022	2023	2022	2023	2022
BioMar	48	44	328	366	376	410
GPV	58	28	243	145	301	173
HydraSpecma	33	15	93	80	126	95
Borg Automotive	40	42	31	34	71	76
Fibertex Personal Care	1	1	125	139	126	140
Fibertex Nonwovens	0	0	99	99	99	99
Other	0	0	1	1	1	1
Total	180	130	920	864	1,100	994


KUKA
OKUMA
MULTUS B400-W

Focus areas in 2023

Schouw & Co. expects to grow both revenue and earnings in 2023. A range of activities at various levels of the companies contribute to ensuring growth, strengthening earnings and reducing risk. For the Group overall, 2023 will see a good balance between activities supporting profitable growth, efficient capital employment and future-proofing the organisation.

	Selected activities in focus by our businesses in 2023	Ensure growth	Strengthen earnings	Minimise risk
BioMar	Roll out commercial excellence programme across the business	■□□□	■■■■	■■□□
	Capitalise on new capacity in Ecuador and ensure scale for large customers	■■■□	■■■□	■■□□
	Implement inflation and energy prices in customer contracts	■□□□	■■■□	■■■■
GPV	Complete successful integration of Enics acquisition	■□□□	■■■□	■■■□
	Win new major projects from new and existing customers	■■■□	■■□□	■■■□
	Optimise capital tied-up in inventories and ensure high capacity utilisation	■□□□	■■□□	■■■■
Hydra Specma	Complete successful integration of Ymer acquisition	■■□□	■■■□	■■■□
	Continue to optimise geographical footprint	■□□□	■■□□	■■□□
	Invest for product development, digitalisation and automation	■□□□	■■□□	■■■□
BORG AUTOMOTIVE	Exploit synergies between remanufacturing and trading segments	■■□□	■■□□	■■■□
	Ensure future production set-up in low-cost areas	■■□□	■■■□	■■□□
	Optimise digitalisation and price management system	■□□□	■■□□	■■■□
FIBERTEX PERSONAL CARE	Secure installation of Line 9 in Malaysia and prepare sales	■■■■	■■■■	■□□□
	Implement inflation and costs in customer contracts	■□□□	■■□□	■■■■
	Continue to invest for innovation and sustainability	■□□□	■■□□	■■■□
Fibertex NONWOVENS	Complete installation of spunlace line in the USA and drive sales	■■■■	■■■■	■■□□
	Increase sales of advanced products, including for filtration and nano solutions	■□□□	■■■□	■■■□
	Ensure sustainable earnings by focusing on high-value segments	■■□□	■■■□	■■□□

■□□□ Little effect ■■■■ Strong effect

Strategic goals

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

STRATEGIC GROUP GOALS

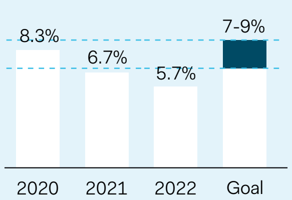
GOALS	CURRENT STATUS
RETURN ROIC > 15%	Average return on invested capital of 13.4% over the past five years
LEVERAGE NIBD/EBITDA preferably 1 to 2.5x	Average NIBD/EBITDA of 1.6x over the past five years
DIVIDENDS Constant or rising dividends	Dividends raised twice and total dividends of DKK 1.8 bn paid in the past five years

STRATEGIC PORTFOLIO COMPANY GOALS

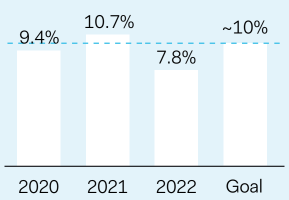
GOALS	CURRENT STATUS
GROWTH Significant growth every year	Average growth rate across our portfolio companies of 12% over the past five years.
EARNINGS On a par with the best	All companies in the portfolio are believed to generate earnings at the top end of their peer groups.
RESPONSIBLE CONDUCT Innovative products and producing responsibly	All portfolio companies have launched many initiatives and have set ambitious targets for the ESG area.

EBITDA TARGETS FOR THE PORTFOLIO BUSINESSES

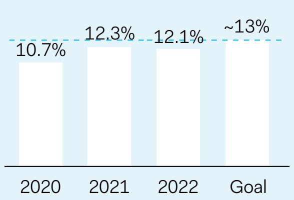
BioMar



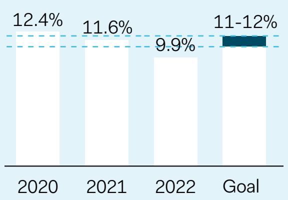
GPV



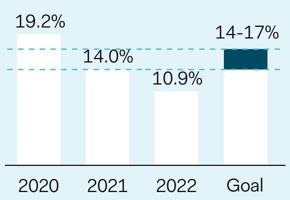
HydraSpecma



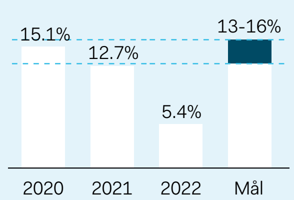
Borg Automotive



Fibertex Personal Care



Fibertex Nonwovens



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

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

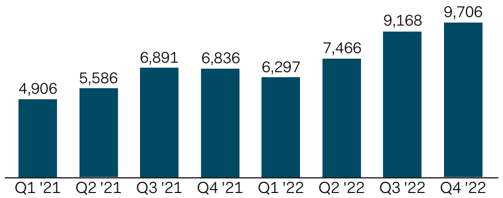
When coupled with an outlook for continuing growth in all businesses, this would imply a substantial value potential over the coming years.

Quarterly financial highlights

(DKKm)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
INCOME STATEMENT								
Revenue	4,906	5,586	6,891	6,836	6,297	7,466	9,168	9,706
Contribution profit	844	910	994	971	879	1,039	1,139	1,242
EBITDA	479	552	609	541	364	564	677	676
Depreciation, amortisation and impairment losses	210	209	221	218	215	220	230	329
EBIT	269	343	388	323	149	344	448	347
Profit after tax in associates and JVs	-13	13	36	10	12	40	49	30
Gains on divestments	3	0	0	0	0	0	0	0
Net financials	7	-24	-29	-5	78	-29	-69	-93
Profit before tax	266	332	396	328	238	355	427	284
Tax on profit for the period	-63	-85	-82	-58	-49	-73	-97	-93
Profit for the period	203	247	314	270	190	282	330	191
CASH FLOWS								
Cash flows from operating activities	-106	269	492	-138	-632	467	-121	605
Cash flow from investing activities	-122	-234	-192	-376	-294	-486	-260	-460
Cash flows from financing activities	305	-193	-114	239	881	58	440	-2
BALANCE SHEET								
Intangible assets	3,415	3,469	3,510	3,526	3,534	3,774	3,844	4,267
Property, plant and equipment	4,732	4,773	4,913	5,078	5,314	5,549	5,761	6,093
Other non-current assets	1,444	1,406	1,498	1,709	1,718	1,718	1,791	1,854
Cash and cash equivalents	723	558	754	490	457	496	567	712
Other current assets	8,138	8,920	10,102	10,685	11,440	12,923	14,385	15,519
Total assets	18,451	19,126	20,776	21,488	22,463	24,459	26,347	28,445
Shareholders' equity	9,955	9,851	10,222	10,649	10,851	10,905	11,410	11,237
Interest-bearing liabilities	2,968	3,110	3,143	3,453	4,491	4,989	5,551	6,680
Other liabilities	5,529	6,165	7,411	7,386	7,121	8,566	9,386	10,529
Total equity and liabilities	18,451	19,126	20,776	21,488	22,463	24,459	26,347	28,445
Average no. of employees	9,669	10,019	10,455	10,714	11,083	11,566	11,720	14,250
FINANCIAL KEY FIGURES								
Contribution margin	17.2%	16.3%	14.4%	14.2%	14.0%	13.9%	12.4%	12.8%
EBITDA margin	9.8%	9.9%	8.8%	7.9%	5.8%	7.6%	7.4%	7.0%
EBIT margin	5.5%	6.1%	5.6%	4.7%	2.4%	4.6%	4.9%	3.6%
ROIC excluding goodwill	15.8%	16.1%	15.0%	13.9%	12.1%	11.5%	11.3%	11.2%
ROIC including goodwill	12.7%	13.0%	12.1%	11.2%	9.9%	9.4%	9.3%	9.3%
Working capital	3,656	3,864	4,009	4,566	5,528	5,688	6,403	6,969
Net interest-bearing debt	2,214	2,511	2,357	2,773	3,845	4,307	4,804	5,790

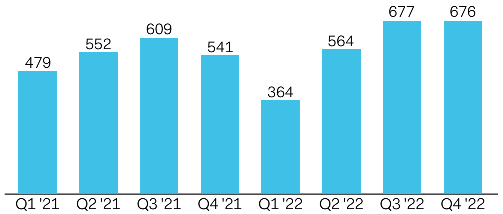
Revenue

DKKm



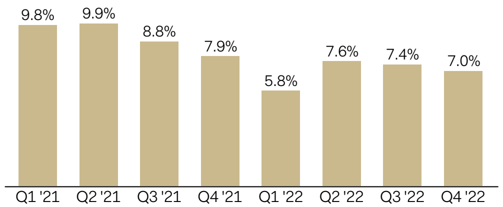
EBITDA

DKKm



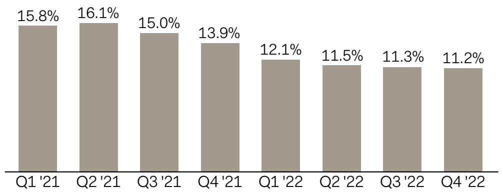
EBITDA margin

per cent



ROIC excluding goodwill

per cent



Our businesses

Schouw & Co.'s business model is to own a diversified portfolio of companies operating in various industries. While there are no operational synergies between the companies, managing matters such as funding centrally provides major financial benefits. All portfolio companies hold a leading position in their industry or niche.

BioMar

> **We are innovators dedicated to an efficient and sustainable global aquaculture**

BioMar is 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, shrimp, sea bass and sea bream. Innovation is an integral part of BioMar's business model, coupled with a focus on sustainability, which forms a key aspect of global aquaculture today.

Market

Fish is a central element of global food production, but increased demand due to population growth and uncontrolled fishing have put fish stocks under severe pressure in many parts of the world. Projections indicate that the global population will exceed nine billion by 2050, and global food production would have to increase by 70% to keep up with the corresponding expected income development, particularly in the developing countries.

Aquaculture plays a key role in the future food supply, as fish farming is the only way to secure a more sustainable approach to increasing the supply of fish and avoid overfishing the oceans. There is a global need for healthy and sustainable sources of protein, and according to FAO, the UN Food and Agriculture Organization, the global production of fish in 2030 is expected to be 15% higher than the current output. Already, more than 50% of the world's fish and shrimp are raised in aquaculture, which is the fastest growing food production industry.

Feed plays a very significant role in aquaculture, being the predominant factor in determining the nutritive content and thereby the state of health of a fish. Feed is also a major factor in the climate impact of fish and shrimp farming, as feed ingredients have the greatest climatic impact. Thus, new raw materials and product development are essential when it comes to producing healthy and sustainable fish for human consumption.

For many years, BioMar has been a leader in product development and the work on new innovative ingredients. With its customised products for a broad range of species combined with a presence in Europe, Latin America and Asia, BioMar has a strong, central position in the market.

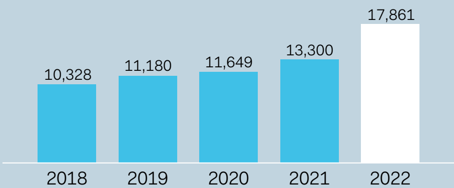
Geography

Head office in Aarhus, Denmark. Manufacturing facilities in Denmark, Norway, Scotland, France, Spain, Greece, Turkey, Chile, Ecuador, Costa Rica, Vietnam, China and Australia.

Ownership – past and present

BioMar was founded in 1962. In 2005, Schouw & Co. took a 68.8% majority interest in BioMar, then a listed company. BioMar became a wholly-owned subsidiary following a merger in 2008.

Revenue performance (DKKm)



BioMar

Big revenue improvement despite lower volume sales in the fourth quarter drove earnings higher than expected. Revenue and EBITDA improvements expected to continue in 2023.

Financial performance

BioMar (DKKm)	2022 Q4	2021 Q4	2022 FY	2021 FY
Volume ('000 tonnes)	372	405	1,456	1,446
- of which Salmon	265	293	1,016	1,012
- of which other divisions	107	112	441	434
Revenue	4,974	4,044	17,861	13,300
- of which Salmon	3,863	3,150	13,510	9,809
- of which other divisions	1,111	894	4,350	3,491
EBITDA	294	268	1,013	889
- of which Salmon	190	157	669	475
- of which other divisions	104	111	343	414
EBIT	149	179	602	540
CF from operations	312	-87	299	241
Working capital	1,977	1,399	1,977	1,399
ROIC ex. goodwill	16.1%	15.5%	16.1%	15.5%

The general supply situation improved during the final months of the year, in terms of raw materials, energy and transport, but prices of raw materials remained high. This was the main explanation for BioMar's 23% revenue increase to DKK 4,974 million in Q4 2022 although the underlying volumes sold declined by 8%. As a result, FY 2022 revenue was up by 34% to DKK 17,861 million, while the underlying volumes sold rose only slightly year on year. The full-year increase was primarily driven by the Salmon and LatAm divisions, and exchange rate developments had a positive effect of approximately DKK 700 million.

The Salmon Division reported a drop in volumes for the fourth quarter, in part caused by regulatory restrictions imposed on fish farming in Chile. As a result, total volumes sold were in line with the previous year, while earnings improved as the higher costs were better reflected in selling prices.

The EMEA Division reported a modest improvement in volume sales in the fourth quarter that was mainly driven by positive developments in the Mediterranean region. For the year overall, however, the division's volumes and earnings were impacted by the discontinued trading with Russia.

The LatAm Division reported a volume decline in the fourth quarter that was mainly due to weakened demand resulting from reduced prices for shrimp. Yet, volumes sold still improved for the year overall. BioMar continues to strengthen its offering of products, concepts and services, mainly in the Ecuadorian market where the company is also adding new production capacity.

The consolidated part of the Asia Division, which only covers operations in Vietnam, is still under development with the implementation of a range of high-quality feed products. The business operations have taken somewhat longer to establish than originally expected, and the focus is now on penetrating the important market for shrimp feed in Vietnam in collaboration with the local business partner. Operations in the Tech Division, which was established after the acquisition of AQ1, are also well under way. There has been sound market interest for the technology solution and the division has delivered the positive earnings contribution anticipated.

The reported EBITDA for Q4 2022 was up by 10% to DKK 294 million, for a 14% increase in FY 2022 EBITDA to DKK 1,013 million, which was better than the most recent guidance range. The earnings improvement was derived especially from margin improvements that materialised as selling prices increasingly began to reflect the soaring costs of raw materials, energy and freight. In addition, the Norwegian research activities and the acquisition of AQ1 were positive contributors to earnings, and the positive effects more than offset the negative effect of the discontinued trading with Russia.

Working capital was up by 41% to DKK 1,977 million at 31 December 2022, mainly driven by the higher revenue resulting from the higher prices of raw materials and the derived increase in inventories and trade receivables. The use of supply chain financing fell from DKK 1,058 million at 31 December 2021 to DKK 980 million at 31 December 2022. ROIC excluding goodwill improved from an already high level to 16.1% at 31 December 2022, as the earnings improvement exceeded the increase in the average invested capital.

The coronavirus pandemic has posed a challenge to the Vietnamese operations for some time and shrimp farming has faced disease outbreaks and low settlement prices, all of which has severely impacted the anticipated developments following BioMar's acquisition

BioMar's divisions
BioMar's operations are divided into divisions. The Salmon Division covers salmon feed from feed factories in Norway, Scotland, Chile and Australia.

The remaining feed operations are divided geographically into: The EMEA Division with factory sites in Denmark, France, Spain, Greece and Turkey; the LatAm Division with factory sites in Ecuador and Costa Rica; and the Asia Division with factory sites in China and Vietnam. BioMar also operates a Tech Division that is focused on technology for developing more efficient and sustainable feed solutions.

BioMar

of Viet-Uc. As a result, BioMar has written down the carrying amount of goodwill relating to Viet-Uc by DKK 55 million. At the same time, the expected earn-out payment was reduced by DKK 94 million, which amount has been recognised as financial income.

Business review
BioMar consistently adapts to changing market conditions. In 2022, this was especially illustrated when the company discontinued trading with Russia in a move that has affected both sales of finished products and sourcing of raw materials. BioMar has thus had to navigate a market characterised by high costs of raw materials, energy and freight as well as varying availability of important raw materials. It is always a challenge to offset the effects of sharply rising prices of raw materials, but BioMar increasingly managed to do so over the course of the year, and the company now expects that the pressure on the costs of raw materials and freight may begin to subside.

In September 2021, BioMar announced plans to establish four new extrusion lines in Ecuador with an annual capacity of about 200,000 tonnes. The initial phase of the project, involving an investment of about DKK 125 million for two extrusion lines, is now close to completion, and the lines are expected to support production capacity in 2023.

In April 2022, BioMar signed an agreement to acquire AQ1 Systems, an Australian manufacturer of shrimp farming feed systems based on acoustic technology. AQ1 is a relatively small business, but the combination of its advanced technology and BioMar's extensive feed and fish farming know-how is expected to result in the development of more efficient and sustainable feed solutions. The acquisition of AQ1 is part of a planned development of technology operations that is an important element of BioMar's long-term strategy.

In August 2022, BioMar signed a letter of intent with Icelandic company Sildarvinnslan to establish feed production in Iceland. Aquaculture along with a significant focus on sustainability has evolved strongly in recent years in Iceland. The ambition is for the facility to have net zero emissions from own production facilities, and with the agreement, BioMar enters the Icelandic market as currently the only global feed company.

BioMar's original put option to acquire the outstanding 30% of the shares in Alimentsa S.A. expired in the third quarter of 2022, but the parties have jointly agreed to extend the mutual agreement by five years. At the same time, the accounting treatment of the put option has changed, but this has no effect on the recognition of revenue and EBITDA.

Outlook
From an overall perspective, long-term demand for farmed fish and shrimp generally seems sound. While current market conditions with the many practical challenges to international trade and volatile prices of raw materials and energy may well affect developments in the short term, BioMar retains the ambition for continued growth.

BioMar expects to generate full-year 2023 revenue of about DKK 18.0-19.0 billion, but changes in raw materials prices and foreign exchange rates may, as always, impact revenue. Profit for the year may also be impacted by developments in exchange rates and volatile costs of raw materials and energy, but given the current outlook, the company expects EBITDA in the range of DKK 1,080-1,150 million.

Associates and joint ventures are recognised at a share of profit after tax. The main contributors are the feed operations in Turkey, fish farming company Salmones Austral and the testing and research company LetSea, although the results rely heavily on prices of farmed salmon. Assuming favourable biological conditions and stable settlement prices on farmed salmon, the share of 2023 profits after tax is expected to be about DKK 130 million.

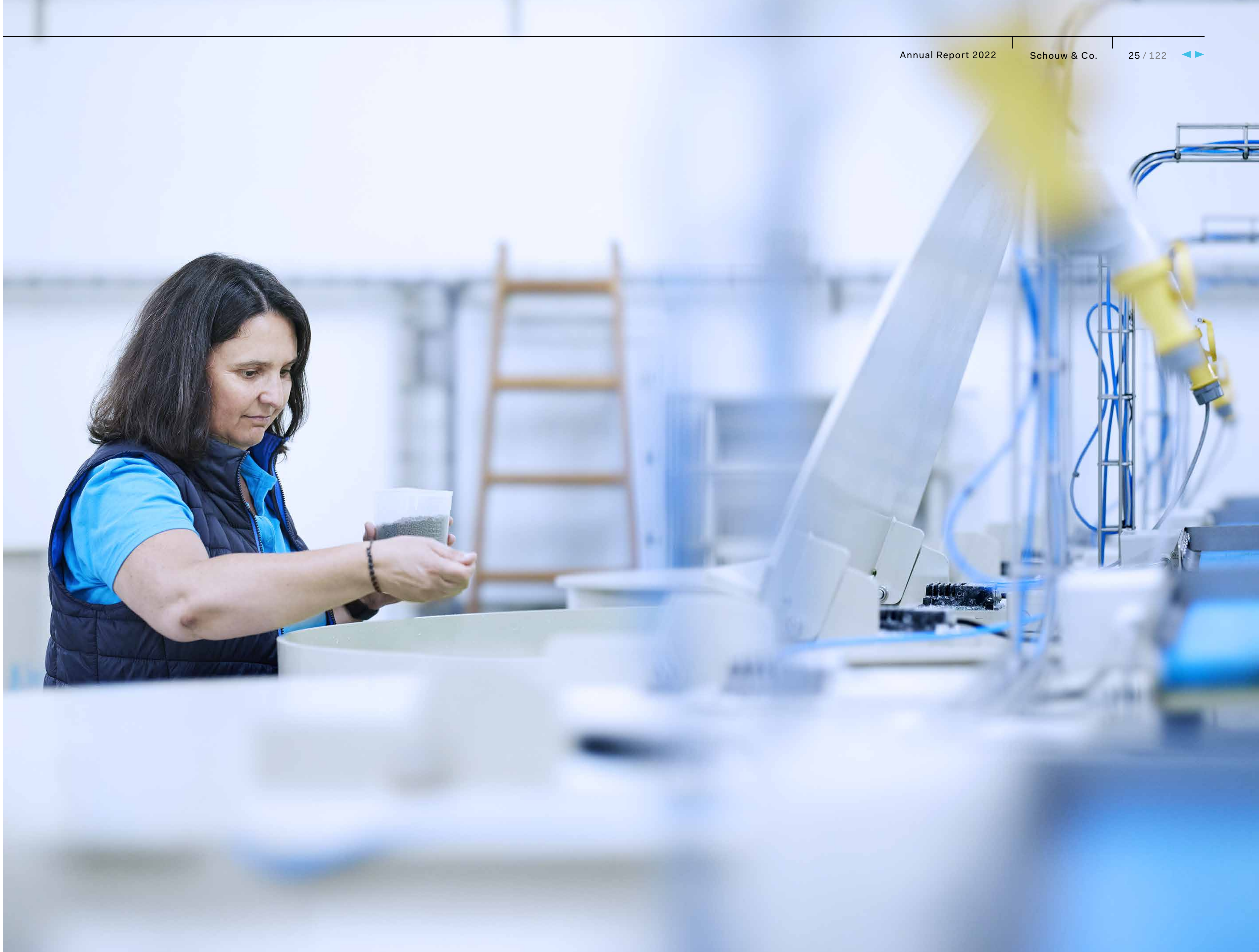
Joint ventures and associates
BioMar manufactures fish feed in China and Turkey through two 50/50 joint ventures with local partners. These activities are not consolidated, but due to their large growth potential, being strongly represented in these markets is very important to BioMar.

The two feed businesses reported combined 2022 revenue (100% basis) of DKK 1,665 million and EBITDA of DKK 120 million, against revenue of DKK 972 million and EBITDA of DKK 60 million in 2019. While BioMar has successfully achieved strong revenue improvements in both China and Turkey, the earnings improvement is attributable to Turkey.

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

The non-consolidated joint ventures and associates are recognised in the 2022 consolidated financial statements at a DKK 130 million share of profit after tax, compared with a DKK 45 million share of profit in 2021. The notable improvement had been expected and was based on substantial contributions both from joint ventures and associates.

Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements



Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

GPV

> **Accomplish more – sustainably**

GPV is a leading European EMS (Electronics Manufacturing Services) business. GPV manufactures electronics, mechanics, cable harnessing and mechatronics (combination of electronics, mechanical technology and software) for its range of international customers. GPV's solutions are used in customer end products, in the market segments of Industrials, BuildingTech, Transportation, Measurement & Control, CleanTech, MedTech and HighTech Consumer.

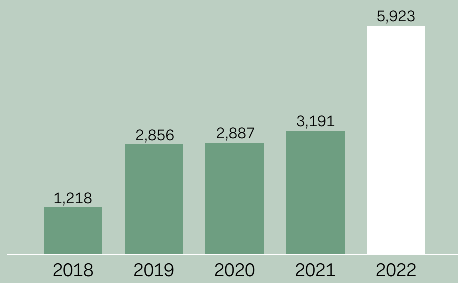
Electronics play an ever more prominent role in our society, whether in everyday life or in industry and manufacturing. In these sectors, the integration of electronics, increased data usage and increased automation will serve to make everyday life easier, optimise manufacturing processes, reduce resource consumption and increase quality of life. In the production of advanced electronics, increased specialisation results in a tendency for many businesses to focus on their core services and to outsource the manufacturing of electronics to dedicated EMS partners such as GPV.

GPV's market is in the high-mix segment, which is generally characterised by highly complex manufacturing processes. GPV supplies many different products to customers in the mentioned market segments in which electronics play an increasingly important role. Many of these products provide direct or indirect support for the green transition, and that makes GPV a preferred partner to companies that choose to outsource their production.

Geography
Head office in Vejle, Denmark. Manufacturing facilities at 19 locations, in Denmark, Sweden, Finland, Estonia, Switzerland, Germany, Austria, Slovakia, Sri Lanka, Thailand, Malaysia, China and Mexico.

Ownership – past and present
GPV was founded in 1961 and became a part of the Schouw & Co. Group in 2016. The company has subsequently expanded through mergers with a number of complementary businesses, and today, GPV is the second-largest European-headquartered EMS company, Schouw & Co. holds an 80% ownership interest in GPV.

Revenue performance (DKKm)



GPV

Strong revenue improvement in the fourth quarter drove earnings higher than expected. Conservative assessment of market prospects, but full-year effect from Enics raises prospects of substantial revenue and EBITDA improvements.

Financial performance

GPV (DKKm)	2022 Q4	2021 Q4	2022 FY	2021 FY
Revenue	2,624	887	5,923	3,191
EBITDA	181	89	465	342
EBIT	103	62	292	231
CF from operations	-41	-144	-281	-126
Working capital	2,566	1,150	2,566	1,150
ROIC ex. goodwill	11.5%	15.8%	11.5%	15.8%

GPV generated revenue of DKK 2,624 million in Q4 2022, a three-fold increase from Q4 2021. The improvement was predominantly due to the combination with Enics in early October, but was also based on increased demand from a large number of customers as well as the effects of higher prices of components and materials, which boosted revenue, but which also had an adverse effect on margins. The combined full-year 2022 revenue was up by 86% to DKK 5,923 million.

The reported EBITDA for Q4 2022 doubled to DKK 181 million, for a 36% increase in FY 2022 EBITDA to DKK 465 million, which was a good deal higher than the most recent guidance range. Throughout 2022, earnings were supported by increased business activity, efficient cost management and high capacity utilisation at GPV's factories. EBITDA for the fourth quarter was supported by the combination with Enics, despite the DKK 36 million charge from the initial PPA-related integrations costs and inventory adjustments.

Working capital increased from DKK 1,150 million at 31 December 2021 to DKK 2,566 million at 31 December 2022. The large increase was mainly attributable to the combination with Enics, but also to larger inventories resulting from increased order forecasts from customers. ROIC excluding goodwill fell from 15.8% at 31 December 2021 to 11.5% at 31 December 2022, mainly due to higher average invested capital.

Business review

The combination of GPV and Swiss-based EMS company Enics was completed on 3 October 2022, when the two former companies combined to form a newly-established holding company, GPV Group A/S, domiciled in Vejle, Denmark. Schouw & Co. achieved an 80% ownership interest from the transaction, while the previous owners of Enics received a cash payment of EUR 60 million and 20% ownership of the combined business.
Both GPV and Enics have particular strengths in the industrial segment, and they complement each other in terms of production technology, know-how and geographical presence. The combined company, which now operates under the name GPV, will have production facilities across 13 countries on three continents and is now the second-largest European-headquartered EMS company.

Meeting customer requirements for high quality standards and reliability of supply is a big priority for GPV. To ensure adequate flexibility, the company continues investing to expand capacity and increase automation, primarily in the current expansion projects at two factories, one in Thailand and one in Sri Lanka. Both represent major investments and are scheduled to be in operation in the second and third quarters of 2023, respectively. Following the combination with Enics, GPV has launched another investment programme, which in the short term will lead to expanded capacity at some of the new factories so as to enable GPV to accommodate customer needs for shipments from these sites.

Outlook

GPV has a conservative assessment of market prospects for 2023. Basically, the company expects the healthy demand from most customer segments to continue, implying good capacity utilisation, but it is difficult to say whether the market will soften during the year. The supply situation is expected to generally improve, but lead times will still be quite long for a large number of key electronic components, and component prices will remain high well into 2023.

GPV has a substantial operation in Sri Lanka, and the country is facing major challenges in the current economic situation. GPV has not yet experienced any tangible business implications from the critical situation in Sri Lanka, but monitors developments closely.

Obviously, the full-year effect of the combination with Enics impact the results for 2023, and on that background, GPV expects to generate revenue of approximately DKK 8.4-8.8 billion and EBITDA in the range of DKK 590-640 million in 2023 after recognition of estimated integration costs of approximately DKK 20 million.

Combination of GPV and Enics

The combination of GPV and Swiss-based EMS company Enics was completed on 3 October 2022, creating the second-largest European-headquartered EMS company which has more than 8,000 employees.

Acquisitions support GPV's growth ambitions
The combination of GPV and Enics was an obvious move, as the two companies are a perfect fit in a number of areas: Enics is an industry leader in lean production and the development of test systems for a number of major customers, while GPV is a full-service EMS business with a strong market focus, specialising in managing high-mix product portfolios, product design and product development for a wide range of market-leading customers. Operating under the GPV brand, the combined business will be able to leverage the aggregate strength and achieve a number of synergies.

GPV will now be able to deliver more complete solutions to customers, and by focusing more on specialist areas, the company's factories will be better able to accommodate specific customer needs within selected segments and regions. Box-build mechatronics, traditionally a successful business area for GPV, offers a great potential, not least with respect to newly welcomed customers.

Following the combination, GPV has become an even more attractive partner to its customers, suppliers and other stakeholders, and the new opportunities will help the combined company be successful in the EMS market, which is currently undergoing rapid change.

GPV has launched a number of initiatives to ensure that customers and suppliers will not experience negative change in connection with the combination. For example, GPV has already had constructive dialogues with a large number of business partners, going to great lengths to ensure that customers and suppliers have the same contacts as before. GPV will not compromise on providing good customer service, something that has always been a top priority.

Positive experiences from previous acquisitions
GPV is able to draw on its good experience from previous acquisitions in integrating complementary electronic manufacturers. In 2019, GPV acquired Swiss-based EMS company CCS, which had revenue of DKK 1.6 billion at the time. The integration of CCS was a big success, in part because a lot of effort was made to prepare the integration process properly and to ensure a good dialogue between the parties.

The integration of GPV and Enics is off to a good start. From the outset, there was considerable support for the combination throughout the organisation, and sufficient resources were allocated to planning and performing the many tasks arising from a combination of the two companies. The main focus during the initial stage was to introduce the concept of "One.New.Leader." to the EMS industry with GPV as the brand and a common approach to customers and suppliers. Various workstreams set up to deal with integration in different parts of the organisation have contributed to making the process run according to plan and for business partners to perceive the much larger GPV as one company only a short time after the combination.

Regionalising production to match customer priorities
For companies in the EMS market, it is best to be among the largest players and to have factories located in various parts of the world. It is crucial to be able to manufacture in all three regions of Asia, Europe and North America in preparation for an expectedly greater regionalised focus in the future.

GPV understands the importance of having a good product mix production sites across each of the three main regions, as that allows for optimising the global supply chains. GPV goes to great lengths to meet customer expectations, and having more factories in various parts of the world means more flexibility in production planning.

Today, GPV has manufacturing facilities in 13 countries: Denmark, Sweden, Finland, Estonia, Switzerland, Germany, Austria, Slovakia, Sri Lanka, Thailand, Malaysia, China and Mexico.

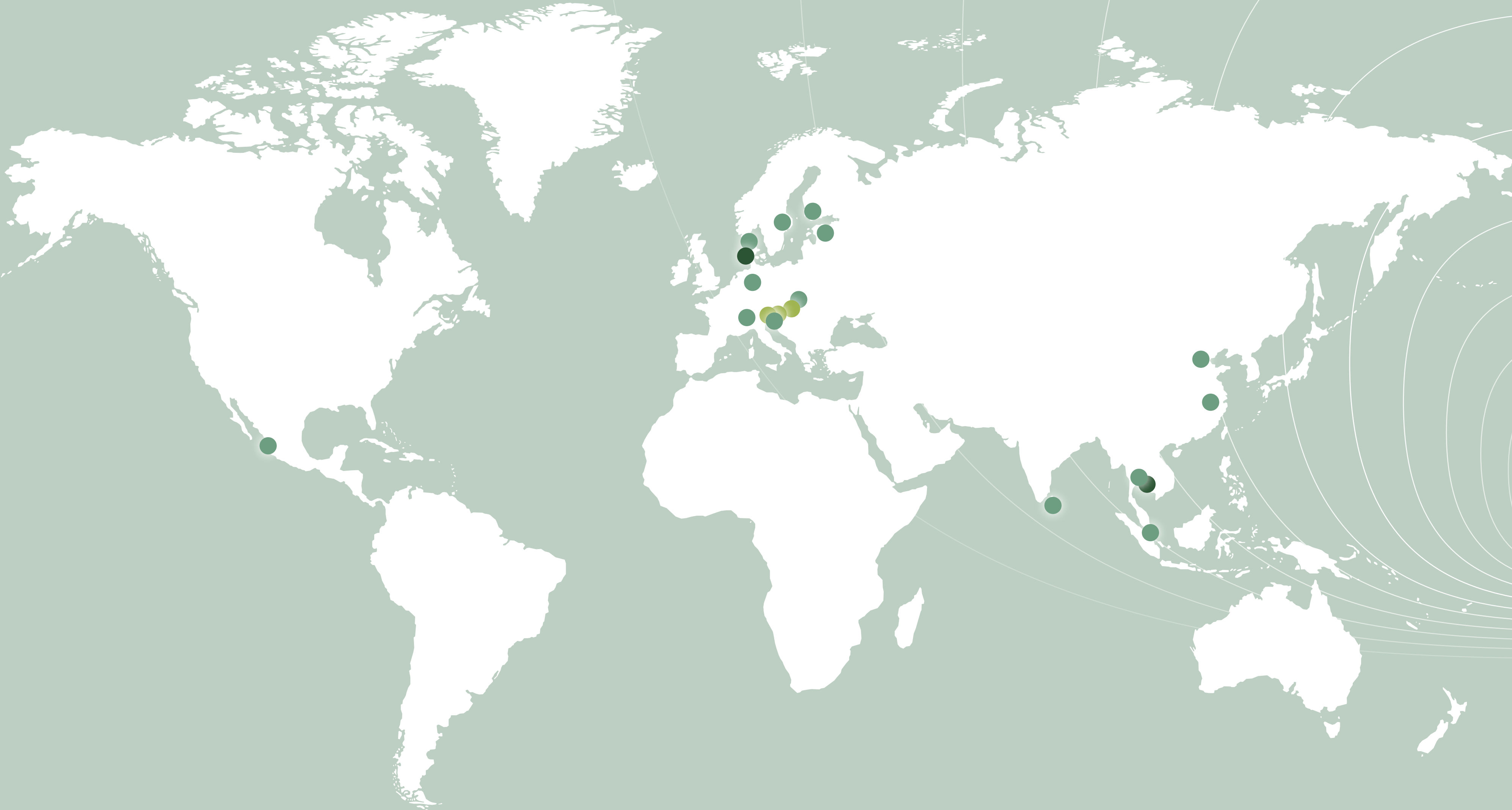
Ambitious plans for organic growth
GPV has set a strategic target to grow its revenue by 8% annually over the coming years to above the DKK 10 billion mark already by 2026. Growth is intended to be mainly organic, and GPV has already initiated a plan for capacity expansion at several of its factory sites.

All GPV factories have state-of-the-art production equipment, and over the past two years, GPV has invested massively to build capacity, adding new SMT lines, upgrading existing production lines and relocating production equipment to other factories so as to help optimise the capacity for customers. This has resulted in a large expansion of capacity at the facility in Thailand, as well as at the sites in Slovakia, Switzerland and Estonia.

In order to be able to meet expected trends in demand, GPV is planning additional capacity-expanding investments over the coming years. Apart from the two current factory expansion projects in Thailand and Sri Lanka, which are due to be operational in the second and third quarters of 2023, GPV is also exploring opportunities to expand other of its existing facilities in support of its growth ambitions.

GPV

GPV's global footprint following the combination with Enics.



Electronics Mechanics Cables

HydraSpecma

Making Power & Motion green

HydraSpecma is a market-leading specialist supplier of hydraulic solutions and components to the aftermarket and OEMs with roots in the Nordic regions. HydraSpecma generates value through its production and by fast delivery of hydraulic and electric solutions and products, by having the most comprehensive product range in the market and by providing technical advisory services. The products form part of wind turbines, lorries, contractors' equipment and agricultural machinery.

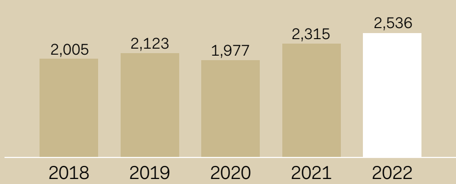
Hydraulic solutions, i.e. the use of liquid under pressure, are the basic tools in the Power & Motion business area. Transmission of extreme power is essential in a broad range of technical applications, such as contractors' equipment and cranes, in agriculture and forestry and in other areas where heavy machinery can generate power and motion. In mobile hydraulic solutions, power is typically generated by diesel engines, and their systems use a number of different components, such as hoses, fittings and valves. Increasingly, focus is on electrification of power generation in an attempt to limit the use of fossil fuels and to reduce climate impact. HydraSpecma supplies entire electric solutions as well as hybrid solutions in which certain parts of a system are electrified.

HydraSpecma supplies complete customised solutions and systems as well as components to the entire "Power & Motion" segment. The business serves a broad range of different industries, ranging from the wind turbine sector to the vehicle and shipping industries, and is a supplier to large OEM customers as well as to the aftermarket. HydraSpecma is present in international markets with a broad product range in order to be close to its customers and able to supply the needed products and services fast and efficiently.

Geography
Head office in Skjern, Denmark. Facilities in Denmark, Sweden, Finland, Norway, Poland, the UK, the Netherlands, China, India, the USA and Brazil.

Ownership – past and present
Hydra-Grene A/S was founded as an independent business in 1974 and has been a wholly-owned part of the Schouw & Co. Group since 1988. Specma AB was founded in 1918 and has formed part of HydraSpecma since 2016. In 2023, HydraSpecma acquired the wind division of Swedish industrial group Ymer Technology, strengthening its position as a system developer and supplier to the wind turbine segment.

Revenue performance (DKKm)



HydraSpecma

Healthy volume sales to customers in the vehicle industry and the aftermarket driving revenue and earnings improvement. The acquisition of wind division from Ymer Technology was finalised after the end of the year and will support future growth.

Financial performance

HydraSpecma (DKKm)	**2022 Q4**	**2021 Q4**	**2022 FY**	**2021 FY**
Revenue	653	605	2,536	2,315
EBITDA	79	71	306	286
EBIT	55	45	211	191
CF from operations	113	-22	190	75
Working capital	814	772	814	772
ROIC ex. goodwill	17.6%	17.6%	17.6%	17.6%

The healthy growth in sales to global customers in the vehicles segment continued throughout 2022, and sales to the Nordic OEM and aftermarket segment also improved. As expected, customers in the wind turbine segment reported softened business activity, while sales to other stationary equipment improved slightly after an extended period of stagnant business.

HydraSpecma grew its revenue by 8% to DKK 653 million in Q4 2022, bringing the full-year revenue increase for 2022 to 10%. Reported Q4 2022 EBITDA was up by 11% to DKK 79 million, bringing the reported FY 2022 EBITDA to DKK 306 million, a 7% improvement that was at the upper end of the most recent guidance range. In a comparison of the full-year results, it should be noted that the 2021 EBITDA included non-recurring income of DKK 12 million from the sale of a property. Adjusted for this factor, EBITDA was up by 12%.

The company's working capital was up by DKK 43 million from 31 December 2021 to 31 December 2022, but the increase in working capital was relatively smaller than the increase in revenue. The increase in working capital during the year was mainly due to price increases of sourced goods, energy and freight. ROIC excluding goodwill was in line with the year-earlier figure and had improved relatively speaking when disregarding the gain from the sale of a property in 2021.

Business review

In November 2022, HydraSpecma agreed to acquire the wind division of Swedish industrial group Ymer Technology. The transaction took effect on 1 February 2023.

As part of the transaction, the wind division of Ymer Technology has been carved out into a newly-established company, which has business units in Denmark, Sweden, China, India and the USA, and which is among the leading developers and manufacturers of cooling and conditioning of onshore and offshore wind turbines. The acquisition strengthens HydraSpecma's already comprehensive range of products and skills for the wind turbine segment, and the combined company now has a much broader value proposition of solutions for cooling, lubrication and filtration systems, pitch hydraulics and pipe and hose solutions. Several of these solutions can also be used for solar power plants and Power-to-X.

Following the acquisition of Ymer Technology's wind division, HydraSpecma will be changing its customer-facing organisational structure by establishing three divisions: Renewables, Global OEM and Nordic OEM/IAM, as well as establishing shared services across the organisational structure for the purpose of exploiting synergies in the combined business.

To accommodate the expected increase in demand, HydraSpecma has commenced construction of a new 16,000 m^2 production facility at a site next to its existing production facility in Stargard, Poland. This new unit is intended to be a carbon-neutral facility. The new unit will be built in stages, and stage one is scheduled to be operational in the spring of 2023.

On 1 March 2022, HydraSpecma acquired Dutch company GSS Hydraulics, in a move to strengthen its distribution capacity to its European customers in the vehicles segment.

Outlook

HydraSpecma expects the high level of activity at global OEM customers and the Nordic OEM and aftermarket customers to continue in 2023. Activity in the Renewables segment is expected to remain at a moderate level in 2023, but growth is set to pick up within onshore/offshore wind turbines, solar panels and Power-to-X from 2024 onwards. The acquisition of Ymer Technology's wind division effective from 1 February 2023 is expected to contribute revenue of DKK 500-600 million and EBITDA of DKK 25-40 million after recognition of integration costs and inventory adjustments resulting from ordinary purchase price allocation.

The general market situation remains highly uncertain on both the customer and supplier sides. There are still long lead times for hydraulics and electric components, but the general supply situation is expected to improve thanks to capacity increases at suppliers and early signs of a slowdown in the market. Prices will continue to rise in certain product areas, while for others pricing is expected to decline.

Against this background, HydraSpecma expects to generate FY 2023 revenue of DKK 3.1-3.3 billion and EBITDA in the DKK 310-340 million range.

Borg Automotive

> We give new life to vehicles by providing sustainable automotive solutions

Borg Automotive is Europe's largest independent automotive remanufacturing business. The company's principal business activity is to remanufacture defective parts, such as brake callipers, turbochargers, starters and alternators, and to sell them in the B2B market in a circular business model. Borg Automotive offers a full product range by also supplying new products to complement remanufactured items. Borg Automotive has a strong market position, and remanufacturing is a business area offering a wide range of environmental and resource benefits.

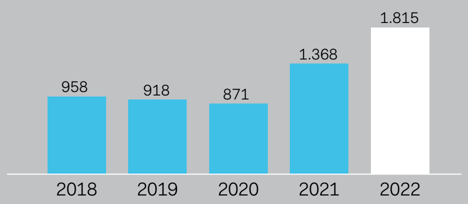
With about 250 million cars on the European roads and an average age of more than 11 years, there is a great need to ensure spare parts for a continuously growing fleet. The proportion of electric and hybrid cars on the roads is increasing as society transitions towards low-emission vehicles, but these also need spare parts. About half of the items in Borg Automotive's product range can be used whether a vehicle has an electric motor or a combustion engine. The transition is in progress, both in the industry at large and at Borg Automotive.

Borg Automotive offers a broad product range. Most of the products have been remanufactured, which means parts produced on the basis of an existing product that have less of an environmental impact and in a process requiring fewer resources and materials. The company's business model applies a return system combined with remanufacturing and is a good example of a circular business model.

Geography
Headquartered in Silkeborg, Denmark. Production/distribution facilities in Poland, the UK, Spain and Germany.

Ownership – past and present
Borg Automotive was founded in 1975 and has been a part of the Schouw & Co. Group since April 2017. Growth through acquisitions is part of the strategy. Borg Automotive acquired the Spanish business TMI in 2020 and added the trading company SBS Automotive in 2021.

Revenue performance (DKKm)



Borg Automotive

Large volumes of goods for resale in the final months of the year offset the effects of subdued demand for remanufactured products. Business activity in 2023 is expected to be in line with the 2022 level.

Financial performance

Borg Automotive (DKKm)	**2022 Q4**	**2021 Q4**	**2022 FY**	**2021 FY**
Revenue	402	370	1,815	1,368
EBITDA	42	29	180	158
EBIT	24	11	104	90
CF from operations	4	20	-150	44
Working capital	618	341	618	341
ROIC ex. goodwill	14.4%	17.5%	14.4%	17.5%

Borg Automotive lifted revenue by 9% to DKK 402 million in Q4 2022. The improvement was driven by large volumes of goods for resale, amid subdued sales of remanufactured products. The total FY 2022 revenue was up 33% year on year to DKK 1,815 million. The full-year improvement was primarily based on the acquisition of trading company SBS Automotive, which in 2021 was only recognised in the second half of the year at revenue of DKK 243 million. The company contributed revenue of DKK 573 million for FY 2022.

Reported EBITDA for Q4 2022 improved to DKK 42 million for a 45% increase over the previous year, when EBITDA was affected by PPA-related inventory adjustments in connection with the acquisition of SBS Automotive. The reported FY 2022 EBITDA was up 14% to DKK 180 million, in the mid-range of the most recent guidance.

Working capital increased to DKK 618 million at December 31, 2022, up by DKK 277 million from December 31, 2021, when inventories were low due to a limited inflow of goods resulting in below-normal working capital. ROIC excluding goodwill fell from 17.5% at 31 December 2021 to 14.4% at 31 December 2022 due to higher average invested capital.

Business review

Following the acquisition of SBS Automotive effective 1 July 2021, Borg Automotive now has a trading company dealing in automotive spare parts that complements its traditional operations. Remanufactured products make up the core of Borg Automotive's business and continue to account for most of its revenue. The company sells its remanufactured products under four different brands: the international brand Lucas and the company's three proprietary brands: Elstock, DRI and TMI. The recently added trading goods are sold under the NK or Eurobrakes brands.

The sale of goods for resale was supported by an improved supply situation in 2022 compared with 2021. In the early parts of 2022, Borg Automotive experienced growing demand for starters and alternators, in part because of the bankruptcy of a major competitor. In other words, the positive trends in these segments offset the negative impact of subdued demand in the European aftermarket during the final months of the year.

Borg Automotive continually works to develop processes and methods, aiming to expand its existing range of remanufactured products. Most recently, the company introduced intake manifolds as part of its product range in collaboration with an OE manufacturer. In addition, Borg Automotive has strengthened its collaborative ties with universities and OE manufacturers in order to secure a strong position in terms of products of the future.

Outlook

Demand in the European aftermarket fell during the second half of 2022. The decline was the result of several factors, including a change in driving patterns due to economic developments, which resulted in higher prices of raw materials and energy and caused distributors and dealers to reduce their inventories. Borg Automotive consistently adapts to the changing market conditions, including by optimising capacity and taking other measures to retain its margins and earnings.

While expecting sales to remain impacted by the subdued demand during large parts of 2023, Borg Automotive also expects to maintain business activities at the level seen in 2022. Against this background, Borg Automotive expects to generate revenue of DKK 1.7-1.9 billion and EBITDA in the DKK 160-190 million range in 2023.

As the agreement concerning the acquisition of SBS Automotive was concluded on the basis of an earn-out model, according to which the enterprise value is stated as 5x 2022 EBITDA, the value of SBS Automotive was reassessed after Q1 2022 as a result of Russia/Ukraine situation. Accordingly, the expected purchase price was reduced by DKK 80 million, which amount was recognised under financial income in Q1 2022. The final amount remains subject to negotiations between the parties, but the earnings performance during the final months of the year was considerably better than previously assumed. As a result, the DKK 80 million reduction made in the first quarter is being reversed and recognised under financial expenses, along with a preliminary additional provision of DKK 20 million.

Fibertex Personal Care

> **Sustainable is Possible. We reimagine, reduce and reuse to enable future fit solutions for our industry**

Fibertex Personal Care is among the world's largest manufacturers of spunmelt nonwovens for the personal care industry, manufacturing mainly diapers, sanitary towels and incontinence products. Operations also include printing on nonwovens for the personal care industry. Both business areas offer customised solutions, and the products are subject to tough requirements in terms of safety, health and comfort.

Diapers, sanitary towels and incontinence products are typical necessities, that is, articles that are difficult to do without. In other words, demand for the products is relatively stable, and they are used all over the world. The general economic developments and gains in standards of living are the factors creating growth and expanding the market. Growth is strongest in Asia, where the adoption of disposable diapers manufactured from nonwoven materials is significantly lower than in Europe and the USA. Asia is also experiencing the biggest improvements in income and standards of living, and a significant increase in the use of nonwovens is expected in the region.

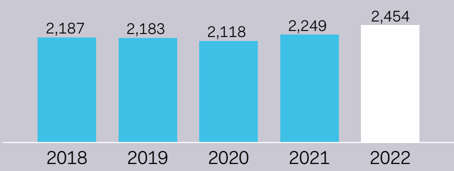
Nonwovens is a type of non-woven material made from plastics. It has a broad range of applications and is characterised by being light and soft, and it can be manufactured using less resources, including at lower costs, than other corresponding materials.

Among the world's ten largest manufacturers of nonwovens for personal care, Fibertex Personal Care has a global market share of over 5%. The company operates manufacturing facilities in Europe and Asia, as well as specialised print production facilities in Europe, Asia and the USA. The business stands out as a leader in innovation with a great focus on sustainability, including through the use of certified, reused and bio-based materials, the adoption of which is expected to increase going forward.

Geography
Head office in Aalborg, Denmark. Nonwovens manufacturing facilities in Denmark and Malaysia and printing facilities in Germany, Malaysia and the USA.

Ownership – past and present
Fibertex was founded in 1968 and acquired by Schouw & Co. in 2002. The Personal Care activities have been a part of Fibertex since 1998 and were hived off as an independent portfolio business directly under Schouw & Co. in 2011.

Revenue performance (DKKm)



Fibertex Personal Care

Revenue growth driven by higher prices of raw materials, but tough competition in Asia and rising costs in Europe weigh on earnings. Excess capacity in Asia a challenge in the short term, but expectations for long-term growth maintained.

Financial performance

Fibertex Personal Care (DKKm)	2022 Q4	2021 Q4	2022 FY	2021 FY
Revenue	582	568	2,454	2,249
EBITDA	93	81	269	315
EBIT	55	47	128	182
CF from operations	101	80	206	116
Working capital	414	397	414	397
ROIC ex. goodwill	7.4%	11.7%	7.4%	11.7%

Fibertex Personal Care grew its revenue by 2% from DKK 582 million in Q4 2022, while full-year revenue was up by 9% to DKK 2,454 million. The improvement was driven by higher prices of raw materials, which triggered higher selling prices on sales volumes that were lower than last year.

Reported Q4 2022 EBITDA was up by 16% to DKK 93 million, while FY 2022 EBITDA was 15% lower at DKK 269 million, which was still at the upper end of the most recent guidance range. Compared to 2021, Fibertex Personal Care faced a drop in demand for nonwoven products and the print services provided by the factories in Malaysia, and the positive effect of approximately DKK 70 million from developments in foreign exchange rates and prices of raw materials was not enough to offset the effects of the much more competitive Asian market. In the European market, especially the much higher energy costs weighed on earnings, but thanks to its well-established customer relations, the company has managed to introduce a pricing model that will align with changes in costs to a much greater extent.

The company's working capital increased by a modest DKK 17 million from 31 December 2021 to 31 December 2022 as a direct effect of the increase in revenue. ROIC excluding goodwill was lower than last year due to the lower earnings for the year and higher average working capital.

Business review

Asian manufacturers of nonwovens have invested heavily in recent years to ramp up their production capacity, both to match the growth in the personal care market and to work the new market for face masks and protective suits which arose in connection with the coronavirus pandemic. However, demand for input materials for PPE products has now shrunk and, combined with a market where consumers are currently reluctant to purchase hygiene products, the situation is now one of surplus production capacity and price pressures. Fibertex Personal Care has also invested to expand capacity, commencing construction of a new production line in Malaysia which, however, is not expected to be operational until the first quarter of 2024 due to technical challenges involving the slitter. The excess production capacity in Asia will remain a challenge for some time, but that will not change the fact that the market is still expected to see sound underlying growth, which over time will absorb the idle capacity.

The European market, on the other hand, is more consolidated. Despite stagnant diaper sales, diaper pants are gaining a growing share of the market, and as this type of diaper comprises proportionately more nonwovens, demand is expected to rise in this segment. In addition, the company expects an increase in sales of incontinence products.

Fibertex Personal Care will soon have nine spunmelt production lines in operation, three in Denmark and six in Malaysia, highly efficiently producing very thin, very high-quality nonwoven textiles. As part of the efforts to achieve the company's 2030 sustainability targets, Fibertex Personal Care had a dedicated team in 2022 working to develop an even thinner and lighter product that will retain the core properties of the material. This new product is expected to be launched in the second quarter of 2023. Fibertex Personal Care also has eight print lines, currently four in Germany, two in Malaysia and two in the USA. Due to the current trends in demand, the company will likely allocate relatively less capacity to Asia and more to the USA, where print services are in demand for more and more applications, such as print on absorbent pads for pets.

Outlook

Fibertex Personal Care expects that its five factories will generally be able to maintain good capacity utilisation during 2023. However, the extremely competitive Asian market will weigh on the full-year earnings from the Malaysian operations, and increased costs in Europe will hold back performance with the combined effect of a considerable decline in earnings for a period of time.

Against this background, Fibertex Personal Care expects to generate FY revenue of DKK 2,250-2,450 million and EBITDA in the DKK 180-210 million range in 2023. However, revenue and EBITDA are, as always, subject to potential changes in prices of raw materials and in foreign exchange rates.

Fibertex Nonwovens

> We pioneer and innovate the way industries work with nonwovens and performance materials

Fibertex Nonwovens is among the world's leading manufacturers of specialised nonwovens. Nonwovens is fibre sheets produced on high-tech processing facilities with various purpose-specific post-processings. The processed materials have a broad range of different applications, including, among other things, in cars, in the construction industry and for filtration solutions. They are also used in the healthcare sector as disposable wipes, for example.

Market
In cars, the material contributes to reducing weight and thereby reducing carbon emissions, but nonwovens is also used as an acoustic fabric, as it absorbs sound and thereby increases comfort. Through innovation and new products, the use of nonwovens in cars has increased significantly in recent years, and today, many new cars contain about 30 square metres of nonwovens.

Nonwovens are also used in construction, contributing to prolonging the life of roads and bridges, and as filtration solutions, because the material can be used to construct energy-efficient liquid and air filter solutions in cars, for industrial filtration and in ventilation systems, for example.

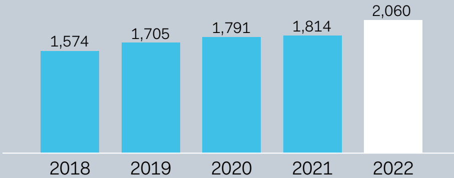
In the disposable wipes segment, nonwovens form part of products for industrial cleaning and as part of disinfection solutions for the healthcare sector, for which Fibertex Nonwovens supplies a number of products, including special-purpose disinfectant wipes. Customers demand sustainable solutions, and thanks to new technology, Fibertex Nonwovens is able to produce wipes from non-synthetic fibre, replacing the use of synthetic fibre. Recently, Fibertex Nonwovens has launched a range of products based on organic cotton for use in, for example, sanitary towels and skin care products.

Fibertex Nonwovens increasingly manufactures circular solutions, and the company aims to increase the proportion of recycled plastics in production, which means using much fewer resources and lowering greenhouse gas emissions substantially.

Geography
Head office in Aalborg, Denmark. Produktion i Danmark, Frankrig, Tjekkiet, Tyrkiet, USA, Sydafrika og Brasilien.

Ownership – past and present
Fibertex was founded in 1968 and acquired by Schouw & Co. in 2002. The company previously included the Personal Care activities, which were hived off as an independent portfolio company in 2011.

Revenue performance (DKKm)



Fibertex Nonwovens

Revenue improvement, but steep drop in earnings due to weakened demand and escalating costs. Current investments to expand capacity support long-term growth forecast.

Financial performance

Fibertex Nonwovens (DKKm)	**2022 Q4**	**2021 Q4**	**2022 FY**	**2021 FY**
Revenue	473	366	2,060	1,814
EBITDA	9	15	111	230
EBIT	-16	-10	11	130
CF from operations	107	26	-7	127
Working capital	593	515	593	515
ROIC ex. goodwill	1.0%	8.8%	1.0%	8.8%

Fibertex Nonwovens lifted its revenue by 29% to DKK 473 million in Q4 2022. The improvement was mainly driven by higher selling prices, supported by positive currency developments, while volume sales were in line with the previous year. The total FY 2022 revenue was up 14% year on year to DKK 2,060 million based on a year-on-year decline in volume sales.

Reported Q4 EBITDA was reduced to DKK 9 million, which was less than anticipated. This brought reported FY 2022 EBITDA to DKK 111 million, equal to half the figure for the previous year and at the low end of the most recent guidance range. The main reasons for the year-on-year reduction in Q4 earnings were the sharp increase in the costs of energy and a changed product mix. The much higher costs of raw materials, energy and freight weighed on earnings throughout the year, although the company consistently sought to offset the effect through higher selling prices.

Working capital increased by DKK 78 million from the end of 2021 to 31 December 2022, mainly due to the rise in prices of raw materials, but it was reduced by DKK 70 million during the period from the end of the third quarter to year-end 2022. Naturally, ROIC excluding goodwill was considerably lower than last year due to the sharp drop in earnings for the year and the higher average working capital.

Business review

Recent years' investments to expand global production capacity proved instrumental in the first half of 2021 for Fibertex Nonwovens to capitalise on the very attractive opportunities arising in the wake of the coronavirus pandemic. However, in the second half of 2021, market conditions became extremely challenging. The trend continued in 2022, causing substantial imbalance in the second half of the year, as high prices of raw materials and sharply higher energy costs coincided with a slowdown in demand from a number of important segments, caused in part by inventory reductions.

By continually investing in innovation and sustainable solutions, Fibertex Nonwovens has made its factories extremely competitive, and the company continues to see a strong growth potential. This applies in particular to products for more specialised applications. In order to meet future demand, Fibertex Nonwovens launched a programme to invest approximately DKK 600 million in 2021, which is intended to provide a platform for strong future growth and significantly improved earnings in the years ahead. The programme is mainly for two production lines applying the spunlacing technology, where the fibres of the non-woven textiles are entangled using high-speed jets of water.

The first of the two production lines has been installed at the company's site in Greenville, South Carolina, and it will be gradually phased in for production during 2023. Already, the company is seeing considerable market interest for the products which the line will manufacture. The other production line will be installed in Europe, but due to the current situation of very high energy prices in the region, the construction and implementation of the European installation will be postponed until 2024.

Outlook

Fibertex Nonwovens felt the effects in 2022 of an unfortunate combination of negative demand and escalating costs. This challenging situation is also affecting the company's guidance for 2023, as the new production capacity currently under way is being phased in at a slower pace than originally expected. In particular, this will impact expected earnings for the first half of the year.

However, the current situation does not change the expectations of good growth in most market segments over the coming years. Fibertex Nonwovens has the right technology and a promising pipeline and therefore is well positioned in the international competition. The short-term goal for 2023 is to ensure sustainable earnings power and to expand its volume output, so the company is ready to implement its plans for the coming years on the back of its capacity-expanding investments.

Based on the moderate outlook for the first half of the year, Fibertex Nonwovens expects to generate revenue of approximately DKK 2.3-2.5 billion and EBITDA in the DKK 140-170 million range in 2023.

Portfolio company financial highlights – full year

	BioMar		GPV		HydraSpecma		Borg Automotive		Fibertex Personal Care		Fibertex Nonwovens		Group	
Full year	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
INCOME STATEMENT														
Revenue	17,861	13,300	5,923	3,191	2,536	2,315	1,815	1,368	2,454	2,249	2,060	1,814	32,637	24,219
Contribution profit	1,629	1,346	813	588	688	617	456	344	390	420	323	402	4,300	3,718
EBITDA	1,013	889	465	342	306	286	180	158	269	315	111	230	2,282	2,181
Depreciation, amortisation and impairment losses	410	350	173	111	95	95	76	68	140	133	99	100	994	858
EBIT	602	540	292	231	211	191	104	90	128	182	11	130	1,288	1,323
Profit after tax in associates and JVs	130	45	0	0	0	1	0	0	0	0	0	0	130	46
Gains on divestments	0	0	0	0	0	0	0	0	0	0	0	0	0	3
Net financial items	-23	-46	-68	-14	-13	-9	-52	-17	-10	-10	-35	-20	-114	-51
Profit before tax	709	539	224	217	199	183	53	73	119	172	-24	110	1,304	1,322
Tax on profit/loss for the year	-154	-142	-65	-21	-42	-40	-26	-19	-29	-43	13	-20	-311	-288
Profit before non-controlling interests	556	398	159	196	157	143	27	54	90	129	-11	90	993	1,033
Non-controlling interests	-23	-25	0	0	-1	-1	0	0	0	0	0	0	-33	-26
Profit for the year	532	373	159	196	156	142	27	54	90	129	-11	90	960	1,008
CASH FLOWS														
Cash flows from operating activities	299	241	-281	-126	190	75	-150	44	206	116	-7	127	319	517
Cash flow from investing activities	-447	-336	-424	-74	-69	-62	-59	-17	-55	-203	-442	-233	-1,499	-924
Cash flows from financing activities	156	50	826	194	-120	-5	200	-12	-145	73	516	83	1,377	237
BALANCE SHEET														
Intangible assets*	1,480	1,317	1,069	418	203	230	297	337	64	67	128	130	4,267	3,526
Property, plant and equipment	1,743	1,683	983	433	346	347	166	132	1,318	1,380	1,517	1,084	6,093	5,078
Other non-current assets	1,311	1,281	266	140	105	112	126	134	21	18	18	12	1,854	1,709
Cash and cash equivalents	299	262	251	133	29	28	14	24	11	5	105	38	712	490
Other current assets	6,864	5,454	5,305	2,054	1,262	1,247	1,282	1,051	678	721	924	819	15,519	10,685
Total assets	11,697	9,997	7,874	3,179	1,945	1,964	1,885	1,678	2,091	2,192	2,692	2,083	28,445	21,488
Shareholders' equity	3,181	2,908	2,248	1,157	755	691	485	533	1,079	1,128	936	745	11,237	10,649
Interest-bearing liabilities	3,635	2,820	2,602	1,032	693	798	456	212	601	584	1,404	1,030	6,680	3,453
Other liabilities	4,881	4,269	3,024	990	497	476	944	933	412	479	352	307	10,529	7,386
Total equity and liabilities	11,697	9,997	7,874	3,179	1,945	1,964	1,885	1,678	2,091	2,192	2,692	2,083	28,445	21,488
Average no. of employees	1,532	1,445	5,498	3,878	1,269	1,192	2,111	1,848	781	777	1,069	1,055	12,277	10,210
FINANCIAL KEY FIGURES														
EBITDA margin	5.7%	6.7%	7.8%	10.7%	12.1%	12.3%	9.9%	11.6%	10.9%	14.0%	5.4%	12.7%	7.0%	9.0%
EBIT margin	3.4%	4.1%	4.9%	7.2%	8.3%	8.3%	5.7%	6.6%	5.2%	8.1%	0.6%	7.2%	3.9%	5.5%
ROIC excluding goodwill	16.1%	15.5%	11.5%	15.8%	17.6%	17.6%	14.4%	17.5%	7.4%	11.7%	1.0%	8.8%	11.2%	13.9%
ROIC including goodwill	11.7%	11.1%	10.6%	14.2%	16.0%	15.7%	9.6%	10.4%	7.0%	11.0%	0.9%	8.2%	9.3%	11.2%
Working capital	1,977	1,399	2,566	1,150	814	772	618	341	414	397	593	515	6,969	4,566
Net interest-bearing debt	2,507	1,932	2,266	824	655	715	427	138	590	579	1,277	954	5,790	2,773

* Excluding consolidated goodwill in Schouw & Co.

Amounts in DKK million

Portfolio company financial highlights – Q4

	BioMar		GPV		HydraSpecma		Borg Automotive		Fibertex Personal Care		Fibertex Nonwovens		Group	
Q4	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
INCOME STATEMENT														
Revenue	4,974	4,044	2,624	887	653	605	402	370	582	568	473	366	9,706	6,836
Contribution profit	444	388	325	166	183	161	108	93	120	106	62	58	1,242	971
EBITDA	294	268	181	89	79	71	42	29	93	81	9	15	676	541
Depreciation, amortisation and impairment losses	145	89	78	27	24	26	18	18	39	34	25	24	329	218
EBIT	149	179	103	62	55	45	24	11	55	47	-16	-10	347	323
Profit after tax in associates and JVs	30	9	0	0	0	1	0	0	0	0	0	0	30	10
Gains on divestments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	56	-7	-38	-5	-10	-2	-101	-5	2	-3	-28	-6	-93	-5
Profit before tax	235	181	65	57	45	44	-77	6	57	44	-44	-15	284	328
Tax on profit/loss for the year	-47	-48	-22	0	-11	-8	-13	-3	-20	-9	23	12	-93	-58
Profit before non-controlling interests	188	133	43	57	34	36	-90	2	37	35	-20	-4	191	270
Non-controlling interests	-5	-9	0	0	0	0	0	0	0	0	1	1	-13	-8
Profit for the year	184	124	43	57	34	36	-90	2	37	35	-20	-3	179	262
CASH FLOWS														
Cash flows from operating activities	312	-87	-41	-144	113	-22	4	20	101	80	107	26	605	-138
Cash flow from investing activities	-69	-227	-236	-11	-29	-16	-18	4	-17	-44	-89	-81	-460	-376
Cash flows from financing activities	-177	274	454	120	-79	40	-5	-52	-113	-72	45	47	-2	239
BALANCE SHEET														
Intangible assets*	1,480	1,317	1,069	418	203	230	297	337	64	67	128	130	4,267	3,526
Property, plant and equipment	1,743	1,683	983	433	346	347	166	132	1,318	1,380	1,517	1,084	6,093	5,078
Other non-current assets	1,311	1,281	266	140	105	112	126	134	21	18	18	12	1,854	1,709
Cash and cash equivalents	299	262	251	133	29	28	14	24	11	5	105	38	712	490
Other current assets	6,864	5,454	5,305	2,054	1,262	1,247	1,282	1,051	678	721	924	819	15,519	10,685
Total assets	11,697	9,997	7,874	3,179	1,945	1,964	1,885	1,678	2,091	2,192	2,692	2,083	28,445	21,488
Shareholders' equity	3,181	2,908	2,248	1,157	755	691	485	533	1,079	1,128	936	745	11,237	10,649
Interest-bearing liabilities	3,635	2,820	2,602	1,032	693	798	456	212	601	584	1,404	1,030	6,680	3,453
Other liabilities	4,881	4,269	3,024	990	497	476	944	933	412	479	352	307	10,529	7,386
Total equity and liabilities	11,697	9,997	7,874	3,179	1,945	1,964	1,885	1,678	2,091	2,192	2,692	2,083	28,445	21,488
Average no. of employees	1,546	1,483	7,578	4,105	1,273	1,209	2,009	2,044	757	794	1,069	1,065	14,250	10,716
FINANCIAL KEY FIGURES														
EBITDA margin	5.9%	6.6%	6.9%	10.0%	12.0%	11.7%	10.5%	7.8%	16.1%	14.2%	1.8%	4.0%	7.0%	7.9%
EBIT margin	3.0%	4.4%	3.9%	7.0%	8.4%	7.4%	6.0%	2.9%	9.4%	8.2%	-3.4%	-2.7%	3.6%	4.7%
ROIC excluding goodwill	16.1%	15.5%	11.5%	15.8%	17.6%	17.6%	14.4%	17.5%	7.4%	11.7%	1.0%	8.8%	11.2%	13.9%
ROIC including goodwill	11.7%	11.1%	10.6%	14.2%	16.0%	15.7%	9.6%	10.4%	7.0%	11.0%	0.9%	8.2%	9.3%	11.2%
Working capital	1,977	1,399	2,566	1,150	814	772	618	341	414	397	593	515	6,969	4,566
Net interest-bearing debt	2,507	1,932	2,266	824	655	715	427	138	590	579	1,277	954	5,790	2,773

* Excluding consolidated goodwill in Schouw & Co.

Amounts in DKK million

Group information

Board of Directors

Chairman
Jørgen Dencker Wisborg

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

MSc, Aarhus School of Business and LEAP, Leadership Programme, Insead, France. Professional board member with special expertise in management and sales as well as in strategy, business development, financial reporting, treasury and finance. Member of the company's audit committee and chairman of the company's nomination and remuneration committee.

Directorships
Chairman: Danoil II ApS, Danoil Exploration A/S, Kamstrup A/S.

Deputy chairman: Blue Water International A/S, Blue Water Holding A/S, Blue Water Property A/S, Blue Water Shipping A/S, Per Aarsleff A/S, Per Aarsleff Holding A/S.

Board member: BioMar Group A/S, Borg Automotive A/S, Formuepleje Holding A/S, FP Kapital A/S, GPV Group A/S, GPV International A/S.

Executive management: Rotensia ApS.

Shares held in Schouw & Co.
Holds 15,000 shares in Schouw & Co. (End 2021: 15,000 shares)

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

Deputy Chairman
Kenneth Skov Eskildsen

Born 1973. Elected to the Board in 2018. Current term expires in 2026.

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. Member of the company's nomination and remuneration committee.

Directorships
Chairman: Coronet Cake Company ApS, Eliza Chokolade ApS, Givesco Ejendomme A/S, Givesco Services A/S, Grocon Holding ApS, MTK GmbH, TC Brød ApS.

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

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

Shares held in Schouw & Co.
Holds 381,990 shares in Schouw & Co. (End 2021: 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.

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. Member of the company's nomination and remuneration committee.

Directorships
Chairman: KP Invest Herning A/S, 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 2021: 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. Chair of the company's audit committee.

Directorships
Chair: AP Invest Kapitalforening, Investeringsforeningen Danske Invest, Investeringsforeningen Danske Invest Index, Investeringsforeningen Danske Invest Select, Investeringsforeningen Profil Invest, Kapitalforeningen Danske Invest Institutional.

Deputy chair: Danish Committee on Corporate Governance

Board member: University of Copenhagen

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

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

Board member
Hans Martin Smith

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

MSc (Economics), Aarhus University and CFO of Vestas Wind Systems A/S. Mr Smith has special expertise in finance, business development, strategy, M&A, capital markets and investor relations. Member of the company's audit committee.

Directorships
Board member: Vestas Ventures A/S.

Executive management: Vestas Wind Systems A/S.

Shares held in Schouw & Co.
Holds 600 shares in Schouw & Co. (End 2021: 600 shares)

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

Board member
Søren Stæhr

Born 1967. Elected to the Board in 2022. Current term expires in 2026.

LL.M., Aarhus University and Master of Laws, King's College, London. Attorney and partner of Gorrissen Federspiel Law Firm. Special expertise in structuring and organising international trade, M&A transactions and investments, in establishing and operating joint ventures, consortia and the like, and expertise in ESG-related matters.

Directorships
Board member: Givesco Bakery A/S, Købmand Th. C. Carlsens Mindefond.

Shares held in Schouw & Co.
Holds 1,265 shares in Schouw & Co. (End 2021: 1,265 shares)

Independence as a board member
Søren Stæhr is not considered to be independent due to his affiliation with the main shareholder Givesco and his affiliation to a law firm which acts as an adviser to the company.

Executive Management

President & CEO
Jens Bjerg Sørensen

Born 1957. Appointed in 2000.

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

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

Deputy chairman: Salling Group A/S.

Board member: Aida A/S, Ejendomsselskabet FMJ A/S, F.M.J. A/S, Købmand Ferdinand Sallings Mindefond.

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 2021: 56,000 shares)

Vice President
Peter Kjær

Born 1956. Appointed in 1993.

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

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

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

Shares held in Schouw & Co.
Holds 26,500 shares in Schouw & Co. (End 2021: 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 members 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 to 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 an 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 of the Executive Management. The Board held six board meetings and a board seminar in 2022, with one member being absent from one board meeting.

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

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

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 2022, the Board of Directors found the company's capital and share structures to be appropriate and adequate relative to the company's plans and expectations.

DIVIDEND POLICY

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

The Board of Directors recommends that the dividend for the 2022 financial year remain unchanged at DKK 15 per share.

Treasury shares and share buyback programme

In 2022, Schouw & Co. acquired 551,074 shares for DKK 292 million to be held in treasury. The shares were bought under the Safe Harbour rules as part of the Group's current share buyback programme, which expired on 30 December 2022.

As a result, the company held 2,082,176 treasury shares, equal to 8.17% of the share capital at the end of 2022, The market value of the holding of treasury shares was DKK 1,091 million at 31 December 2022. The portfolio of treasury shares is recognised at DKK 0.

REGISTER OF SHAREHOLDERS

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

Incentive programmes

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

Under the share-based incentive programme, Schouw & Co. awarded, in March 2022, a total of 447,000 share options to 32 people.

The share options vest over a period of three years and are exercisable during a 13-month period following the publication of Schouw & Co.'s annual report for the 2024 financial year at a strike price of DKK 518.00 plus a 2% premium per annum from the date of grant until the date of exercise. The exercise price is adjusted by deduction of ordinary dividends, which cannot exceed the accrued interest.

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

Financial calendar for 2023

13 April 2023	Annual general meeting
18 April 2023	Expected distribution of dividend for the 2022 financial year
04 May 2023	Release of Q1 2023 interim report
15 August 2023	Release of Q2 2023 interim report
14 November 2023	Release of Q3 2023 interim report

Company announcements

Schouw & Co. issued weekly updates on its then ongoing share buyback programme during 2022 and also released the following company announcements. All announcements are available at the company's website, www.schouw.dk.

04 February 2022	#6	2021 better than expected and announcing outlook for 2022
04 March 2022	#11	Annual Report 2021: A steady hand in turbulent times
11 March 2022	#13	Continuation of incentive programme
21 March 2022	#15	Notice of the Annual General Meeting of Aktieselskabet Schouw & Co.
20 April 2022	#21	More details on the direct effects of the situation involving Russia and Ukraine
20 April 2022	#22	Annual General Meeting of Schouw & Co.
5 May 2022	#25	Interim report – First quarter of 2022
22 June 2022	#33	Schouw & Co. creates European electronics giant in merger of GPV and Enics
16 August 2022	#42	Interim report – Second quarter of 2022
03 October 2022	#49	Combination of GPV and Enics completed
06 October 2022	#51	Correction to company announcement no. 49 of 3 October 2022
10 November 2022	#57	Interim report – Third quarter of 2022
16 November 2022	#59	HydraSpecma acquires Ymer Technology's Wind Division
21 December 2022	#65	Schouw & Co.'s financial calendar 2023

Investor information

SHARE PRICE PERFORMANCE

The Schouw & Co. share closed the year at a price of DKK 524 (official year-end price), compared with DKK 569 per share at 31 December 2021, corresponding to a decline of 8% including payment of a dividend of DKK 15 per share.

Accordingly, the total market capitalisation of the company's listed share capital amounted to DKK 13,362 million at the close of the financial year, against DKK 14,510 million at the close of 2021. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 12,271 million at 31 December 2022.

Investor relations policy

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

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

The company's IR policy is available on the company's website, www.schouw.dk.

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

SHAREHOLDER STRUCTURE

Schouw & Co. has about

12,000

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

GIVESCO A/S

28.09%

DIREKTØR SVEND HORNSYLDS LEGAT

14.82%

AKTIESELSKABET SCHOUW & CO.

8.17%

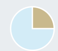
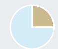
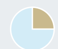
Members of the Board of Directors and the Executive Management of Schouw & Co. and their connected persons held a total of 424,092 and 82,500 shares, respectively, in the company at 31 December 2022. None of the persons involved bought or sold shares in the company during the year.

WWW.SCHOUW.DK

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

Risks

Diversifying the conglomerate by operating in different business areas and geographies is a substantial component of the Group's risk hedging strategy. The business-specific risks relate in particular to BioMar and GPV, the two largest of the portfolio companies.

Risk areas	What is the risk?	How is the risk mitigated?	Risk assessment
Global macroeconomics	The purchasing power of customers and end customers is strongly subject to macroeconomic trends	Volume sales in BioMar and Fibertex Personal Care as well as considerable parts of the sales of the other companies are not particularly affected by global economic developments. Demand for fish and thus for fish feed, the consumption of personal hygiene products, spare parts for older cars, and electronics for energy optimisation purposes and for the healthcare industry are cyclical only to a limited extent.	
Country-specific risk	Developments in local conditions, political regimes or political tensions may affect production matters as well as sales potential.	The group sells its products in more than 100 countries and has 80 production facilities in 30 countries, Some countries matter more than others, and any country-specific conditions in countries of special importance may have derived global effects on the value chain. There is significant exposure to China, in terms of both production and sourcing of components and raw materials.	
Attractive investment opportunities	Capacity-expanding investments and company acquisitions have historically been major value creators.	Diversification ensures that good opportunities for capacity expansion and taking part in industry consolidation, and for creating acquisitive growth within the different business areas and geographies in which the portfolio businesses operate.	
Cybercrime	Malicious attacks on IT systems or vulnerabilities resulting from increasing digitalisation.	The IT systems used by the Group's six portfolio companies are not interconnected. All of the companies are strongly focused on IT security, but there will always be a risk that individual companies will experience an IT breakdown or cybercrime.	
Climate	The world is increasingly experiencing climate-related effects and being a carbon emitter may become expensive in the future.	The geographic diversification of Schouw & Co.'s operations reduces the implications of local and regional natural disasters and weather phenomena. The Group's largest source of energy is electric power, and the goal is to use power from sustainable sources only by 2030.	
Foreign currencies	Fluctuating foreign exchange rates have a direct effect on both the statement of comprehensive income and the balance sheet.	The broad geographical diversification with a large extent of same-currency production and sales overlap within countries creates a natural hedge, but as most of its operations are based outside Denmark, the Group is exposed to foreign exchange risk when translating amounts from local currency into Danish kroner.	
Financing and interest rates	Rising interest rates mean higher capital costs, and capital accessibility is necessary for making investments.	Debt is generally managed centrally, and the parent company and the companies are jointly liable for debts. The Group mainly raises financing with a consortium of four major banks. The Group has a strategic goal of having a ratio of consolidated interest-bearing debt/EBITDA at a level of 1x – 2.5x.	
Customer dependency	Major customers have considerable bargaining strength and may pose a challenge to sub-contractors.	All of our portfolio businesses operate in B2B markets and serve relatively large customers. No one single customer accounts for more than 5% of the Group's consolidated revenue, but in some cases, the five largest customers account for more than 50% of a particular subsidiary's revenue.	
Raw materials and energy	Rising prices of raw materials and costs of freight and energy will squeeze earnings in so far as price increases cannot be passed on to customers.	Raw materials represent the majority of costs at group level. Several of the Group's businesses rely on specific 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. The other companies will generally be able over time to offset market-conforming price increases for raw materials and other input materials. Energy costs can be passed on to customers to a limited extent.	

Corporate social responsibility and corporate governance

The ESG report for the Schouw & Co. Group contains the Group's statutory reporting on corporate responsibility, diversity, data ethics, the EU Taxonomy and responsible tax. The corporate governance requirements are addressed in the statutory report on this matter.

Corporate social responsibility

Schouw & Co. has a defined ambition to be a responsible and long-term owner that charts the corporate responsibility of the Group's businesses through active ownership.

Schouw & Co. has prepared an ESG-report for 2022 describing the Group's work on ESG (Environment, Social & Governance) matters, including the common strategic framework within the Group and common initiatives as well as each company's actions and achievements during the year. The 2022 ESG report is available on the website at: www.schouw.dk/en/cg.

Report pursuant to section 99a

The company's ESG report for 2022 constitutes the Group's report on corporate responsibility for the 2022 financial year provided in accordance with section 99a of the Danish Financial Statements Act. The ESG Report contains a description of our business model and policies on corporate responsibility, including climate and the environment, social issues, human rights, labour conditions and anti-corruption as well as actions and achievements within these areas. The report also contains a risk assessment and a description of due diligence processes.

Reports pursuant to sections 99b and 107d

The company's ESG Report for 2022 includes a report on the company's diversity policy pursuant to section 107d of the Danish Financial Statements Act and the Group's overall report on gender composition in management pursuant to section 99b of the Danish Financial Statements Act. In December 2022, Schouw & Co. approved an updated Diversity Policy which considers the new requirements laid out in section 99b of the Danish Financial Statements Act and section 139c of the Danish Companies Act, which comes into force in 2023. The updated policy is available on the Company's website: www.schouw.dk/en/cg.

Report pursuant to section 99d

Schouw & Co. has a policy on data ethics as part of its general internal guidelines. The policy serves to provide guidance on the Group's general view on data ethics issues. The Group's policy on data ethics is available on its website at: www.schouw.dk/en/cg, and is described in further detail in the company's 2022 ESG Report. The company's ESG report for 2022 constitutes the Group's report on corporate responsibility for the 2022 financial year provided in accordance with section 99a of the Danish Financial Statements Act.

Responsible approach to tax

Schouw & Co. has a tax policy that reflects the Group's long-standing practice as a responsible taxpayer complying with local and international tax rules governing all types of taxes and duties. The Company's tax policy is available on the company's website: www.schouw.dk/en/cg, and is described in further detail in the company's 2022 ESG Report.

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 consider 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 (in Danish) for the 2022 financial year, 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/en/cg.

The report consists of three parts:

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

Remuneration report

Schouw & Co. has prepared a Remuneration Report for the 2022 financial year, which can be found in its entirety on the company's website: www.schouw.dk/en/cg.

ESG REPORT FOR 2022 - WWW.SCHOUW.DK/EN/CG

"Schouw & Co.'s revenue has grown by 13% annually on average since 2001.

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

Consolidated financial statements

Statements of income and comprehensive income

1 January – 31 December

Note	**Income statement**	**2022**	**2021**
1, 2	Revenue	32,637	24,219
3	Operating expenses	-30,355	-22,071
4	Other operating income	26	39
4	Other operating expenses	-26	-6
	EBITDA	2,282	2,181
5	Depreciation, amortisation and impairment losses	-994	-858
	EBIT	1,288	1,323
13	Profit after tax in associates	80	34
13	Profit after tax in joint ventures	50	12
	Gains on divestments	0	3
17	Financial income	215	85
18	Financial expenses	-328	-137
	Profit before tax	1,304	1,322
22	Tax on profit/loss for the year	-311	-288
	Profit for the year	993	1,033
	Shareholders of Schouw & Co.	960	1,008
	Non-controlling interests	33	26
	Profit for the year	993	1,033
34	Earnings per share (DKK)	40.59	42.03
34	Diluted earnings per share (DKK)	40.58	41.85

Note	**Statement of comprehensive income**	**2022**	**2021**
	Items that cannot be reclassified to the income statement:		
	Actuarial gains/losses on defined benefit pension liabilities	40	51
22	Tax on other comprehensive income	-9	-9
	Total items that cannot be reclassified to the income statement	31	42
	Items that can be reclassified to the income statement:		
	Foreign exchange adjustments of foreign subsidiaries	100	316
	Value adjustment of hedging instruments for the year	30	-12
	Hedging instruments transferred to revenue	0	0
	Hedging instruments transferred to operating expenses	1	5
	Hedging instruments transferred to financials	0	2
	Hyperinflation restatements	45	0
	Other comprehensive income from associates and joint ventures	-13	1
	Other adjustments to other comprehensive income	3	-1
22	Tax on other comprehensive income	-26	2
	Total items that can be reclassified to the income statement	140	314
	Other comprehensive income after tax	171	356
	Profit for the year	993	1,033
	Total recognised comprehensive income	1,164	1,389
	Attributable to		
	Shareholders of Schouw & Co.	1,113	1,334
	Non-controlling interests	52	55
	Total recognised comprehensive income	1,164	1,389

Amounts in DKK million

Balance sheet • Assets and liabilities

at 31 December

Note	Assets	2022	2021
10	Intangible assets	4,267	3,526
11	Property, plant and equipment	6,093	5,078
12	Lease assets	694	687
13	Equity investments in associates	498	411
13	Equity investments in joint ventures	182	148
26	Securities	92	91
23	Deferred tax	189	131
14	Receivables	199	241
	Total non-current assets	12,214	10,313
6	Inventories	9,043	5,514
7	Receivables	6,181	5,022
	Prepayments	240	71
24	Income tax receivable	56	77
	Cash and cash equivalents	712	490
	Total current assets	16,231	11,175
	Total assets	28,445	21,488

Note	Liabilities and equity	2022	2021
21	Share capital	255	255
	Hedge transaction reserve	9	-13
	Exchange-adjustment reserve	121	45
	Hyperinflation adjustment reserve	45	0
	Retained earnings	9,535	9,582
	Proposed dividend	383	383
	Equity attributable to parent company shareholders	10,348	10,252
	Non-controlling interests	889	397
	Total equity	11,237	10,649
23	Deferred tax	480	372
27	Other payables	213	522
28	Liability regarding put option	483	0
19	Interest-bearing debt	5,842	2,384
	Non-current liabilities	7,017	3,277
19	Interest-bearing debt	838	1,070
8	Trade payables and other payables	8,492	5,895
	Customer prepayments	275	111
	Prepayments	17	40
28	Liability regarding put option	388	374
24	Income tax	180	72
	Current liabilities	10,191	7,562
	Total liabilities	17,208	10,839
	Total equity and liabilities	28,445	21,488

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

Amounts in DKK million

Cash flow statement

1 January – 31 December

Note		2022	2021
	EBITDA	2,282	2,181
	Adjustment for non-cash operating items etc.:		
9	Changes in working capital	-1,548	-1,277
	Provisions	9	-12
	Other non-cash operating items, net	-19	71
	Cash flows from operations before interest and tax	724	963
	Net interest paid	-136	-66
24	Income tax paid	-269	-381
	Cash flows from operating activities	319	517
25	Purchase of intangible assets	-38	-21
25	Purchase of property, plant and equipment	-1,068	-751
	Sale of property, plant and equipment	5	54
15	Acquisitions	-414	-45
	Divestment	0	1
	Dividends received from associates	10	0
	Net loans to associates	0	-9
	Net loans to customers	0	-155
	Additions/disposals of other financial assets	6	3
	Cash flows from investing activities	-1,499	-924

Note		2022	2021
	Loan financing:		
19	Repayment of lease debt	-240	-220
	Repayment of other non-current liabilities	-92	-45
25	Proceeds from non-current liabilities incurred	2,569	536
	Increase/repayment of bank overdrafts	-207	317
20	Cash flows from debt financing	2,030	588
	Shareholders:		
	Capital contributions by non-controlling shareholders	12	4
	Dividends paid	-374	-348
	Purchase of treasury shares	-292	-6
	Cash flows from financing activities	1,377	237
	Cash flows for the year	196	-170
	Cash and cash equivalents, beginning of period	490	635
	Value adjustment of cash and cash equivalents	25	26
	Cash and cash equivalents, end of period	712	490

Of the total cash and cash equivalents at 31 December 2022, DKK 31 million was placed in Russia where accessability is limited as transfers out of the country requires special approvals.

Amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Exchange adjust-ment reserve	Hyperinflation adjustment reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Shareholders' equity
Equity at 1 January 2021	255	-10	-253	0	9,257	357	9,606	0	9,605
Change of accounting policies	0	0	10	0	-369	0	-359	342	-17
Profit and other comprehensive income in 2021									
Profit for the year	0	0	0	0	625	383	1,008	26	1,033
Other comprehensive income	0	-3	287	0	42	0	326	29	356
Total recognised comprehensive income	0	-3	287	0	667	383	1,334	55	1,389
Transactions with the owners									
Share-based payment		0	0	0	27	0	27	0	27
Tax re. share-based payment		0	0	0	0	0	0	0	0
Distributed dividends		0	0	0	21	-357	-336	-13	-348
Value adjustment of put option		0	0	0	-14	0	-14	0	-14
Addition of non-controlling interests and capital contributions		0	0	0	0	0	0	14	14
Purchase of treasury shares		0	0	0	-6	0	-6	0	-6
Total transactions with owners during the year	0	0	0	0	28	-357	-329	1	-328
Equity at 31 December 2021	255	-13	45	0	9,582	383	10,252	397	10,649
Profit and other comprehensive income in 2022									
Profit for the year	0	0	0	0	578	383	960	33	993
Other comprehensive income	0	22	77	45	9	0	153	18	171
Total recognised comprehensive income	0	22	77	45	587	383	1,113	52	1,164
Transactions with the owners									
Share-based payment		0	0	0	32	0	32	0	32
Tax re. share-based payment		0	0	0	0	0	0	0	0
Distributed dividends		0	0	0	27	-383	-356	-18	-374
Value adjustment of put option		0	0	0	-496	0	-496	0	-496
Additions/disposals of non-controlling interests		0	0	0	96	0	96	458	554
Purchase of treasury shares		0	0	0	-292	0	-292	0	-292
Total transactions with owners during the year	0	0	0	0	-634	-383	-1,017	441	-576
Equity at 31 December 2022	255	9	121	45	9,535	383	10,348	889	11,237

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 for the previous 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. Only material items are presented in the primary statements. Both quantitative and qualitative factors are used in determining whether or not an item is deemed to be principal.

The names of HydraSpecma, Borg Automotive, Fibertex Personal Care and Fibertex Nonwovens may in the following text be abbreviated HS, Borg, FPC and FIN, respectively.

Accounting policies

The Schouw & Co. annual report for the year ended 31 December 2022 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 is presented in Danish kroner.

Recognition and measurement

Schouw & Co. has implemented the standards and interpretations which are effective from 2022. The consolidated accounting policies are consistent with those of last year with the exception of the following two matters.

1) Further to new interpretations of IAS 38, the accounting treatment of cloud-based IT solutions has been changed.

2) The Group's accounting treatment of companies not wholly owned and in which Schouw & Co. holds put options to acquire minority interests have been changed to the effect that the value of put options is recognised as a reduction of the equity of the majority shareholder instead of as the equity of the non-controlling interest.

Effect from change of accounting policy	**2021 before**	**Change**	**2021 after**
Income statement			
EBITDA	2,208	-27	2,181
EBIT	1,346	-23	1,323
Net financials	-14	12	-2
Profit before tax	1,332	-10	1,322
Tax on profit/loss for the year	-293	5	-288
Profit for the year	1,039	-6	1,033
Appropriation of profit:			
Shareholders of Schouw & Co.	1,038	-30	1,008
Non-controlling interests	0	26	26
Balance sheet			
Assets			
Intangible assets	3,571	-45	3,526
Deferred tax	122	9	131
Total assets	21,524	-36	21,488
Liabilities and equity			
Equity – currency translation reserve	63	-18	45
Equity – Retained earnings	9,982	-400	9,582
Non-controlling interests	15	382	397
Total equity	10,684	-35	10,649
Total equity and liabilities	21,524	-36	21,488
Cash flow statement			
Cash flows from operating activities	531	-14	517
Cash flows from investing activities	-950	26	-924
Cash flows from financing activities	250	-13	237

The change in accounting policies has resulted in changes to the financial statements for 2021, see the above table. Other income statement and balance sheet items are unchanged:

iXBRL reporting

The annual report for 2022 is presented in accordance with the applicable requirements of the European Single Electronic Format (ESEF). In addition to the annual report's primary statements, the notes are also tagged in 2022. The iXBRL tagging was performed in accordance with the ESEF taxonomy included in the ESEF Regulation and developed on the basis of the IFRS taxonomy issued by IFRS. Where financial statement items in the annual report are not defined in the ESEF taxonomy, an extension has been made to the taxonomy. Apart from extensions related to subtotals, extensions to the taxonomy are linked to elements of the ESEF taxonomy. The annual report filed with the Danish authorities consists of a special technical zip file containing an XHTML document.

Roundings and presentation

In the preparation of the annual report, the Schouw & Co Group uses minimum amounts of DKK 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 the Group has control include de facto control and potential voting rights exercisable at the balance sheet date.

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

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

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

Notes • Basis of preparation of the consolidated financial statements

Schouw & Co. has joint operations consisting of fish feed activities in Costa Rica. This company is pro-rata consolidated. 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 at the transaction date with the exception of the income statements of the Group's wholly or partly owned companies in Turkey. which are translated at exchange rates at the balance sheet date in accordance with the rules on adjustment for hyperinflation. The balance sheets of the Group's foreign entities are translated at the exchange rate ruling at the balance sheet date. The average exchange rate for each individual month is used as the transaction date exchange rate. Exchange differences arising on the translation of the opening equity of such enterprises at the exchange rates ruling at the balance sheet date and on the translation of the income statements from the exchange rates ruling at the transaction date to the exchange rates ruling at the balance sheet date are recognised in other comprehensive income in the exchange adjustment reserve under equity.

Foreign exchange adjustment of balances that are considered as part of the overall net investment in enterprises with functional currencies other than Danish kroner, are recognised directly in other comprehensive income in the exchange adjustment reserve under equity. Similarly, exchange gains and losses on the part of loans and derivative financial instruments effectively hedging the net investment in such enterprises are recognised in other comprehensive income in the exchange adjustment reserve under equity.

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

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

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

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

Changes in the fair value of derivative financial instruments effectively hedging net investments in foreign subsidiaries or associates are recognised in other comprehensive income in the exchange adjustment reserve under equity.

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

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

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.

Notes • Basis of preparation of the consolidated financial statements

Definitions of financial ratios

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

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

Performance measures

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

APM:	**2022**	**2021**	**Change**
Income statement:			
Profit before tax	1,304	1,322	
Financial expenses	328	137	
Financial income	-215	-85	
Gains on divestments	0	-3	
Profit/loss after tax in associates and joint ventures	-130	-46	
EBIT	**1,288**	**1,323**	**-2.7%**
EBIT	1,288	1,323	-2.7%
Amortisation of intangible assets	151	131	
Impairment of intangible assets	61	0	
EBITA	**1,500**	**1,454**	**3.2%**

Balance sheet:	**2022**	**2021**	**Change**
EBITA	1,500	1,454	
Depreciation of property, plant and equipment	547	507	
Impairment/reversed impairment of property, plant and equipment	3	-2	
Depreciation of lease assets	233	222	
Impairment of lease assets	-1	1	
EBITDA	**2,282**	**2,181**	**4.6%**
Inventories	9,043	5,514	
Trade receivables	5,748	4,726	
Other current receivables (non-interest bearing)	406	275	
Other non-current operating receivables	26	56	
Prepayments	240	71	
Trade payables	-6,562	-4,661	
Core liabilities	-280	-281	
Other current liabilities (non-interest bearing)	-1,356	-951	
Customer prepayments	-275	-111	
Other non-current operating liabilities	-2	-33	
Deferred income (current)	-17	-40	
Working capital	**6,969**	**4,566**	**52.6%**
Interest-bearing debt	6,680	3,453	
Other non-current receivables (interest-bearing)	-152	-170	
Other current receivables (interest bearing)	-26	-21	
Cash and cash equivalents	-712	-490	
Net interest-bearing debt (NIBD)	**5,790**	**2,773**	**108.8%**
Working capital	6,969	4,566	
Intangible assets	4,267	3,526	
Goodwill	-2,817	-2,536	
Property, plant and equipment	6,093	5,078	
Lease assets	694	687	
Non-current provisions	-39	-31	
Prepayments (non-current)	-54	-59	
Current provisions	-163	-66	
Invested capital (ex. goodwill)	**14,952**	**11,165**	**33.9%**
Invested capital (ex. goodwill)	14,952	11,165	
Goodwill	2,817	2,536	
Invested capital (including goodwill)	**17,769**	**13,701**	**29.7%**

Amounts in DKK million

Notes • Significant accounting estimates

Significant accounting estimates

In preparing the financial statements, management makes a number of assessments and 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.

Inventories

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

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

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

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.

Trade receivables

Trade receivables are considered a significant accounting estimate.

Management applies estimates in the assessment of the likelihood that receivables at the balance sheet date will be received. For the Schouw & Co. Group, the largest risks of losses on trade receivables have historically related to customers of BioMar. BioMar sells a significant part of its products in markets in South America (Chile), and in southern and central Europe. Historically, the largest debtor risks have been for customers in Chile and in southern Europe, especially Greece. The Group has substantial receivables with certain customers in these geographical areas. Thorough analyses have been made of the credit quality of these debtors, and management believes that adequate provisions for losses on debtors had been made at 31 December 2022.

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

Acquisitions

Acquisitions are accounted for by recognising the acquired enterprise's assets, liabilities and contingent liabilities in the balance sheet at fair value. The principal assets are generally intangible assets, including goodwill as well as inventories and property, plant and equipment. Intangible assets often identified are the value of customers, brands and know-how. Intangible assets are valued as the present value of expected future cash flows related to the asset. Depending on the nature of the item, the determination of the fair value of the acquired company's assets, liabilities and contingent liabilities may be subject to uncertainty and may subsequently be adjusted.

Three new acquisitions were made in 2022, the largest one being the acquisition of Enics. In connection with the acquisition of Enics, intangible assets of DKK 640 million including goodwill were identified. Also in connection with the acquisition of Enics, values of DKK 16 million in excess of the carrying amounts of property, plant and equipment and of DKK 24 million in excess of carrying amounts of inventories were identified. With the exception of the goodwill identified, deferred tax was calculated on the identified excess values at the acquisition of Enics.

Impairment testing

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.

Impairment testing of goodwill is considered a significant accounting estimate.

A goodwill impairment charge of DKK 55 million was recognised in Viet-Uc in 2022.

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 22%. The Group has operations and is liable for tax in many different countries. The calculation of tax payable for the year and the computation of taxable income involves making significant estimates regarding tax assets/liabilities and provisions for uncertain tax positions. However, in some instances the tax treatment in the relevant tax jurisdictions has not been finally resolved. This may result in discrepancies between calculated tax and actual tax payments.

Deferred tax, including prior-year tax losses, is recognised at the tax rate expected to apply taking into account current local tax rules. Tax losses are capitalised to the extent management believes they can be used within a few years. Such estimates are made at least once a year on the basis of budgets and business plans for the following years. Accordingly, those estimates are inherently subject to a degree of uncertainty. Another factor considered is the distribution of taxable income on the basis of the companies' transfer pricing policies.

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

Earn-out liabilities

Some of the Group's acquisitions involve agree-

Notes • Significant accounting estimates

ments that the purchase price is subject to, or will be determined on the basis of, earnings in subsequent periods. Often, the purchase price is also subject to developments in working capital or interest-bearing debt during a period of time after the company was acquired. The expected purchase price is estimated at the balance sheet date.

In 2022, the earn-out liability relating to Viet-Uc was reduced by DKK 94 million and at year-end was stated at zero. Also in 2022, a minor adjustment was made to the estimated purchase price of SBS Automotive, which at 31 December 2022 was calculated at DKK 200 million.

Liability regarding put options

In connection with the acquisition of Alimentsa (BioMar Ecuador), the parties agreed that the non-controlling shareholder would have a put option on the non-controlling shareholder's ownership interest in the company. The option was originally set to expire in 2022, but was extended five years by mutual agreement to run to 2027. Until the time of exercise, the liability will be calculated as expected average EBITDA for the three years prior to exercise multiplied by a multiple.

In connection with the acquisition of Enics, an agreement was reached allowing the non-controlling shareholder to exercise a put option during the period 2026 to 2027. Until the time of exercise, the liability will be calculated as the expected average EBITDA for the two years prior to exercise, multiplied by a multiple and adjusted for normalisation of the working capital and the interest-bearing debt at the time of exercise.

In particular in connection with the put option relating to Enics, the future earnings in GPV may be subject to uncertainty, including the development of working capital and the interest-bearing debt.

At 31 December 2022, the liability relating to the acquisition of Alimentsa was calculated at DKK 388 million, and the liability relating to the acquisition of Enics was calculated at DKK 483 million.

Significant accounting estimates – note reference

Note	Page	Note name	Uncertainty assessment
6	66	Inventories	■■□□
7	67	Trade receivables	■■□□
15	79	Acquisitions	■■■□
16	80	Impairment test	■■■□
23	89	Deferred tax (asset)	■■□□
27	93	Total other payables – non-current	■■■□
28	94	Liabilities regarding put options	■■■□

Scale of 1 to 4

■□□□ = Assessment subject to little uncertainty
■■□□ = Assessment subject to relatively little uncertainty
■■■□ = Assessment subject to medium uncertainty
■■■■ = Assessment subject to considerable uncertainty

Amounts in DKK million

Notes • EBITDA, working capital and cash flows

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

The following notes are presented in this section:

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

Comments

Revenue

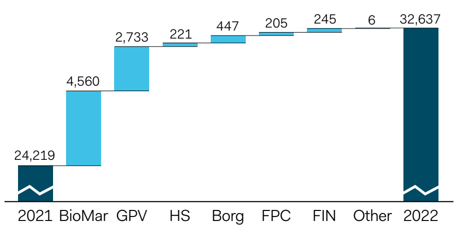
Consolidated revenue increased by 35% from DKK 24,219 million in 2021 to DKK 32,637 million in 2022. Of the DKK 8,418 million increase, acquired revenue accounted for DKK 1,814 million. When adjusted for this factor, organic growth was 27%. Revenue growth was contributed by all portfolio companies, but primarily by BioMar, GPV and Borg Automotive. Revenue generated by all portfolio companies was generally affected by rising costs of raw materials and components, and to a large extent, the increase in revenue illustrates the fact that rising costs have been reflected in selling prices to customers. In most cases, most of the price increase is reflected in selling prices, but in some cases it may be several months before rising cost prices can be reflected in selling prices. A few companies have succeeded in passing on almost the entire increase in prices of raw materials or components on to selling prices, which in fact has been the Group objective throughout the year.

The greatest contribution stemmed from BioMar, whose revenue increased by DKK 4,560 million, equivalent to 34%. The underlying volume growth in tonnes was 1%. The predominant reason for the improvement was rising prices of raw materials, which were partially passed on to selling prices.

GPV reported 86% revenue growth, of which 46% was due to the acquisition of Enics, which was recognised for the entire fourth quarter. Organic growth was about 40%, achieved despite difficult market conditions marked by continued component shortages and considerable logistics challenges. The significant increase was due in part to higher component prices that had been passed on to customers, in part to the increase in business activity during the year.

HydraSpecma generally had a year of sound activity in most business areas. HydraSpecma generally improved sales in the Global OEM area, while business in wind declined relative to previous years. Revenue was up by DKK 221 million, with a small part of that amount attributable to the acquisition of GSS Hydraulics.

Changes in revenue, 2021 to 2022



Borg Automotive increased revenue by DKK 447 million, or by 33%. Most of the increase was due to the full-year recognition of SBS Automotive, as SBS Automotive was only recognised in the second half of 2021. Organic growth was 12%, with volume sales being largely unchanged from last year.

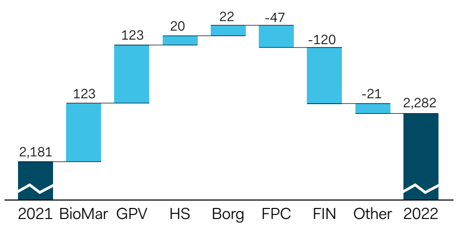
Fibertex Personal Care reported revenue growth of DKK 205 million, which was due entirely to higher prices of raw materials in 2022, as underlying sales measured in tonnes were down by almost 10%. Fibertex Nonwovens increased its revenue by DKK 245 million to DKK 2,060 million in 2022 for an increase of 14%. As volume sales were down by 7%, the improvement was based entirely on higher prices of raw materials.

EBITDA

EBITDA was up by DKK 101 million, or by almost 5%. Considering the challenging year in many respects with surging prices of raw materials, continued bottlenecks for certain raw materials/components and the war in Ukraine, which has resulted in a writedown of receivables in Russia, EBITDA for the year is considered to be satisfactory. EBITDA reflects improvements in BioMar, GPV, HydraSpecma and Borg Automotive, while Fibertex Personal Care and Fibertex Nonwovens both reported a decline in EBITDA.

BioMar reported EBITDA of DKK 1,013 million for 2022, for an improvement of DKK 123 million. The main reason for the improvement was the very challenging year BioMar Chile had in 2021, while volume sales normalised in 2022 and the earnings margin improved year on year. BioMar Norway also reported an earnings improvement, with part of the increase being due to higher selling prices on fish farmed for research purposes in collaboration with the associate LetSea. On the other hand, BioMar's EBITDA was impacted by an unsuccessful lawsuit in Norway and the writedown of trade receivables in Russia for a total of almost DKK 50 million. The decision to discontinue sales of feed to the Russian market impacted earnings in BioMar Denmark because a big proportion of products for the Russian market were produced in Denmark. The decision to discontinue the sale of feed to the Russian market was made in the first quarter of 2022. As a result, BioMar's factory in Denmark had considerable excess capacity during the rest of the year, which it was not possible to sell elsewhere.

Changes in EBITDA, 2021 to 2022



GPV reported a DKK 123 million increase, of which DKK 43 million hails from the acquisition of Enics in the final quarter of the year, calculated before integration costs. The improvement reflects the fact that GPV enjoyed very good capacity utilisation in large parts of the organisation despite difficulty in sourcing sufficient components.

HydraSpecma and Borg Automotive both reported minor improvements in EBITDA, whereas Fibertex Personal Care declined by DKK 47 million. The negative earnings performance by Fibertex Personal Care was mainly due to a drop of about 10% in sales to the Asian markets from the factories in Malaysia. Furthermore, Fibertex Personal Care was impacted by high electricity prices, especially at the factory in Denmark, for which energy costs were almost DKK 40 million higher than in 2021. It was only to a limited extent possible to pass on the increase in energy costs to selling prices, but effective from the fourth quarter, Fibertex Personal Care introduced a model that added some of the changes in energy costs to customer prices.

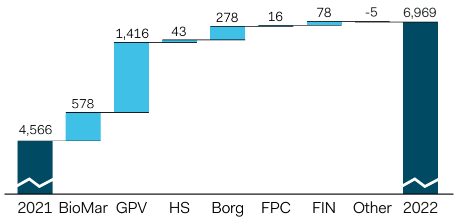
Fibertex Nonwovens reported a DKK 120 million decline in EBITDA, equal to 52%. The strong decline was due to a combination of factors, the main one being a sharp drop in sales of wipes in the US market. With the automotive industry as the exception, sales to the other market segments were lower than in 2021, especially sales of wipes. In addition to the slumping sales in a number of markets, Fibertex Nonwovens also felt the effects

Notes • EBITDA, working capital and cash flows

of rising energy costs, especially at its factories in Denmark, the Czech Republic and France. For the year overall, Fibertex Nonwovens saw energy costs rise by DKK 60 million. In addition, earnings in Fibertex Nonwovens were affected by the bankruptcy of a major customer in the USA during the year, which resulted in trade receivables being written down by close to DKK 13 million.

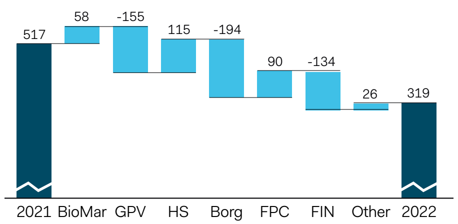
Working capital
The Group's working capital increased significantly from DKK 4,566 million at 31 December 2021 to DKK 6,969 million at 31 December 2022. The acquisitions of Enics added DKK 847 million to working capital. When adjusted for the acquisition of Enics, working capital increased by DKK 1,556 million, or by 34%. The increase should be seen in relation to the 35% increase in revenue.

Changes in working capital, 2021 to 2022



Cash flow statement
Cash flows from operations for the year before interest and tax fell from DKK 963 million in 2021 to DKK 724 million in 2022. The decline was due to the negative impact of a change in working capital of DKK 1,548 million in 2022, as against a negative effect of DKK 1,277 million in 2021. Interest payments were DKK 70 million higher in 2022, whereas tax payments were DKK 112 million lower, reducing total cash flows from operating activities to DKK 319 million, against DKK 517 million in 2021. As shown in the chart below, BioMar, HydraSpecma and Fibertex Personal Care improved their cash flows while GPV, Borg Automotive and Fibertex Nonwovens all reduced theirs.

Changes in cash flows from operating activities, 2021 to 2022



Cash flows from investments amounted to an outflow of DKK 1,499 million compared with DKK 924 million in 2021. DKK 1,068 million was invested for building production facilities. Investments of DKK 440 million was from Fibertex Nonwovens, which is establishing two new production lines. GPV invested DKK 243 million, predominantly for capacity expansion in Thailand and Sri Lanka. BioMar invested DKK 228 million, most of it to establish new production lines in BioMar Ecuador. Three new companies were acquired and the residual part of the earn-out payments relating to Borg Automotive's acquisition on TMI. A total of DKK 414 million was spent on company acquisitions.

Cash flows from operations for the year amounted to DKK 319 million. The net cash flow for investing purposes was DKK 1,499 million. Debt financing increased by a net amount of DKK 2,030 million. A total of DKK 356 million of the cash flows for the year was used to pay dividends to the company's shareholders in April 2022. In addition, the company bought own shares under a share buyback programme and paid dividends to non-controlling shareholders for a total amount of DKK 310 million. Net of amounts used for investing and financing purposes, the Group had a total cash inflow for 2022 of DKK 196 million, compared to a cash outflow in 2021 of DKK 170 million.

Accounting policies

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

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

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

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

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

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

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

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

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

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

Employee benefits
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.

Amounts in DKK million

Notes • EBITDA, working capital and cash flows

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

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

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

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

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

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

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

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

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

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

Contingent consideration (earn-out) agreed in connection with company acquisitions and paid to the seller if certain conditions are met, is 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 under financial items.

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

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

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

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

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

Cash flows from financing activities include payments to and from shareholders and related expenses as well as the raising of loans, repayments on interest-bearing debt, including lease debt, and the purchase and sale of treasury shares.
Cash and cash equivalents include cash at bank and in hand as well as securities with a maturity of less than three months at the time of acquisition that can immediately be converted into cash and that involve insignificant risk of value fluctuations.

Notes • EBITDA, working capital and cash flows

1
Segment reporting

Reporting segments 2022	BioMar	GPV	HydraSpecma	Borg Automotive	Fibertex Personal Care	Fibertex Nonwovens	Reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	17,861	5,923	2,536	1,815	2,442	2,060	32,637	0	0	32,637
Intra-group revenue	0	0	0	0	13	0	13	12	-25	0
Segment revenue	17,861	5,923	2,536	1,815	2,454	2,060	32,650	12	-25	32,637
EBITDA	1,013	465	306	180	269	111	2,343	-61	0	2,282
Depreciation, amortisation and impairment losses	410	173	95	76	140	99	993	1	0	994
EBIT	602	292	211	104	128	11	1,349	-62	0	1,288
Share of profit in associates and JVs	130	0	0	0	0	0	130	0	0	130
Tax on profit/loss for the year	-154	-65	-42	-26	-29	13	-301	-10	0	-311
Profit for the year	556	159	157	27	90	-11	977	16	0	993
Segment assets:	12,127	7,874	1,945	2,401	2,139	2,724	29,210	16,713	-17,478	28,445
Of which goodwill	1,599	349	133	516	99	121	2,817	0	0	2,817
Equity investments in associates and JVs	670	0	10	0	0	0	680	0	0	680
Segment liabilities	8,515	5,626	1,190	1,401	1,013	1,755	19,500	6,365	-8,657	17,208
Working capital	1,977	2,566	814	618	414	593	6,983	-13	0	6,969
Net interest-bearing debt	2,507	2,266	655	427	590	1,277	7,721	-1,931	0	5,790
Cash flows from operating activities	299	-281	190	-150	206	-7	258	35	26	319
Capital expenditure	248	247	55	52	55	442	1,099	2	0	1,101
Acquisitions	211	180	15	8	0	0	414	0	0	414
Average no. of employees	1,532	5,498	1,269	2,111	781	1,069	12,260	17	0	12,278

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

Capex is defined as the net cash flow for the year for investment in property plant and equipment and intangible assets.

Acquisitions are defined as cash flows for the year from investment in acquisition and divestment of enterprises, including associates and joint ventures.

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

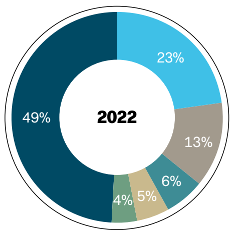
Amounts in DKK million

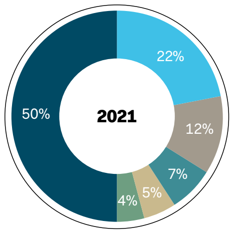
Notes • EBITDA, working capital and cash flows

1
Segment reporting (continued)

Reporting segments 2021	BioMar	GPV	HydraSpecma	Borg Automotive	Fibertex Personal Care	Fibertex Nonwovens	Reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	13,300	3,191	2,315	1,368	2,230	1,814	24,219	0	0	24,219
Intra-group revenue	0	0	0	0	19	0	19	11	-30	0
Segment revenue	13,300	3,191	2,315	1,368	2,249	1,814	24,238	11	-30	24,219
EBITDA	889	342	286	158	315	230	2,221	-40	0	2,181
Depreciation, amortisation and impairment losses	350	111	95	68	133	100	857	1	0	858
EBIT	540	231	191	90	182	130	1,364	-41	0	1,323
Share of profit in associates and JVs	45	0	1	0	0	0	46	0	0	46
Tax on profit/loss for the year	-142	-21	-40	-19	-43	-20	-284	-4	0	-288
Profit for the year	398	196	143	54	129	90	1,010	23	0	1,033
Segment assets:	10,427	3,179	1,964	2,194	2,240	2,115	22,118	12,625	-13,256	21,488
Of which goodwill	1,478	181	143	516	99	119	2,536	0	0	2,536
Equity investments in associates and JVs	549	0	9	0	0	0	559	0	0	559
Segment liabilities	7,089	2,022	1,273	1,144	1,063	1,338	13,929	2,374	-5,464	10,839
Working capital	1,399	1,150	772	341	397	515	4,575	-8	0	4,566
Net interest-bearing debt	1,932	824	715	138	579	954	5,142	-2,369	0	2,773
Cash flows from operating activities	241	-126	75	44	116	127	478	17	22	517
Capital expenditure	136	73	62	11	203	233	718	0	0	718
Acquisitions (divestments)	39	0	0	6	0	0	45	-1	0	44
Average no. of employees	1,445	3,878	1,192	1,848	777	1,055	10,195	15	0	10,210

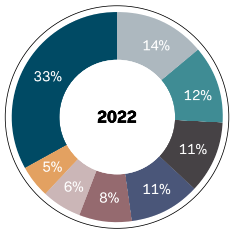
Revenue by country

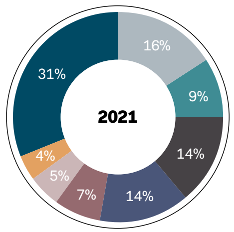




	2022	2021
Norway	7,470	5,442
Chile	4,219	2,841
Denmark	1,992	1,622
UK	1,608	1,335
Sweden	1,383	983
Other	15,964	11,996
Total	32,637	24,219

Property, plant and equipment and lease assets by country





	2022	2021
Malaysia	942	946
USA	802	541
Denmark	768	804
Norway	728	788
Czech Republic	525	392
Thailand	416	278
Ecuador	341	250
Other	2,261	1,766
Total	6,784	5,765

Amounts in DKK million

Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

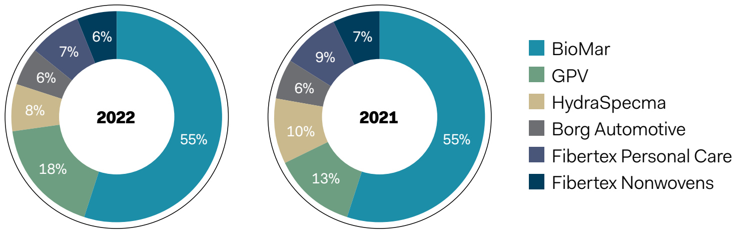
Notes • EBITDA, working capital and cash flows

2
Revenue

	2022	2021
Revenue by type of product/service		
Sale of goods	31,935	23,690
Sale of biological assets	284	196
Sale of services	410	329
Royalties	7	4
Total revenue	32,637	24,219

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 business activity/subsidiary



3
Operating expenses

	2022	2021
Cost of sales, including write-down of inventories, net	-24,066	-17,177
Staff costs	-3,159	-2,610
Repairs and maintenance	-264	-230
Energy costs	-630	-404
Freight costs	-929	-694
Other costs	-1,307	-957
Total operating expenses	-30,355	-22,071

Operating expenses include research and development costs of DKK 130 million (2021: DKK 105 million).

	2022	2021
Staff costs are specified as follows:		
Remuneration to the Board of Directors of Schouw & Co.	-5	-4
Wages and salaries	-2,641	-2,183
Defined contribution pension plans	-146	-120
Defined benefit pension plans	-8	-19
Other social security costs	-332	-261
Share-based payment	-32	-27
Total staff costs	-3,164	-2,613
Of which capitalised under non-current assets	5	4
Staff costs recognised in the income statement	-3,159	-2,610
Average no. of employees	12,278	10,210

Key members of management are defined as the Executive Management.

Determination of remuneration to the Board of Directors and the Executive Management
Aktieselskabet Schouw & Co. has 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 2022, describing remuneration to members of the company's Board of Directors and Executive Management. The remuneration policy and the remuneration report are available from the company's website.

The remuneration to board members consists of a fixed basic fee, which in 2022 amounted to DKK 400,000. The base fee for 2023 is proposed to remain unchanged. Total fees to the Board of Directors amounted to DKK 4.8 million (2021: DKK 4.3 million). Remuneration to the Board of Directors includes a fee for serving on committees of DKK 0.8 million (2021: DKK 0.7 million) and fees from subsidiaries of DKK 0.6 million (2021: DKK 0.8 million).

The Executive Management of Schouw & Co. received total remuneration of DKK 21.6 million (2021: DKK 20.7 million). Jens Bjerg Sørensen received total remuneration of DKK 16.0 million (2021: DKK 15.2 million), of which share-based payment amounted to DKK 2.9 million (2021: DKK 2.6 million). Peter Kjær received total remuneration of DKK 5.6 million (2021: DKK 5.4 million), of which share-based payment amounted to DKK 1.0 million (2021: DKK 0.9 million).

Amounts in DKK million

Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

Notes • EBITDA, working capital and cash flows

3
Operating expenses (continued)

Share-based payment: Share option programme

The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the date of grant (2022: DKK 518.00) plus a premium (2022: 2.00%) from the date of grant until the date of exercise. The exercise price is adjusted by deduction of ordinary dividends, which cannot exceed the accrued interest. Costs relating to the option programme are calculated on the basis of the Black & Scholes model and are expensed under staff costs on a straight-line basis over the vesting period. The 2022 grant is described in more detail in company announcement no. 13/2022 of 11 March 2022.

Outstanding options	Executive man-agement	Other	Total
Granted in 2018	55,000	263,000	318,000
Granted in 2019	47,000	265,000	312,000
Granted in 2020	60,000	310,000	370,000
Granted in 2021	40,000	363,000	403,000
Total outstanding options at 31 December 2021	202,000	1,201,000	1,403,000
Granted in 2022	62,000	385,000	447,000
Lapsed (from 2018 grant)	-55,000	-263,000	-318,000
Total outstanding options at 31 December 2022	209,000	1,323,000	1,532,000

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	2022 grants	2021 grants	2020 grants	2019 grants
Expected volatility	24.82%	31.60%	22.21%	29.23%
Expected term	49 mo.	49 mo.	48 mo.	48 mo.
Expected dividend per share	DKK 14	DKK 14	DKK 13	DKK 13
Risk-free interest rate	-0.17%	-0.54%	-0.97%	-0.52%
Other information on option programmes:				
Exercise price (DKK) *	527.07	678.19	523.42	574.35
Fair value (DKK) per option **	68.35	125.37	44.1	71.47
Total fair value in DKKm **	30.6	50.5	16.3	23.3
Exercisable from	March 2025	March 2024	March 2023	March 2022
Exercisable until	April 2026	April 2025	March 2024	March 2023

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

4
Other operating income and expenses

	2022	**2021**
Gains on the disposal of property, plant and equipment and intangible assets	4	16
Government grants	9	14
Other operating income	13	9
Total other operating income	26	39
Loss on the disposal of property, plant and equipment and intangible assets	-3	-2
Other operating expenses	-22	-4
Total other operating expenses	-26	-6

Fibertex Personal Care recognised a DKK 5.1 million investment grant received in Malaysia under government grants in 2022 (2021: DKK 7.5 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.

Notes • EBITDA, working capital and cash flows

5
Depreciation, amortisation and impairment losses

	2022	2021
Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	-151	-131
Impairment, of intangible assets	-6	0
Depreciation of property, plant and equipment	-547	-507
Impairment/reversed impairment of property, plant and equipment	-3	2
Depreciation of lease assets	-233	-222
Impairment/reversed impairment, lease assets	1	-1
Impairment of goodwill	-55	0
Total depreciation, amortisation and impairment losses	-994	-858

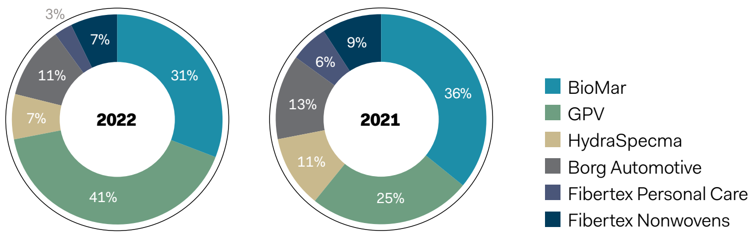
A goodwill impairment charge was recognised in Viet-Uc. See note 16 – Impairment testing for more information

6
Inventories

	2022	2021
Raw materials and consumables	5,928	3,378
Work in progress	569	297
Finished goods and goods for resale	2,308	1,753
Biological assets (fish)	237	86
Total inventories	9,043	5,514
Cost of inventories for which impairment losses have been recognised	780	724
Accumulated impairment losses on inventories	-359	-282
Net sales value	421	442

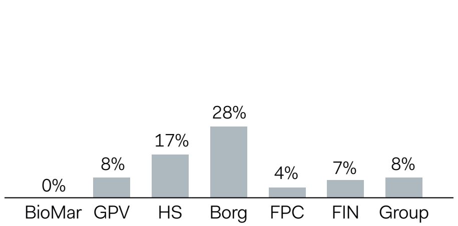
The group's biological assets consist exclusively of fish used for fish feed experiments.

Inventories, end of year by portfolio company

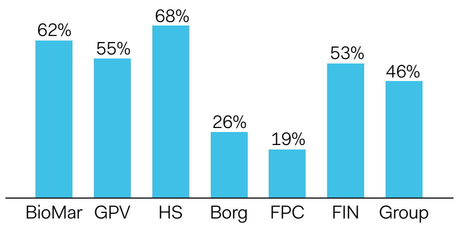


2022

Proportion of impaired inventory

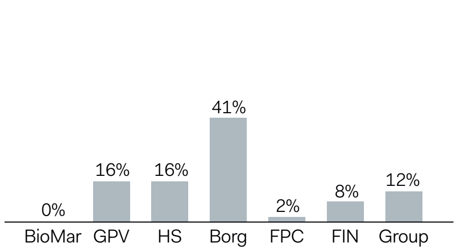


Impairment rate for impaired inventories

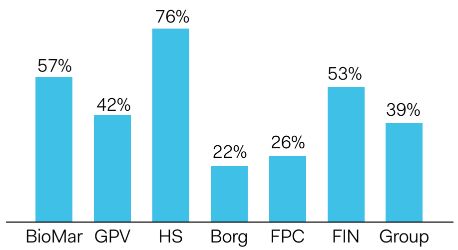


2021

Proportion of impaired inventory



Impairment rate for impaired inventories



Amounts in DKK million

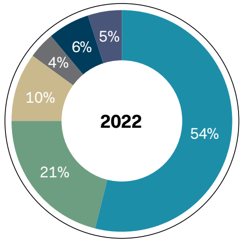
Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

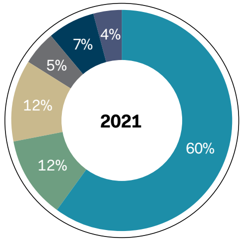
Notes • EBITDA, working capital and cash flows

7
Receivables (current)

	2022	2021
Trade receivables	5,748	4,726
Other current receivables	432	296
Total current receivables	6,181	5,022

Trade receivables by portfolio company:





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

2022	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Trade receivables	4,894	557	194	299	5,944
Impairment losses on trade receivables	-34	-2	-9	-150	-195
Trade receivables, net	4,859	555	185	149	5,748
Proportion of total receivables expected to be settled					96.7%
Impairment rate	0.7%	0.4%	4.7%	50.1%	3.3%

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

	2022	2021
Impairment losses on trade receivables		
Impairment losses, beginning of period	-163	-142
Foreign exchange adjustments	-4	-4
Additions on company acquisitions	-7	-7
Impairment losses for the year	-74	-11
Reversal of provision	53	1
Impairment losses, end of period	-195	-163

Amounts in DKK million

Notes • EBITDA, working capital and cash flows

7
Receivables – current (continued)

The principal risk in terms of anticipated bad debts in the Schouw & Co. Group relates to BioMar. DKK 125 million of the total of DKK 195 million in bad debt provisions at 31 December 2022 was related to BioMar, and the following estimates have been made for the current risk of loss:

2022	Not fallen due	Due between (days) 1-30	31-90	>91	Total
High risk of loss	9	1	0	54	64
Medium risk of loss	17	0	0	41	58
Low risk of loss	2	0	0	1	3
Total provision made by BioMar	27	2	1	95	125
Trade receivables in BioMar, gross	2,785	164	98	213	3,260

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

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

BioMar has taken out credit insurance for DKK 1,306 million for its trade receivables (2021: DKK 1,230 million). In addition, customers have provided collateral to BioMar in the amount of DKK 253 million (2021: DKK 243 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. A debtor report is prepared quarterly at group level and submitted to Schouw & Co.'s Board of Directors.

Amounts in DKK million

8
Current trade payables and other payables

	2022	2021
Trade payables	6,562	4,661
Core liability	210	211
Other current debt	1,356	951
Contingent consideration (earn-out)	200	8
Provisions	163	66
Total trade payables and other payables	8,492	5,895

Trade payables and other payables all fall due in all material respects within one year.

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. 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 980 million is recognised in the balance sheet under trade payables (2021: DKK 1,058 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 280 million at 31 December 2022 (2021: DKK 281 million). Of this amount, DKK 210 million (2021: DKK 211 million) is recognised as current liabilities, while the rest is recognised as other non-current liabilities.

Contingent consideration (earn-out) amounts at the balance sheet date are calculated at a preliminary fair value of DKK 200 million based on a weighted average of various likely outcome ranges for the final price of the acquisition of SBS Automotive. The final price is subject to substantial uncertainty, and no final agreement had been reached between the parties at the balance sheet date. Negotiations for the final agreement are expected to be finalised in the second quarter of 2023.

9
Changes in working capital, effect on cash flows

	2022	2021
Change in inventories	-1,912	-1,614
Change in receivables	-280	-871
Change in trade payables and other payables	644	1,208
Total changes in working capital	-1,548	-1,277

Notes • invested capital

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

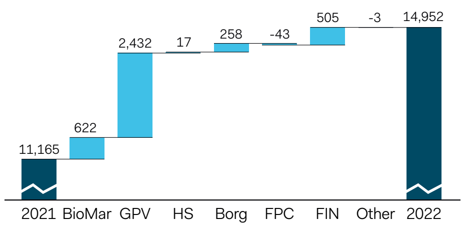
The following notes are presented in this section:

Comments

Invested capital

In 2022, invested capital exclusive of goodwill increased by DKK 3,787 million or 34% to DKK 14,952 at the end of the year.

Changes in invested capital 2021 to 2022



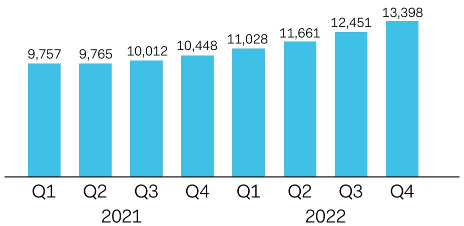
As can be seen from the chart, invested capital increased in all businesses with the exception of Fibertex Personal Care and the parent company. The largest change in invested capital was seen in GPV, in which invest capital increased by DKK 2,432 million. DKK 1,687 million of the increase was from the acquisition of Enics.

ROIC

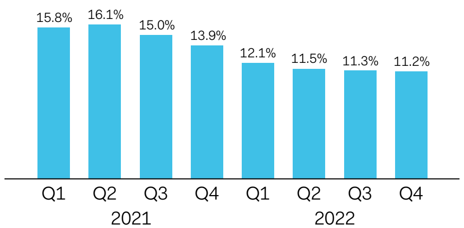
Return on invested capital (ROIC) is measured as Operating profit/loss before amortisation of intangible assets (EBITA) as a percentage of average invested capital. ROIC exclusive of goodwill fell to 11.2% in 2022 from 13.9% in 2021.

The reason for the lower ROIC was a 28% increase in average invested capital exclusive of goodwill in 2022, whereas EBITA fell by 3%.

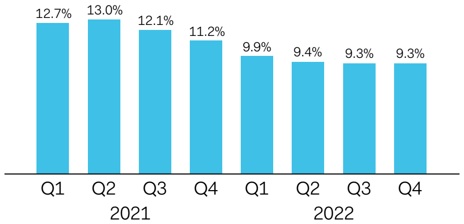
Avg. invested capital excluding goodwill



ROIC excluding goodwill



ROIC including goodwill



Accounting policies

Intangible assets

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

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

Customer relations	7-20 years
Brands	10-20 years
Technology	5-15 years
Other intangible assets	3-10 years

Goodwill is not amortised, but is tested for impairment once a year.

Property, plant and equipment

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

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

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

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

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

Amounts in DKK million

Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

Notes • invested capital

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

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

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

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

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

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

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

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

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

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

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

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

Associates with a negative equity value are recognised at zero.

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

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

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

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

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

When put options are issued as part of the consideration for business combinations, the fair value of the option is recognised as a liability. 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.

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 under financial items.

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 revenue, consolidated profit/loss or consolidated assets.

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

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

Notes • invested capital

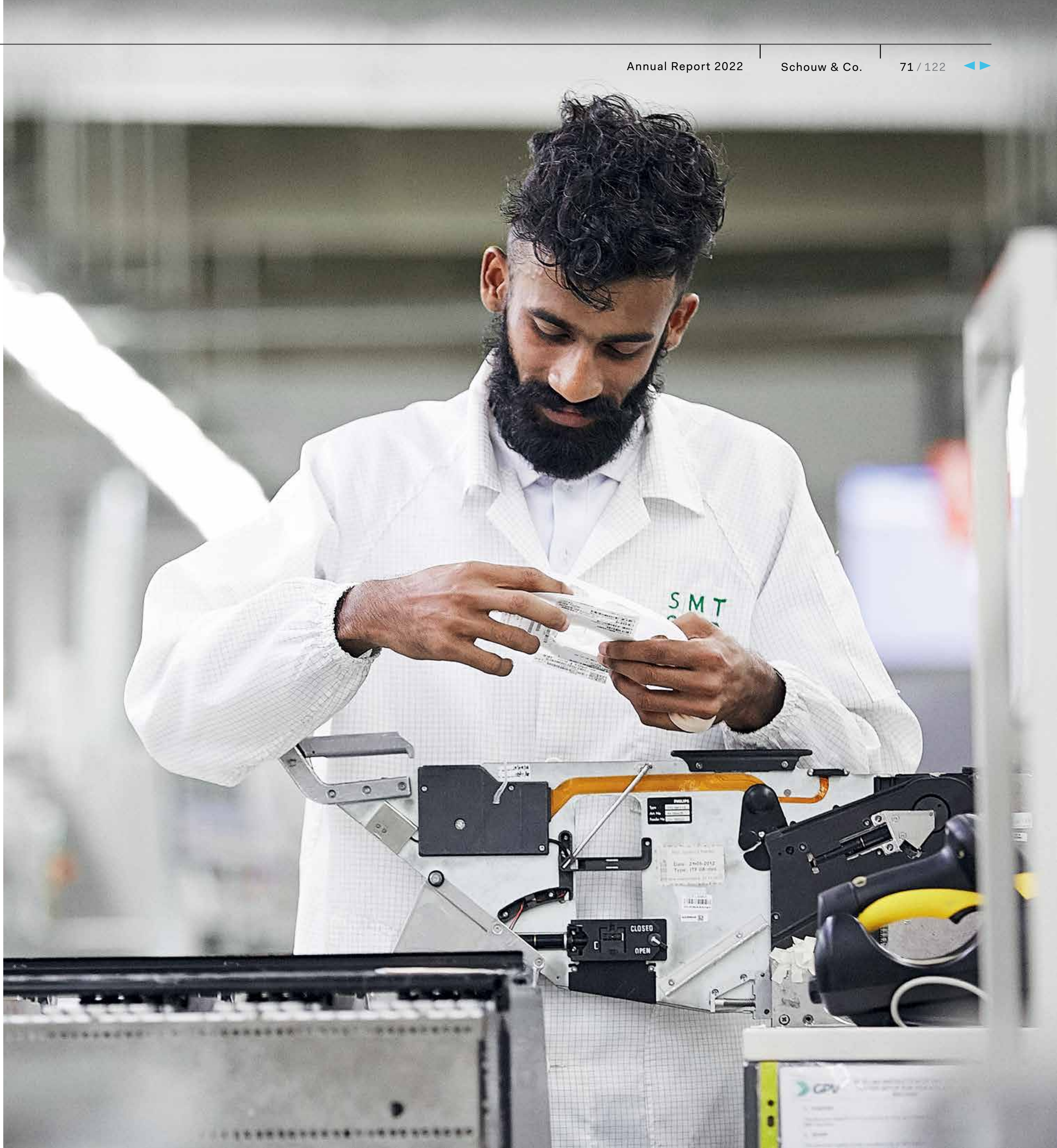
Non-current asset impairment test
Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, initially before the end of the year of acquisition. Development projects in progress are also tested for impairment annually.

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

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

A write-down is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment write-downs are recognised in the income statement in the line item depreciation, amortisation and impairment losses. 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.



Notes • invested capital

10
Intangible assets

2022	Goodwill	Customer relations	Brands	Tech-nology	Other intangible assets	Total
Cost at 1 January 2022	2,537	710	234	450	307	4,238
Change of accounting policies	0	0	0	0	0	0
Foreign exchange adjustments	45	14	-3	14	0	71
Addition on internally generated assets	0	0	0	0	1	1
Addition through separate acquisition	0	0	0	0	38	38
Additions on company acquisitions	291	399	0	133	27	849
Disposals	0	0	0	0	-1	-1
Transferred/reclassified	0	3	0	0	-2	2
Cost at 31 December 2022	2,873	1,127	231	596	371	5,198
Depreciation and impairment at 1 January 2022	-1	-264	-73	-137	-240	-716
Foreign exchange adjustments	0	-5	2	-4	1	-5
Transferred/reclassified	0	0	0	0	-2	-2
Impairment	-55	0	-6	0	0	-61
Amortisation	0	-67	-21	-39	-25	-151
Amortisation and impairment of assets disposed of	0	0	0	0	0	0
Depreciation and impairment at 31 December 2022	-57	-335	-98	-180	-265	-935
Carrying amount at 31 December 2022	2,817	792	133	416	110	4,267

The Group had additions of intangible assets in 2022 in connection with the acquisitions of AQ1, GSS and Enics.

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

2021	Goodwill	Customer relations	Brands	Tech-nology	Other intangible assets	Total
Cost at 1 January 2021	2,367	690	198	429	291	3,976
Change of accounting policies	0	0	0	0	-23	-23
Foreign exchange adjustments	84	20	1	20	5	131
Addition on internally generated assets	0	0	0	0	0	0
Addition through separate acquisition	0	0	0	0	23	23
Additions on company acquisitions	86	0	36	0	0	121
Disposals	0	0	0	0	-1	-1
Transferred/reclassified	0	0	0	0	11	11
Cost at 31 December 2021	2,537	710	234	450	307	4,238
Depreciation and impairment at 1 January 2021	-2	-208	-55	-101	-188	-553
Foreign exchange adjustments	0	-7	0	-5	-5	-17
Transferred/reclassified	0	0	0	0	-13	-13
Impairment	0	0	0	0	0	0
Amortisation	0	-49	-19	-31	-32	-131
Amortisation and impairment of assets disposed of	0	0	0	0	1	1
Depreciation and impairment at 31 December 2021	-1	-264	-73	-137	-237	-712
Carrying amount at 31 December 2021	2,536	447	161	312	70	3,526

Amounts in DKK million

Notes • invested capital

11
Property, plant and equipment

2022	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Assets under con-struction	Total
Cost at 1 January 2022	3,206	6,165	460	604	10,435
Adjustment for hyperinflation	23	56	3	0	82
Foreign exchange adjustments	12	26	-4	8	42
Additions	57	208	32	827	1,125
Additions on company acquisitions	101	215	23	14	353
Disposals on divestment	0	0	0	0	0
Disposals	-2	-7	-7	0	-16
Transferred/reclassified	27	143	14	-185	-1
Cost at 31 December 2022	3,425	6,806	521	1,268	12,019
Depreciation and impairment at 1 January 2022	-959	-4,067	-331	0	-5,357
Adjustment for hyperinflation	-4	-28	-2	0	-34
Foreign exchange adjustments	5	-2	2	0	5
Transferred/reclassified	1	-1	0	0	1
Amortisation and impairment of assets disposed of	1	3	5	0	8
Disposals on divestment	0	0	0	0	0
Impairment/reversed impairment	0	-3	0	0	-3
Amortisation	-105	-392	-50	0	-547
Depreciation and impairment at 31 December 2022	-1,060	-4,490	-376	0	-5,927
Carrying amount at 31 December 2022	2,364	2,315	145	1,268	6,093

At the end of 2022, the Group had entered into contracts for the purchase of property, plant and equipment for future delivery for an amount of DKK 359 million (2021: DKK 369 million).

Properties with evidence of impairment have been tested for impairment. No properties were written down during 2022 (2021: DKK 0 million).

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

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

Amounts in DKK million

Notes • invested capital

12
Lease assets

2022	Ships	Property	Other assets	Total
Cost at 1 January 2022	559	563	132	1,254
Foreign exchange adjustments	-27	-13	0	-41
Additions	0	65	26	90
Additions on company acquisitions	0	81	5	87
Disposals	0	-5	-17	-22
Remeasurement of lease assets	75	2	7	84
Cost at 31 December 2022	606	693	153	1,452
Depreciation and impairment at 1 January 2022	-242	-251	-74	-567
Foreign exchange adjustments	15	5	0	20
Impairment/ reversed impairment	0	1	0	1
Amortisation	-87	-108	-38	-233
Amortisation and impairment of assets disposed of	0	5	16	21
Depreciation and impairment at 31 December 2022	-314	-348	-96	-758
Carrying amount at 31 December 2022	292	345	57	694

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

DKK 41 million (2021: DKK 18 million) was recognised in the income statement for 2022 regarding leases not recognised in the balance sheet, the amount consisting of DKK 5 million in services (2021: DKK 5 million), DKK 5 million in small assets (2021: DKK 4 million) and DKK 31 million in short-term leases (2021: DKK 9 million).

At the balance sheet date, lease liabilities relating to small assets and services amounted to DKK 16 million (2021: DKK 18 million), of which DKK 8 million falls due within 12 months and DKK 8 million falls due in from one to five years.

For further information about lease debt, see note 19.

Amounts in DKK million

Notes • invested capital

13
Investments in subsidiaries, associates and joint arrangements

The Group has the following subsidiaries and joint operations:

Name	Registered office	Ownership interest 2022	Ownership interest 2021
BioMar Group A/S	**Aarhus, Denmark**	**100%**	**100%**
Alimentsa S.A.	Guayaquil, Ecuador	70%	70%
BioMar A/S	Brande, Denmark	100%	100%
BioMar A/S Chile Holding S.A.	Puerto Montt, Chile	100%	100%
BioMar AB	Malmö, Sweden	100%	100%
BioMar Aquacorporation Products S.A. *	Cañas, Costa Rica	50%	50%
BioMar Aquacultura Corporation S.A.	Cañas, Costa Rica	100%	100%
BioMar AS	Myre, Norway	100%	100%
BioMar Chile SA	Puerto Montt, Chile	100%	100%
BioMar Hellenic S.A.	Volos, Greece	100%	100%
BioMar Iberia SA	Dueñas, Spain	100%	100%
BioMar Ltd.	Grangemouth, Scotland	100%	100%
BioMar OOO	Ropsha, Russia	100%	100%
BioMar Pty. Ltd.	Hobart, Australia	100%	100%
BioMar S.A.S.	Nersac, France	100%	100%
BioMar Sp. z o.o.	Zielona Góra, Poland	100%	100%
Oy BioMar Ab	Vanda, Finland	100%	100%
Viet-Uc Aqua Feed Company Limited	An Hiep Village, Vietnam	68%	68%
Sensaq Investment Pty Ltd	Hobart, Australia	100%	0%
AQ1 Systems Pty Ltd	Hobart, Australia	100%	0%
AQ1 Systems JBO	Shimonoseki-city, Japan	100%	0%
AQ1 Systems S.A.	Panama city, Panama	100%	0%
GPV Group A/S	**Vejle, Denmark**	**80%**	**0%**
GPV International A/S	Vejle, Denmark	100%	100%
GPV Americas México S.A.P.I de CV	Guadalajara, Mexico	100%	100%
GPV Asia (Hong Kong) Ltd.	Hong Kong, Hong Kong	100%	100%
GPV Asia (Thailand) Co. Ltd.	Bangkok, Thailand	100%	100%
GPV Austria Cable GmbH	Frankenmarkt, Austria	100%	100%
GPV Austria GmbH	Frankenmarkt, Austria	100%	100%
GPV DACH (Asia) AG	Lachen, Switzerland	100%	100%
GPV DACH AG	Lachen, Switzerland	100%	100%
GPV Estonia AS	Elva, Estonia	100%	0%
GPV Finland (Oulu) OY	Oulu, Finland	100%	0%
GPV Finland OY	Lohja, Finland	100%	0%
GPV Germany GmbH	Hildesheim, Germany	100%	100%
GPV Lanka (PVT) Ltd.	Kochchikade, Sri Lanka	100%	100%
GPV Property Solution (private) Limited **	Kochchikade, Sri Lanka	49%	49%
GPV Slovakia s.r.o.	Hlohovec, Slovakia	100%	100%
GPV Slovakia (Nova) s.r.o.	Nova Dubnica, Slovakia	100%	0%
GPV Sweden AB	Västerås, Sweden	100%	0%
GPV Switzerland (Nordic) AG	Turgi, Switzerland	100%	0%
GPV Switzerland SA	Mendrisio, Switzerland	100%	100%
GPV Zhongshan Co. Ltd.	Zhongshan, China	100%	100%
Enics AG	Zurich, Switzerland	100%	0%
Enics Electronics (Beijing) Ltd.	Beijing, China	100%	0%
Enics Hong Kong Ltd.	Hong Kong, Hong Kong	100%	0%
Enics Malaysia Sdn. Bhd.	Johor Bahru, Malaysia	100%	0%
Enics Electronics (Suzhou) Co. Ltd.	Suzhou, China	100%	0%
HydraSpecma A/S	**Skjern, Denmark**	**100%**	**100%**
Dansk Afgratningsteknik A/S	Skjern, Denmark	60%	60%
HydraSpecma AB	Gothenburg, Sweden	100%	100%
HydraSpecma Norge AS	Flekkefjord, Norway	100%	100%
HydraSpecma Co. Ltd.	Shanghai, China	100%	100%
HydraSpecma Components AB	Skellefteå, Sweden	100%	100%
HydraSpecma Do Brazil Ltda	Curitiba, Brazil	90%	90%
HydraSpecma Hydraulic Systems (Tianjin) Co., Ltd.	Tianjin, China	100%	100%
HydraSpecma Hydraulic U.S. Inc.	San Antonio TX, USA	100%	100%
HydraSpecma Hydraulikhuset AB	Gothenburg, Sweden	100%	100%
HydraSpecma India Private Ltd.	Chennai, India	100%	100%
HydraSpecma OY	Espoo, Finland	100%	100%
HydraSpecma Samwon Ltd.	Newton Aycliffe, UK	100%	100%
HydraSpecma Sp. z.o.o.	Stargard, Poland	100%	100%
HydraSpecma USA Inc.	Chicago IL, USA	100%	100%
HydraSpecma Wiro AB	Motala, Sweden	100%	100%
Specma Fastighets AB	Gothenburg, Sweden	100%	100%
GSS Hydraulics B.V.	Huizen, the Netherlands	100%	0%
Borg Automotive A/S	**Silkeborg, Denmark**	**100%**	**100%**
Borg Automotive Sp.z.o.o.	Zdunska Wola, Poland	100%	100%
Borg Automotive Spain S.L.U.	Navarra, Spain	100%	100%
Borg Automotive Reman Spain S.L.U.	Navarra, Spain	100%	0%
Borg Automotive UK Ltd	Wednesbury, UK	100%	100%
Electro Steer UK Ltd.	Wednesbury, UK	100%	100%
Car Parts Industries Belgium SA	Nivelles, Belgium	100%	100%
SBS Automotive A/S	Støvring, Denmark	100%	100%
SBS Deutschland GmbH	Eisenach, Germany	100%	100%
SBS France SAS	Chaumont-en-Vexin, France	100%	100%
Fibertex Personal Care A/S	**Aalborg, Denmark**	**100%**	**100%**
Fibertex Personal Care AG	Ilsenburg, Germany	100%	100%
Fibertex Personal Care Corporation	Asheboro NC, USA	100%	100%
Fibertex Personal Care K.K.	Tokyo, Japan	100%	100%
Fibertex Personal Care Sdn Bhd	Nilai, Malaysia	100%	100%

Amounts in DKK million

Notes • invested capital

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

The Group has the following subsidiaries and joint operations:

Name	Registered office	Ownership interest 2022	Ownership interest 2021
Fibertex Nonwovens A/S	**Aalborg, Denmark**	**100%**	**100%**
Elephant Nonwovens - Nao Tecidos U.P., Lda.	Estoril, Portugal	100%	100%
Fibertex Elephant España S.L.	Sant Cugat del Vallés, Spain	100%	100%
Fibertex France SARL	Clermon, France	100%	100%
Fibertex Naotecidos Ltda.	Sao Paolo, Brazil	100%	100%
Fibertex Nonwovens Holding Ltd.	Hong Kong, China	100%	100%
Fibertex Nonwovens Inc.	Grey Court SC, USA	100%	100%
Fibertex Nonwovens S.A.S.	Chemillé, France	100%	100%
Fibertex Nonwovens Shanghai Co. Ltd.	Shanghai, China	100%	100%
Fibertex Nonwovens Tekstil Sanayi ve Ihracat A.Ş.	Cerkezkoy, Turkey	100%	100%
Fibertex Nonwovens, a.s.	Svitavy, Czech Republic	100%	100%
Fibertex North America Holding Inc.	Ingleside IL, USA	100%	100%
Fibertex North America Real Estate	Ingleside IL, USA	100%	100%
Fibertex Private Limited	Bangalore, India	100%	100%
Fibertex South Africa Ltd.	Hammarsdale, South Africa	74%	74%

*BioMar Aquacorporation Products S.A. is a pro-rata consolidated 50%-owned company. This is a joint arrangement 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 44 million (2021: DKK 34 million), non-current assets DKK 25 million (2021: DKK 26 million), current liabilities DKK 28 million (2021: DKK 18 million), non-current liabilities DKK 5 million (2021: DKK 7 million), revenue DKK 52 million (2021: DKK 39 million) and expenses DKK 52 million (2021: DKK 39 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.

In 2022, the Group acquired, through BioMar, AQ1, including the companies Sensaq Investment Pty Ltd., AQ1 Systems Pty Ltd, AQ1 Systems JBO and AQ1 Systems S.A. In 2022, the Group acquired, through HydraSpecma, GSS Hydraulics B.V. In 2022, the Group acquired, through GPV, Enics, including the companies Enics AG, Enics Schweiz AG, Enics Eesti AS, Enics Raahe OY, Enics Finland OY, Enics Sweden AB, Enics Slovakia s.r.o., Enics Electronics (Beijing) Ltd., Enics Hong Kong Ltd., Enics Malaysia Sdn. Bhd. and Enics Electronics (Suzhou) Co. Ltd.

The Group has the following associates:

Name	Registered office	Ownership interest 2022	Ownership interest 2021
LetSea AS	Dønna, Norway	33%	33%
ATC Patagonia S.A.	Lenca, Chile	30%	30%
Salmones Austral S.A.	Puerto Montt, Chile	23%	23%
LCL Shipping Ltd.	Grangemouth, Scotland	40%	40%
Young Tech Co. Ltd.	Chongwon, South Korea	30%	30%
Micron Specma India (Pvt.) Ltd	Rohtak, Haryana, India	25%	25%
NGIN A/S	Aarhus, Denmark	40%	40%
AQ1 Thailand	Bangkok, Thailand	49%	0%

Associates:	**2022**	**2021**
Cost at 1 January	271	251
Foreign exchange adjustments	16	20
Additions during the year	0	0
Cost at 31 December	287	271
Adjustments at 1 January	139	96
Foreign exchange adjustments and other changes in equity	1	9
Dividends paid	-10	0
Profit after tax from associates	80	34
Adjustments at 31 December	210	139
Carrying amount at 31 December	498	411

Amounts in DKK million

Notes • invested capital

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

2022	LetSea	ATC Patagonia	Salmones Austral	LCL Shipping	Young Tech Co. South Korea	Micron Specma India (Pvt.)	NGIN	AQ1 Asia
Revenue	444	22	2,175	14	46	17	9	n/a
Profit for the year	38	-6	297	2	1	1	0	n/a
Assets	212	44	4,016	54	50	13	5	n/a
Liabilities	94	5	2,190	36	33	3	2	n/a
Recognised in the Schouw & Co. Group:								
Share of profit	13	-2	68	1	0	0	0	0
Share of equity	39	12	418	7	5	3	1	0
Goodwill	0	0	11	0	0	0	1	0
Carrying amount at 31 December	39	12	430	7	5	3	2	0

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

Salmones Austral is individually considered to be of significant importance to the Group. The comprehensive income in Salmones Austral for 2022 amounted to DKK 297 million (2021: DKK 128 million), its EBITDA was DKK 521 million (2021: DKK 261 million) and its NIBD at 31 December was DKK 900 million (2021: DKK 801 million). Salmones Austral had non-current assets of DKK 2,263 million at 31 December 2022 (2021: DKK 1,858 million), current assets of DKK 1,753 million (2021: DKK 1,424 million), non-current debt of DKK 1,328 million (2021: DKK 1,054 million) and current debt of DKK 862 million (2021: DKK 775 million).

Amounts in DKK million

Notes • invested capital

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

The Group has the following joint ventures:

Name	Registered office	Ownership interest 2022	Ownership interest 2021
BioMar-Sagun TTK	Söke, Turkey	50%	50%
BioMar-Tongwei (Wuxi) Biotech Co., Ltd.	Wuxi, China	50%	50%

The two joint ventures are not considered material to the Group.

Joint ventures:	2022	2021
Cost at 1 January	146	146
Reclassified	0	0
Additions during the year	0	0
Disposals for the year	0	0
Cost at 31 December	146	146
Adjustments at 1 January	2	-13
Reclassified	0	0
Foreign exchange adjustments	-11	2
Share of profit after tax in joint ventures	50	12
Adjustments at 31 December	36	2
Carrying amount at 31 December	182	148

2022	BioMar-Sagun	BioMar-Tongwei
Revenue	516	1,149
Profit for the year	95	5
Assets	249	431
Liabilities	137	185
Recognised in the Schouw & Co. Group:		
Share of profit	48	2
Share of equity	56	123
Goodwill	1	2
Carrying amount at 31 December	57	125

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

14
Receivables – non-current

	2022	2021
Loans to customers	152	170
Other non-current receivables	48	72
Total receivables – non-current	199	241

Loans to customers consist mainly of a loan to a single customer extended by BioMar in connection with the conclusion of a long-term feed contract. Established in 2021, the loan has a seven-year maturity and carries interest over its term.

Amounts in DKK million

Notes • invested capital

15
Acquisitions

	GSS	AQ1	TMI	Enics	2022	2021
Customer relationships	8	24	0	366	399	0
Brands	0	0	0	0	0	36
Technology	0	26	0	107	133	0
Other intangible assets	0	0	0	27	27	0
Property, plant and equipment	1	1	0	351	353	60
Lease assets	0	0	0	87	87	14
Financial assets	0	0	0	4	4	1
Inventories	8	11	0	1,619	1,637	161
Receivables	6	43	0	990	1,040	121
Tax assets	0	0	0	5	5	17
Cash and cash equivalents	0	3	0	255	258	2
Credit institutions	0	0	0	-1,016	-1,016	-83
Deferred tax	-2	-13	0	-56	-71	0
Provisions	0	0	0	-95	-95	-4
Trade payables	-4	-4	0	-1,507	-1,514	-102
Other payables	-3	-3	0	-291	-297	-36
Current tax	0	-6	0	-29	-35	-3
Net assets acquired	15	83	0	817	915	183
Of which non-controlling interests	0	0	0	-195	-195	-9
Goodwill	0	131	0	159	291	86
Acquisition cost	15	214	0	781	1,010	260
of which cash and cash equivalents	0	-3	0	-255	-258	-2
Issue of shares	0	0	0	-346	-346	0
Contingent consideration	0	0	0	0	0	-220
Earn-out settled	0	0	8	0	8	8
Total cash acquisition costs	15	211	8	180	414	45

GSS
Effective 1 March 2022, HydraSpecma acquired the small Dutch company GSS Hydraulics B.V. for a cash consideration of DKK 15 million. GSS Hydraulics specialises in the sale and distribution of special-purpose hoses and nipples to OEM customers and the aftermarket. The acquisition is intended to strengthen HydraSpecma's position in the vehicles segment of the European market and in distributing the current product range to customers in Europe. HydraSpecma B.V. (GSS Hydraulics) has 18 employees and annual revenue of approximately DKK 35 million. The preliminary purchase price allocation has identified value in customer relations. The transaction involved acquisition costs of DKK 0.5 million, which amount has been recognised under operating expenses. Had the company been acquired effective from 1 January 2022, earnings would have been the same, while revenue would have been DKK 6 million higher.

AQ1
On 29 April 2022, BioMar acquired the Australian company AQ1, establishing a business involving feed technology for shrimp farming. A global leader in acoustic feed technology for the shrimp farming industry, AQ1 sells large parts of its products to the Latin American market, where BioMar is already has feed operations in Ecuador and Costa Rica. The acquisition enables BioMar to offer customers solutions other than feed for fish and shrimp.

BioMar paid DKK 211 million in cash for the shares in AQ1 in connection with the acquisition. A preliminary purchase price allocation has identified value in terms of technology and customers. Preliminary goodwill was calculated at DKK 131 million in connection with the acquisition. The transaction involved acquisition costs of DKK 2 million, which amount has been recognised under operating expenses. DKK 1.5 million of the acquisition costs was recognised in 2021. Had the company been acquired effective from 1 January 2022, earnings would have been DKK 3 million higher, while revenue would have been DKK 41 million higher.

TMI
In June, Borg Automotive paid the residual part of the earn-out payments, DKK 8 million, relating to the acquisition of Turbo Motor Inyección (TMI).

Enics
Effective 3 October 2022, the two companies GPV and Enics combined in a new company, GPV Group A/S. The combination created the second largest European-headquartered EMS company, with more than 7,500 employees and activities worldwide. Following the acquisition, Schouw & Co. holds an ownership interest of 80% in GPV Group A/S, while Enics' previous owners, Ahlström Capital B.V. holds a 20% ownership interest. As part of the transaction, Ahlström Capital received cash consideration of approximately DKK 60 million and a 20% ownership interest in GPV. In connection with the transaction, the value of the shares in Enics of DKK 346 million were recognised at fair value at the time of the share issue. At the date of acquisition, the company had cash in the amount of DKK 255 million, and DKK 180 million was paid in cash. The minority interest is calculated according to the equity method.

As part of the purchase price allocation in connection with the acquisition of Enics, value was identified in terms of customer relationships and technology and adjustments were made to the sales value of finished goods. The purchase price allocation has led to a preliminary calculation of goodwill of DKK 159 million. The transaction involved acquisition costs of DKK 14 million, which amount has been recognised under operating expenses. Had the company been acquired effective from 1 January 2022, earnings would have been DKK 12 million higher and revenue would have been DKK 4,380 million higher.

2021
In 2021, the Group acquired Viet-Uc through BioMar and SBS Automotive through Borg Automotive.

Amounts in DKK million

Notes • invested capital

16
Impairment test

Goodwill

The management of Schouw & Co. has tested all cash-generating units of the Group to which goodwill has been allocated. In the tests performed, the senior management of each company estimated the expected free cash flows in a five-year budget and forecast period (2023–2027).

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 historical experience and general long-term growth forecasts for the individual markets. The estimates for the Schouw & Co. entities vary from 2% to 3% growth.

At 31 December 2022, capitalised goodwill in the Schouw & Co. Group amounted to DKK 2,817 million, compared with DKK 2,536 million at 31 December 2021. During the year, goodwill in the total amount of DKK 291 million was added in connection with the BioMar's acquisition of AQ1 and in connection with GPV's acquisition of Enics. The remainder of the change consisted of foreign exchange adjustments of DKK 45 million, largely related to Alimentsa (BioMar Ecuador) and the DKK 55 million impairment of goodwill in Viet-Uc. The impairment charge in Viet-Uc is described further in the subsequent section on Viet-Uc.

	Carrying amount of goodwill	Assumptions			
		Revenue growth	Terminal year growth	WACC after tax	WACC before tax
BioMar (excl. Alimentsa)	815	2.7%	2.0%	7.8%	9.6%
Alimentsa (BioMar Ecuador)	627	12.9%	3.0%	14.4%	17.8%
Borg Automotive	516	4.9%	2.0%	9.6%	11.5%
Main companies/goodwill	1,958				
Viet-Uc	37	237.0%	2.0%	12.4%	15.0%
AQ1	120	31.1%	2.0%	11.4%	14.8%
Fibertex Personal Care	99	0.1%	2.0%	7.8%	9.3%
Fibertex Nonwovens	121	7.8%	2.0%	9.4%	11.3%
GPV International	190	1.6%	2.0%	9.4%	11.6%
Enics *	159	*	*	*	*
HydraSpecma	133	3.8%	2.0%	8.7%	10.0%
Other companies/goodwill	859				
Total	2,817				

* Enics, which was acquired on 3 October 2022, was not tested for impairment at the balance sheet date but will be tested before the end of the third quarter of 2023.

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.

Total goodwill in Schouw & Co. of DKK 2,817 million mainly comprises DKK 815 million related to the original BioMar, DKK 627 million related to Alimentsa (BioMar Ecuador) and DKK 516 million related to Borg Automotive, in aggregate making up 70% of the Group's total goodwill. The original BioMar means BioMar excluding the acquisitions of Alimentsa, Viet-Uc and the acquisition of AQ1.

Alimentsa (BioMar Ecuador) is considered a separate cash-generating unit, and it is still considered possible to test this unit separately, as integration with the other BioMar businesses is limited. This is due to the fact that products and market conditions applying to the shrimp feed produced by Alimentsa are materially different from those applying to feed for the other fish species that BioMar is involved in. Consequently, Alimentsa is tested separately.

The original BioMar has experienced steeply rising prices of raw materials and energy, but the resulting effect was to some extent offset through higher selling prices in 2022. In the impairment test of the original BioMar, both of these issues are expected to normalise, which means reduced revenue and earnings at a normalised level relative to volumes sold (tonnes). Volumes sold are expected to increase in 2023 and the following years. Alimentsa continues to operate in a growth industry, and in order to meet market demand, Alimentsa has initiated the construction of two additional production lines, which are expected to be commissioned in 2023. Alimentsa is therefore expected to have sufficient capacity to increase revenue by 12.9% annually during the test period.

The automotive remanufacturing market also continues to grow. This fact combined with Borg Automotive's strong market position, continuous capacity expansions and growing product portfolio due to, among other things, the acquisitions and integration of TMI and SBS Automotive, means that Borg Automotive is expected to achieve 4.9% annual growth during the test period.

A test for impairment performed at 31 December 2022 resulted in a DKK 55 million writedown of goodwill in Viet-Uc. Other tests did not give rise to any write-down of the carrying amounts.

Viet-Uc was acquired by BioMar in 2021. The company is considered an independent cash generating unit. Viet-Uc experienced market conditions in 2022 that were more challenging than expected. The production of shrimp in Vietnam is increasing, but penetrating the feed market has proved more difficult than anticipated, in part due to the supplier bonus agreements in force in the market. As a result, the company's financial results have fallen short of expectations during the 18 months or so BioMar has controlled the company. Sales are expected to increase in 2023, as a number of customers have indicated an interest in working with Viet-Uc. In addition, BioMar's partner in Vietnam, itself a shrimp farming company, is expected to increase considerably its feed purchases from Viet-Uc. The company's overall business plan is considered to still be intact, albeit somewhat behind schedule, but revenue is

Amounts in DKK million

Notes • invested capital

expected to increase sharply in 2023 and beyond. The impairment test of Viet-Uc resulted in a DKK 55 million writedown, which reduced goodwill from DKK 92 million at 31 December 2021 to DKK 37 million at 31 December 2022. The recoverable amount is estimated at DKK 63 million on a debt-free basis. Concurrently with the writedown of goodwill, the contingent consideration (earn-out) relating to Viet-Uc was reduced by DKK 94 million. The amount is recognised under financial income.

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 2022, Schouw & Co. recognised other intangible assets of DKK 1,495 million, an increase of DKK 505 million from 31 December 2021. An addition of DKK 559 million was recognised in relation to the Group's acquisitions of AQ1, GSS and Enics in 2022. A further addition of DKK 39 million was mainly related to IT projects. Other intangible assets were reduced by DKK 151 million due to amortisation. The remaining changes under other intangible assets were due to foreign exchange adjustments.

Property, plant and equipment
Property, plant and equipment was written down by DKK 3 million in 2022.

Other non-current assets
There were no indications of impairment of other non-current assets, apart from a DKK 1 million write-down of lease assets.

Amounts in DKK million

Notes • capital structure

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

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

Comments

Financial income

Financial income totalling DKK 215 million in 2022 marked a DKK 130 million increase compared to 2021. The largest change was an income of DKK 94 million from the adjustment of contingent consideration. The expected contingent consideration was adjusted following a test for impairment in the BioMar group's Vietnamese company Viet-Uc. Foreign currency gains amounted to DKK 81 million, which was DKK 25 million more than in 2021. There was a minor fair value adjustment of DKK 1 million, while other interest income increased from DKK 18 million in 2021 to DKK 38 million in 2022.

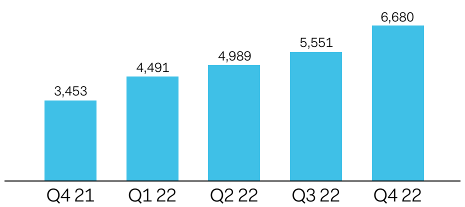
Financial expenses

Financial expenses were up by DKK 191 million in 2022, the change mainly consisting of a DKK 79 million increase in foreign exchange losses and an DKK 85 million increase in interest expenses. The higher interest expenses were partly due to an increase in debt to finance the growing working capital, partly the result of the rising level of interest rates. At 31 December 2022, the Group had an average borrowing rate of 3.3%, up from 1.7% at 31 December 2021. In addition to financial expenses, the Group recognised costs of DKK 21 million involving an adjustment of contingent consideration relating to SBS Automotive.

Liabilities

Interest-bearing debt amounted to DKK 6,680 million at 31 December 2022, representing a year-on-year increase of DKK 3,226 million. The increase was due in part to the significant increase in working capital during the year, in part to the substantial investment activity taking place during the year. In addition, share buybacks and the dividend payout increased the debt by a total of DKK 648 million. Broken down into currencies, 78% of the debt was denominated in Danish kroner or euro at 31 December 2022.

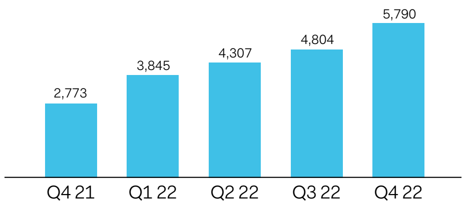
Interest-bearing debt



Net interest-bearing debt

Due to the increase in working capital and the many investments made, net interest-bearing debt grew by DKK 3,017 million to DKK 5,790 million at 31 December 2022.

Net interest-bearing debt



Treasury shares

The share capital was unchanged at 25,500,000 shares of DKK 100 each. At 31 December 2021, Schouw & Co. held 1,531,102 treasury shares, corresponding to 6.00% of the share capital. Under the share buyback programme commenced at the end of 2021, the company bought 551,074 own shares during 2022. The programme was concluded at 31 December 2022. Accordingly, Schouw & Co. held 2,082,176 treasury shares at 31 December 2022, corresponding to 8.17% 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, changes in fair values of derivative financial instruments that do not qualify as hedge accounting, and adjustment of purchase obligations (earn-out). 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.

Amounts in DKK million

Notes • capital structure

17
Financial income

	2022	2021
Interest income	38	18
Foreign exchange adjustments	81	56
Adjustment of contingent consideration (earn-out)	94	0
Fair value adjustment of financial assets	1	12
Total	215	85

18
Financial expenses

	2022	2021
Interest expense	-146	-61
Amortisation of earn-out liabilities	-23	-15
Amortisation of lease debt	-21	-21
Fair value adjustment of hedging transactions transferred from equity	0	-2
Foreign exchange adjustments	-117	-38
Expense on adjustment of contingent consideration (earn-out)	-21	0
Total	-328	-137

Borrowing costs of DKK 28 million were capitalised in 2022 (2021: DKK 2 million) based on an average rate of interest of 4.0% p.a. (2021: 2.4%).

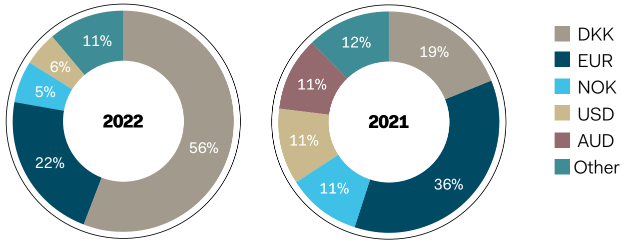
19
Interest-bearing debt

Debt recognised in the balance sheet:

	2022	2021
Credit institutions (non-current)	5,114	1,805
Mortgage debt (non-current)	233	63
Lease debt (non-current)	494	516
Recognised as non-current interest-bearing debt	5,842	2,384
Current portion of mortgage debt	26	42
Current portion of lease debt	253	215
Credit institutions (current)	558	812
Recognised as current interest-bearing debt	838	1,070
Total interest-bearing debt	6,680	3,453

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

Percentage breakdown of interest-bearing debt by currency



Amounts in DKK million

Notes • capital structure

19
Interest-bearing debt (continued)

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

	2022		2021	
	Interest-bearing debt	Of which lease debt	Interest-bearing debt	Of which lease debt
Principal repayment				
Overdraft facilities without planned repayment	1,694		756	
Less than 1 year	578	271	346	233
1-5 years	4,416	465	2,197	456
More than 5 years	394	61	280	91
Total	7,083	798	3,579	780
Interest				
Overdraft facilities without planned repayment	0		0	
Less than 1 year	149	18	32	17
1-5 years	195	26	80	20
More than 5 years	59	6	14	11
Total	404	50	126	49
Carrying amount				
Overdraft facilities without planned repayment	1,694		756	
Less than 1 year	429	253	313	215
1-5 years	4,221	439	2,117	436
More than 5 years	335	56	267	80
Total	6,680	748	3,453	731

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

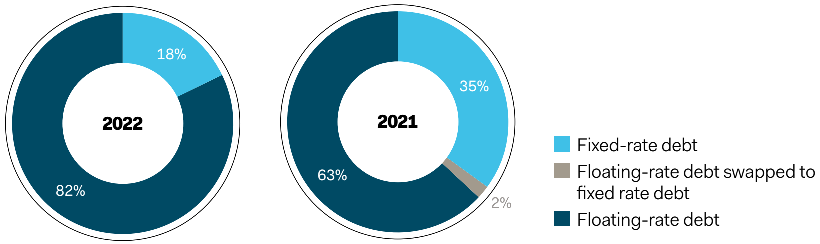
The fair value of liabilities relating to lease assets corresponds in all material respects to the carrying amount. The lease liability was calculated using mainly an alternative discount rate based on the lease term, the base rate of the country in question and a risk premium, among other factors. The average discount rate applied was 3.1% per annum (2021: 2.7%).

Total lease payments made in 2022 amounted to DKK 261 million (2021: DKK 241 million), consisting of repayments of DKK 240 million (2021: 220 million) and interest of DKK 21 million (2021: DKK 21 million).

The weighted average effective rate of interest for the year was 3.7% (2021: 2.8%). The weighted average effective rate of interest at the balance sheet date was 3.3% (2021: 1.7%).

For further information about lease assets, see note 12.

Interest profile of interest-bearing debt



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

	2022	2021
Interest hedging expires in:		
Less than 1 year	0	54
1-5 years	0	18
More than 5 years	0	0
Total	0	72

An increase in interest rates of 1 percentage point would cause the annual interest expense to increase by about DKK 43 million after tax (2021: DKK 17 million). This would expectedly reduce shareholders' equity by about DKK 43 million after tax (2021: DKK 16 million).

A decrease in interest rates of 1 percentage point would cause the annual interest expense to decrease by about DKK 43 million after tax (2021: DKK 17 million). This would expectedly increase shareholders' equity by about DKK 43 million after tax (2021: DKK 16 million).

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.

Amounts in DKK million

Notes • capital structure

19
Interest-bearing debt (continued)

Capital resources

	Loans and lines	Of which utilised	Unutilised	Commitment	Avg. term to maturity
Revolving credit facility	3,275	-1,474	1,801	Committed	3 years
Schuldschein	1,011	-1,011	0	Committed	1 yrs 8 mths
Mortgages	255	-255	0	Committed	18 yrs 8 mths
Term loan	2,312	-2,312	0	Committed	1 yrs 8 mths
NIB loans	400	-400	0	Committed	6 years
Other credit facilities	654	-480	174	Uncommitted	
Leases	748	-748	0	Committed	3 years
Cash and cash equivalents			712		
Facility before deduction of guarantee commitments	8,655	6,680	2,687		
Guarantee commitments deducted from the facility			-47		
Total capital resources at 31 December 2022			2,640		

The Group's companies get a significant proportion of their financing from the credit facilities of the parent company Schouw & Co. The parent company's financing consists mainly of a syndicated bank facility, which in December 2020 was refinanced with a total facility line of DKK 3,275 million. The facility has a three-year term with an option for a one-year extension after the first and second year. The first extension option was utilised in December 2021, and the second extension option was utilised in December 2022. The bank consortium consists of Danske Bank, DNB, Nordea and the international bank, HSBC. In April 2019, Schouw & Co. issued Schuldshein's for a total of EUR 136 million (DKK 1,011 million) maturing in 2024 (80%) and 2026 (20%). In December 2021, Schouw & Co. set up a DKK 400 million seven-year loan with the Nordic Investment Bank related to specific Danish capacity-expanding investments and development costs. Schouw & Co. established a number of term loans in 2022 with Danske Bank, Nordea, HSBC and Jyske Bank for a total amount of DKK 2,312 million. The loans are committed and mature in 2024 (50%) and 2025 (50%).

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 combined capital resources of DKK 2,635 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 2022, the financial gearing was 2.37x.

20
Net interest-bearing debt

			Non-cash items				
2022	Beginning of year	Cash flows	Acquisitions / divestments	Foreign exchange adjustments	Leases	Other	End of year
Interest-bearing liabilities:							
Non-current debt	2,384	2,567	317	-9	-75	658	5,842
Current debt	1,070	-537	698	17	248	-658	838
Total interest-bearing liabilities	3,453	2,030	1,016	8	173	0	6,680
Interest-bearing assets:							
Non-current receivables	170	0	0	-8	0	-10	152
Current receivables	21	-3	0	-1	0	10	26
Cash and cash equivalents	490	-62	258	25	0	2	712
Total interest-bearing assets	681	-65	258	16	0	2	890
Net interest-bearing debt	2,773	2,095	758	-8	173	0	5,790

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

Amounts in DKK million

Notes • capital structure

21
Share capital

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

Treasury shares	Number of shares	Nominal value (DKK)	Cost	Percentage of share capital
1 January 2021	1,520,724	15,207,240	466	5.96%
Purchase of treasury shares	10,378	103,780	6	0.04%
31 December 2021	1,531,102	15,311,020	471	6.00%
Purchase of treasury shares	551,074	5,510,740	292	2.16%
31 December 2022	2,082,176	20,821,760	763	8.17%

In 2022, Schouw & Co. acquired shares for DKK 292 million to be held in treasury. The purchase was part of a programme under which Schouw & Co. intended to make share buybacks for a total amount of up to DKK 350 million in the period from 27 December 2021 to 30 December 2022. Shares bought under the buyback programme amounted to a total of DKK 297 million.

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20% of the share capital. The authorisation is valid until 1 April 2025.

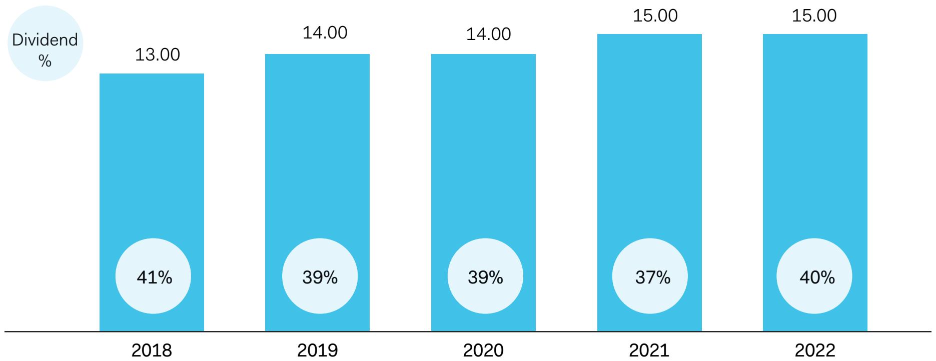
The company acquires treasury shares among other things for allocation to the Group's share-based incentive programmes and for adjustment of the company's capital structure in in connection with capital reductions. At 31 December 2022, the company's treasury shares had a market value of DKK 1,091 million (2021: DKK 871 million). The portfolio of treasury shares is recognised at DKK 0.

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

Dividend

A dividend of DKK 15 per share is proposed in respect of the 2022 financial year for a total dividend amount of DKK 383 million and a dividend payout of 40% of the profit for the year. On 25 April 2022, the Group paid dividend in respect of 2021 of DKK 15 per share for a total dividend amount of DKK 383 million.

Dividend per share (DKK)



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

Amounts in DKK million

Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

Notes • tax

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

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

Comments

The Group's tax policy is available to the public and is described in further detail in the Group's 2022 ESG Report. Both of these documents are available on the company's website: www. schouw.dk/cg.

Income tax

Schouw & Co. recorded a profit for the year before tax of DKK 1,304 million (2021: DKK 1,332 million), resulting in total tax for the year of DKK 311 million (2021: DKK 288 million). Profit before tax includes a share of profit after tax in associates and joint ventures of DKK 130 million (2021: DKK 46 million). The tax on the share of profit or loss is not included in the tax for the year, for which reason the profit before tax has been adjusted for the share of profit in the explanation of the effective tax rate. The weighted tax rate for the Group after recognition of local tax rates was 23.9% (2021: 22.7%).

The effective tax rate for the year rose to 26.5% of the adjusted profit before tax (2021: 22.6%). The increase was due in part to a larger proportion of non-deductible costs in 2022. In addition, the amount of non-taxable income fell in 2022. Non-deductible costs included non-recurring costs in connection with company acquisitions, including expected earn-out payments, as well as the write-down of goodwill. Non-taxable income included mainly earn-out income and tax-exempt income from investment promotion schemes, mainly in Thailand.

Also adding to the increase was the fact that withholding tax paid on foreign income almost doubled in 2022. Lastly, companies acquired had tax losses in 2022, which were not capitalised and so had a negative impact on the effective tax rate.

Conversely, a reduction of prior-year taxes had a positive effect on the effective tax rate. As a general rule, adjustments are made when tax cases or the like are decided or if the tax recognised in the annual report does not correspond to the final taxable income, which is typically not calculated until after the annual report has been prepared.

Accounting policies

Taxation

The parent company 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 loss 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 value 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.

Notes • tax

22
Tax on profit/loss for the year

	2022	2021
Tax on the profit for the year is specified as follows:		
Tax on profit/loss for the year	-311	-288
Tax on other comprehensive income	-36	-7
Total tax	-347	-296
Tax on the profit for the year has been calculated as follows:		
Current tax	-373	-284
Deferred tax	49	13
Change in deferred tax due to change in corporate tax rates	2	-1
Adjustment of prior-year tax charge	11	-16
Total tax recognised in the income statement	-311	-288
Specification of the tax on the profit for the year:		
Profit before tax	1,304	1,322
Share of profit in associates and JVs	-130	-46
Profit before tax excluding profit/loss in associates and joint ventures	1,174	1,275
Corporate tax rate in Denmark	22.0%	22.0%
Tax in foreign subsidiaries adjusted relative to 22%	1.9%	0.7%
Weighted consolidated income tax rate	23.9%	22.7%
Tax effect of:		
Change of corporate income tax rate	-0.2%	0.0%
Non-deductible impairment of goodwill	1.0%	0.0%
Non-deductible costs	3.3%	2.9%
Non-taxable income	-1.7%	-3.7%
Investment grants	-0.9%	-0.2%
Adjustment of prior-year tax charge	-0.9%	1.4%
Withholding tax	1.1%	0.6%
Non-recognised losses for the year	1.6%	0.5%
Revised valuation of tax asset	-0.6%	-0.3%
Tax assets recognised during the year	0.0%	-1.1%
Effective tax rate	26.5%	22.6%

	2022		
Tax on items recognised in other comprehensive income	**Before tax**	**Taxation**	**After tax**
Foreign exchange adjustments of foreign units, etc.	101	0	101
Hedging instruments for the year	30	-9	21
Hedging instruments transferred to operating expenses	1	-1	0
Hedging instruments transferred to financials	0	0	0
Hyperinflation restatements	45	-11	34
Other comprehensive income from associates and JVs	-13	0	-13
Adjustment of defined benefit pension plan	40	-9	31
Other adjustments recognised directly in equity	3	-5	-3
Total tax on items recognised in other comprehensive income	207	-36	171

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

Amounts in DKK million

Notes • tax

23
Deferred tax

2022

Change in deferred tax	Balance at 1 January	Change of accounting policies	Foreign exchange adjustments	Additions on acquisitions	Disposals on divestments	Recognised in the profit for the year	Recognised in equity	Balance at 31 December
Intangible assets	171	0	5	111	0	-25	0	262
Property, plant and equipment	259	0	7	0	0	18	10	293
Receivables	-27	0	2	-3	0	-11	0	-40
Inventories	4	0	1	-7	0	-9	0	-12
Other current assets	3	0	0	-6	0	1	0	-2
Shareholders' equity	14	0	0	0	0	2	12	27
Provisions	-6	0	1	-27	0	-12	0	-44
Other liabilities	-110	0	-3	2	0	-24	1	-133
Expected utilisation of investment grant	-11	0	0	0	0	1	0	-10
Tax losses	-55	0	-2	0	0	6	0	-51
Total change in deferred tax	241	0	10	71	0	-52	23	292

2021

Change in deferred tax	Balance at 1 January	Change of accounting policies	Foreign exchange adjustments	Additions on acquisitions	Disposals on divestments	Recognised in the profit for the year	Recognised in equity	Balance at 31 December
Intangible assets	205	-5	7	-8	0	-28	0	171
Property, plant and equipment	244	0	15	-2	-1	3	0	259
Receivables	-37	0	-1	0	0	10	0	-27
Inventories	-3	0	1	-1	0	7	0	4
Other current assets	11	0	0	0	0	-9	0	3
Shareholders' equity	5	0	0	0	0	0	9	14
Provisions	-35	0	31	0	0	-2	0	-6
Other liabilities	-76	0	-33	-1	0	3	-3	-110
Expected utilisation of investment grant	-14	0	-1	0	0	4	0	-11
Tax losses	-47	0	-2	-5	0	-2	0	-55
Total change in deferred tax	253	-5	17	-17	-1	-14	7	241

Amounts in DKK million

Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

Notes • tax

23
Deferred tax (continued)

	2022	2021
Deferred tax at 1 January	241	253
Change of accounting policies	0	-5
Foreign exchange adjustments	10	17
Transferred to/from income tax payable	-1	-2
Deferred tax for the year recognised in profit/loss for the year	-49	-13
Reduction of Danish corporate tax rate	-2	1
Deferred tax for the year recognised in equity	23	7
Additions on acquisitions	71	-17
Disposals on divestment	0	-1
Deferred tax at 31 December, net	292	241
Deferred tax is recognised as follows in the statement of financial position:		
Deferred tax (asset)	-189	-131
Deferred tax (liability)	480	372
Deferred tax at 31 December, net	292	241

Schouw & Co. has deferred tax assets of DKK 189 million (2021: DKK 131 million), of which the value of recognised tax losses account for DKK 51 million. It is expected that the deferred tax assets will be absorbed by taxable income within the next few years. A deferred tax liability of DKK 56 million was recognised in connection with the acquisition of Enics. All deferred tax liabilities are recognised in the balance sheet.

The tax value of unrecognised tax losses amounted to DKK 156 million (2021: DKK 112 million). It is considered unlikely that the deferred tax assets will be realised within a period of a few years. Close to 16% of the value of these tax losses will expire within the next five years. The losses not recognised as deferred tax assets mainly relate to Fibertex Nonwovens in South Africa and the USA, Borg Automotive in the UK, HydraSpecma in Brazil and GPV in Slovakia and Sweden.

In a transfer pricing review performed in 2013, the Danish tax authorities made an assessment to increase the taxable income of Fibertex Personal Care A/S by DKK 122 million for the years 2007-2011. An administrative agreement was entered into with the Danish tax authorities in 2018 to raise the taxable income of Fibertex Personal Care A/S concerning estimated regular royalty income by DKK 87 million for the years 2007-2013, corresponding to a tax payment of DKK 22 million. The Group has subsequently opened mutual agreement procedures with the Malaysian tax authorities with a view to achieving a corresponding reduction of the taxable income of the subsidiary in Malaysia. As a corresponding reduction is believed to be highly likely, a prior-year tax asset relating to Malaysia of DKK 21 million has been recognised in the consolidated financial statements at 31 December 2022. This matter is unchanged from last year.

Amounts in DKK million

Notes • tax

24
Income tax

	2022	2021
Income tax payable at 1 January	-5	67
Foreign exchange adjustments	1	2
Current tax for the year	373	285
Adjustment related to prior years	-11	16
Transferred from deferred tax	1	2
Current tax recognised in other comprehensive income	6	0
Additions on company acquisitions	30	3
Income tax paid during the year	-269	-381
Income tax at 31 December	125	-5
which is specified as follows:		
Income tax (asset)	-56	-77
Income tax (liability)	180	72
Income tax at 31 December	125	-5

Income tax paid mainly includes tax paid in respect of the current year or prior years and will therefore not correspond to tax on the profit for the year, which is stated as the income tax expected to be payable on the profit/loss for the year and adjustments of tax payable in respect of prior years. Most of the tax paid by the Group in 2022 consisted of income tax paid on account in respect of 2022.

Total tax paid declined by DKK 112 million from DKK 381 million in 2021 to DKK 269 million in 2022.

BioMar France made a tax payment of DKK 16 million in 2021 in connection with a resolved tax case, which contributed to an increased tax payment in respect of 2021. BioMar Norway incurred poor financial results in 2021, and thus paid no tax in respect of that year in 2022. Norway has no rules on tax on account. BioMar Chile and Fibertex Nonwovens USA were in 2022 refunded overpaid on-account tax relative to their actual income tax for 2021. BioMar Russia incurred poor financial results in 2022 and received a tax refund.

BioMar paid on-account tax of close to DKK 20 million in Australia in 2022 because a loss in the start-up period had been utilised. In addition, BioMar acquired AQ1, which contributed with DKK 7 million to tax paid in Australia.

The increase in tax paid in Ecuador was due to additional withholding tax resulting from a large dividend as well as the payment of import tax of 5% on foreign purchases, which can be offset against income tax. Lastly, the USD exchange rate impacted tax paid by DKK 3 million.

Exhaustive presentation of income taxes paid by country

	2022	2021
Denmark	58	82
Ecuador	53	39
Australia	27	0
Malaysia	21	29
China	21	5
France	15	35
Switzerland	11	16
Thailand	10	8
Germany	9	7
Greece	9	10
Belgium	8	4
Sri Lanka	8	7
Sweden	8	4
Scotland	8	4
Brazil	7	3
Costa Rica	5	5
Spain	4	4
Poland	4	7
Mexico	3	1
Czech Republic	2	1
Finland	1	2
Slovakia	1	0
England	1	1
India	1	1
Turkey	0	3
Austria	0	1
Norway	0	33
Japan	0	0
Russia	-3	11
Chile	-8	46
USA	-11	12
Total income tax paid	269	381

In addition to the countries listed, the Group has activities in Estonia, the Netherlands, Panama, Portugal, South Africa and Vietnam, in which countries the Group paid no income tax in 2022 in accordance with local tax legislation.

Amounts in DKK million

Other notes to the consolidated financial statements

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

The following notes are presented in this section:

25. Adjustment for non-cash transactions
26. Securities
27. Other payables
28. Liabilities regarding put option
29. Contingent liabilities
30. Guarantees
31. Financial risk
32. Categories of financial assets and liabilities
33. Fees to auditors appointed by the general meeting
34. Earnings per share (DKK)
35. Related party transactions
36. Events after the balance sheet date
37. New financial reporting regulations

Comments

Securities
The carrying amount of the Group's securities at 31 December 2022 consisted mainly of a 15.8% shareholding in Incuba A/S.

Liabilities regarding put options
The Group's liabilities in respect of put options increased by DKK 497 million in 2022, of which DKK 469 million was an addition related to the Enics transaction.

Contingent consideration
Contingent consideration in relation to the respective acquisitions of Viet-Uc and SBS Automotive amounted to a total of DKK 239 million at 31 December 2021, which amount is recognised under non-current liabilities. In 2022, the contingent consideration relating to Viet-Uc was written off at 31 December 2022. The final contingent consideration (earn-out) relating to SBS Automotive will be calculated in the spring of 2023. A preliminary estimate of the outstanding payment indicates the amount at DKK 200 million at 31 December 2022, which amount has been recognised under current liabilities and is expected to be settled in the second quarter of 2023.

Accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

Other liabilities
Other liabilities are measured at net realisable value.

Contingent consideration (earn-out) agreed in connection with company acquisitions and paid to the seller if certain conditions are met, is 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 under financial items.

Other notes to the consolidated financial statements

25
Adjustment for non-cash transactions

	2022	2021
Purchase of intangible assets	-38	-23
of which was not paid at the balance sheet date/date of adjustment for the year	1	1
Paid relating to purchase of intangible assets	-38	-21
Purchase of property, plant and equipment	-1,125	-763
of which was not paid at the balance sheet date/date of adjustment for the year	56	12
Paid relating to purchase property plant and equipment	-1,068	-751
Financial liabilities incurred	2,673	683
of which lease debt	-104	-147
Proceeds from incurring financial liabilities	2,569	536

26
Securities

	2022	2021
Cost at 1 January	46	45
Additions	0	0
Disposals	0	0
Cost at 31 December	46	46
Adjustments at 1 January	45	35
Dividends paid	-1	-1
Disposals relating to divestment	0	0
Adjustments recognised in the income statement	1	12
Adjustments at 31 December	46	45
Carrying amount at 31 December	92	91

27
Total other payables – non-current

	2022	2021
Pension liabilities	48	88
Provisions	39	31
Core liabilities	70	70
Contingent consideration (earn-out)	0	239
Other non-current liabilities	2	35
Prepayments	54	59
Total other payables	213	522

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 and GPV's acquisition of Enics in 2022. Total pension liabilities amounted to DKK 48 million at 31 December 2022 compared with DKK 88 million at 31 December 2021. GPV has pension plans in several units, but mainly relating to Switzerland where a net asset of DKK 111 million was calculated at 31 December 2022 (2021: liability of DKK 47 million). However, this asset is not recognised due to the asset ceiling rule. Like last year, provisions were actuarially calculated, and the DKK 39 million adjustment for the year was recognised as other comprehensive income (before tax). Gross liabilities amounted to a total of DKK 662 million at 31 December 2022 (2021: DKK 378 million), and the corresponding gross assets in Switzerland amounted to DKK 773 million (2021: DKK 330 million). The calculation of the present value in Switzerland is based on a discount rate of 2.25% (2021: 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.

Deferred income mainly consists of investment grants.

Amounts in DKK million

Other notes to the consolidated financial statements

28
Liability regarding put options

	2022	2021
Put option at 1 January	374	360
Foreign exchange adjustments	-9	30
Additions in the year	469	0
Change in liability during the year	37	-16
Put option at 31 December	871	374

	2022	2021
Recognised in the balance sheet as follows:		
Non-current liabilities	483	0
Current liabilities	388	374

The liability regarding put options pertains to BioMar's obligation to buy the outstanding 30% of the shares in Alimentsa (BioMar Ecuador) and the obligation of the Schouw & Co. Group to buy the outstanding 20% of the shares in GPV Group. In 2022, the put option in Alimentsa was extended to run to the end of 2027 by mutual agreement between the buyer and the seller. The seller is entitled to exercise the put option in Alimentsa at any time during the period to September 2027. The put option is measured at fair value as the average of the past three year's EBITDA times a multiple.

In the combination of GPV International A/S and Enics AG into the new company of GPV Group A/S, Schouw & Co. holds 80% of GPV Group A/S, while Ahlström Capital B.V. holds the remaining 20% of the company. In connection with the transaction, the parties agreed that Ahlström Capital has a right to sell (put option) its shares in GPV during the three-month periods after the release of the annual report for 2025 or 2026. Accordingly, Schouw & Co. has an obligation to buy 20% of the shares in GPV. Schouw & Co. has a similar right to buy Ahlström Capital's shares in GPV (call option), which is exercisable after the release of the annual report for 2026 or 2027. Given the fact that there is both a put and a call option after the release of the annual report for 2026, i.e. around March 2027, this is the most likely time of exercise. The obligation is estimated on the basis of an expected future price of the shares discounted from March 2027 at a discount rate of 12.3%. The expected share price is estimated on the basis of management's estimated developments in earnings and debt plus an agreed price multiple.

Amounts in DKK million

29
Contingent liabilities

The Schouw & Co. Group is currently a party to a small number of legal disputes. Management believes that the results of these legal disputes will not impact the Group's financial position other than the receivables and liabilities that have been recognised in the balance sheet at 31 December 2022.

The Chilean competition authority, Fiscalia Nacional Económica ("FNE"), initiated an investigation of the Chilean fish feed industry in October 2016. As part of the investigation, BioMar Chile SA and other companies were subject to unannounced inspections. Naturally, BioMar SA has been cooperative, responding to questions and providing documentation to the extent possible. Further to the industry investigation, the FNE indicted four Chilean fish feed producers, including BioMar Chile SA, on 19 December 2019 on charges of concerted practice, claiming that BioMar Chile SA be fined up to 30,000 annual tax units, which at 31 December 2022 corresponded to approximately DKK 180 million. The charges are based on isolated circumstances related to the Chilean fish feed industry during the 2003–2015 period.

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

BioMar Chile submitted the company's response to the Chilean competition authorities' claim on 19 May 2020. The entire process has been delayed by the coronavirus pandemic. Initial proceedings commenced in 2022, but the case is not expected to be decided until in 2024.

30
Guarantees

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

	2022	2021
Land and buildings	541	483
Plant and machinery	41	134
Total	582	617

The collateral set out above represents the Group's debt to credit and mortgage-credit institutions of DKK 318 million (2021: DKK 169 million).

Other notes to the consolidated financial statements

31
Financial risk

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

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

Interest rate risk
Decisions to hedge interest rate risk are made at group level on the basis of an ongoing assessment of the Group's gearing and the ratio of the floating rate debt and equity. The Group's exposure relates to floating rate loans, which amounted to DKK 5,485 million. An analysis of sensitivity to changes in interest rate levels is set out in note 19.

Credit risk
The Group's credit risk is primarily related to trade receivables and cash deposits. The Group seeks to avoid significant exposure to individual customers or business partners. The Group's policy for undertaking credit risks involves an ongoing credit assessment of all major customers. At 31 December 2022, the maximum credit risk considering the collateral provided was DKK 6,207 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:

Foreign currencies	Likely change in exchange rate*	Effect on profit**	Effect on equity**
USD/DKK	5%	-34	-34
USD/SEK	10%	-7	-7
THB/DKK	5%	-4	-4
AUD/USD	10%	-3	-3
SEK/DKK	5%	-2	-2
CHF/DKK	5%	35	35
PLN/DKK	5%	12	12
ZAR/DKK	15%	9	9
GBP/NOK	10%	4	4
CZK/DKK	5%	4	4

* 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.

	2022	2021
Market value of hedges		
Currency hedges	15	-15
Interest hedges	0	-2
Recognised before tax	15	-17
Tax on recognised hedge transactions	-6	4
Hedging agreements after tax	9	-13
Currency hedging agreements expire in maximum (number of months)	12	12
Interest hedging agreements expires in maximum (number of months)	0	60

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

Amounts in DKK million

Other notes to the consolidated financial statements

31
Financial risk - continued

The Group's debt maturity profile:

2022	Carrying amount	Overdraft facilities without planned repayment	Cash flows including interest: Less than 1 year	After one year through five years	More than 5 years	Total
Non-derivative financial instruments						
Banks and other credit institutions	5,932	1,694	307	3,951	333	6,285
Lease debt	748	0	271	465	61	798
Trade payables	6,562	0	6,562	0	0	6,562
Other payables	2,954	0	2,382	924	0	3,307
Derivative financial instruments:						
Forward currency contracts used as hedging instruments	32	0	31	1	0	32
Interest rate swaps used as hedging instruments	0	0	0	0	0	0
Total recognised in balance sheet	16,227	1,694	9,553	5,341	394	16,984
Contractual obligations to acquire non-current assets			356	3	0	359
Total liabilities		1,694	9,909	5,345	394	17,343

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

Amounts in DKK million

Other notes to the consolidated financial statements

32
Categories of financial assets and liabilities

Financial assets	**2022**	**2021**
Non-current assets		
Other securities and investments (level 2)	91	90
Other securities and investments (level 3)	1	1
Financial assets at fair value through profit or loss	92	91
Other receivables	199	241
Receivables are measured at amortised cost	199	241
Current assets		
Trade receivables	5,743	4,726
Other receivables	374	291
Cash and cash equivalents	707	490
Receivables are measured at amortised cost	6,824	5,507
Derivative financial instruments (level 2)	59	5
Hedging instruments measured at fair value	59	5
Financial liabilities		
Non-current liabilities		
Debt to mortgage-credit institutions	233	63
Other credit institutions	5,608	2,321
Other payables	72	105
Financial liabilities at amortised cost	5,914	2,489
Liabilities regarding put options (level 3)	483	0
Liabilities relating to put options recognised at fair value	483	0
Contingent consideration (level 3)	0	239
Financial liabilities at fair value through profit or loss	0	239
Current liabilities		
Debt to mortgage-credit institutions	26	42
Other credit institutions	798	1,027
Trade payables and other payables	8,354	5,911
Financial liabilities at amortised cost	9,178	6,980
Contingent consideration (level 3)	200	8
Financial liabilities at fair value through profit or loss	200	8
Liabilities regarding put options (level 3)	388	374
Liabilities relating to put options recognised at fair value	388	374
Derivative financial instruments (level 2)	50	22
Hedging instruments measured at fair value	50	22

Amounts in DKK million

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

The fair value of financial assets and liabilities measured at amortised cost corresponds in all material respects to the carrying amount. Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 1 million at the beginning of the year and was unchanged at DKK 1 million at the end of the year.

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

The fair value of derivative financial instruments is calculated by way of valuation models such as discounted cash flow models. Anticipated cash flows for individual contracts are based on observable market data such as interest rates and exchange rates. The fair value is also based on credit risks. Non-observable market data account for an insignificant part of the fair value of the derivative financial instruments at the end of the reporting period.

Contingent consideration (earn-out) is measured at fair value on the basis of the income approach. The fair value of the contingent consideration amounted to DKK 247 million at the beginning of the year. At year end 2022, the fair value of the contingent consideration had reduced to DKK 200 million. The change for the year was due to a DKK 73 million adjustment (net income recognised under financial items), amortisation of liabilities of DKK 23 million, the settlement of a liability of DKK 8 million and a foreign exchange adjustment of DKK 11 million.

The liability relating to put options amounted to DKK 374 million at the beginning of the year. The amount consisted of an addition during the year of DKK 469 million, a DKK 23 million change in the liability, amortisation of the liability of DKK 14 million and foreign exchange adjustment of DKK 9 million (reduction of the liability). At year end 2022, the liability amounted to DKK 871 million.

Other notes to the consolidated financial statements

33
Fees to auditors appointed by the general meeting

	2022	2021
Statutory audit fees, PwC	12	11
Fees for other assurance engagements, PwC	1	0
Fees for tax and VAT-related services, PwC	1	0
Non-audit services, PwC	8	1
Total fees, PwC	22	12

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

34
Earnings per share (DKK)

	2022	2021
Share of the profit for the year attributable to shareholders of Schouw & Co.	960	1,008
Average number of shares	25,500,000	25,500,000
Weighted average number of treasury shares	-1,841,525	-1,520,781
Average number of outstanding shares	23,658,475	23,979,219
Average dilutive effect of outstanding share options *	1,969	99,393
Diluted average number of outstanding shares	23,660,444	24,078,612
Earnings per share of DKK 10	40.59	42.03
Diluted earnings per share of DKK 10	40.58	41.85

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

35
Related party transactions

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

	2022	2021
Joint ventures:		
During the financial year, the Group sold goods in the amount of	5	3
At 31 December, the Group had a receivable of	1	15
At 31 December, the Group had debt in the amount of	38	0
Associates:		
During the financial year, the Group sold goods in the amount of	740	452
During the financial year, the Group bought goods in the amount of	172	96
At 31 December, the Group had a receivable of	238	184
At 31 December, the Group had debt in the amount of	21	23
During the financial year, the Group received dividends in the amount of	10	0

During 2022, 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. (8.17%).

Amounts in DKK million

Other notes to the consolidated financial statements

36
Events after the balance sheet date

At 1 February 2023, HydraSpecma acquired the wind division with about 1280 employees from the industrial group Ymer Technology. HydraSpecma invested in the wind division, because of Ymer Technology's strong skills on cooling and conditioning of wind turbine nacelles.

The acquisition of Ymer Technology's wind division is expected to contribute revenue of DKK 500-600 million and EBITDA of DKK 25-40 million after recognition of integration costs and inventory adjustments resulting from ordinary purchase price allocation.

The acquisition price has been provisionally calculated at DKK 562 million and costs incurred in connection with the transaction amount to DKK 11 million, of which DKK 9 million has been recognised under operating expenses in 2022. A final purchase price allocation remains to be prepared.

Other than as set out above, Schouw & Co. is not aware of events occurring after 31 December 2022 which are expected to have a material impact on the Group's financial position or outlook.

37
New financial reporting regulations

As of the date of publication of this annual report, the ISAB had issued a number of new and amended financial reporting standards and interpretations which are not mandatory for Schouw & Co. in 2022. None of these new standards and interpretations are expected to have a material impact of recognition and measurement for Schouw & Co.

The following adopted standards and improvements that have not yet come into force will be implemented as and when they become mandatory for Schouw & Co. as per the EU effective dates:

IAS 1, Presentation of Financial Statements and Practise Statement 2: Making Materiality Judgements.

IAS 8 Accounting policies, changes in accounting estimates and errors: New definition of accounting estimates.

IAS 12 Income taxes: The amendment means that deferred tax on assets and liabilities arising from a single transaction must be recognised if on first recognition it gives rise to the recognition of a deferred tax asset and tax liability of equal size.

Parent company financial statements

Statements of income and comprehensive income

1 January – 31 December

Note	Income statement	2022	2021
1	Revenue	11.9	11.0
2, 24	Operating expenses	-72.7	-51.4
	EBITDA	-60.8	-40.3
3	Amortisation	-0.7	-0.5
	EBIT	-61.5	-40.8
10	Recognition of share of profit in subsidiaries	944.4	984.4
	Gains from the sale of equity investments	0.0	3.2
4	Financial income	208.5	95.2
5	Financial expenses	-121.3	-29.9
	Profit before tax	970.0	1,012.0
6	Tax on profit/loss for the year	-9.8	-4.4
	Profit for the year	960.2	1,007.6
	Proposed distribution of profit		
	Proposed dividend of DKK 15 per share (2021: DKK 15 per share)	382.5	382.5
	Retained earnings	577.7	625.1
	Profit for the year	960.2	1,007.6

Note	Statement of comprehensive income	2022	2021
	Items that can be reclassified to the income statement:		
	Value adjustment of subsidiaries	152.6	293.9
	Other comprehensive income after tax	152.6	293.9
	Profit for the year	960.2	1,007.6
	Total recognised comprehensive income	1,112.8	1,301.5

Amounts in DKK million

Balance sheet • Assets and liabilities

at 31 December

Note	Assets	2022	2021
7	Intangible assets	0.0	0.0
8	Property, plant and equipment	20.5	18.6
9	Lease assets	0.2	0.4
10	Investments in subsidiaries	8,820.8	7,792.0
11	Securities	90.7	90.0
16	Deferred tax	8.4	7.9
12	Receivables from subsidiaries	300.0	649.5
	Other non-current receivables	0.6	0.8
	Total non-current assets	9,241.2	8,559.1
12	Receivables from subsidiaries	7,451.4	4,052.3
13	Receivables	17.0	13.5
	Cash and cash equivalents	3.4	1.0
	Total current assets	7,471.9	4,066.8
	Total assets	16,713.0	12,625.9

Note	Liabilities and equity	2022	2021
14	Share capital	255.0	255.0
	Reserve for net revaluation according to the equity method	4,216.2	3,772.4
	Retained earnings	5,976.8	5,841.7
	Proposed dividend	382.5	382.5
	Total equity	10,830.5	10,251.6
17	Other payables	14.3	16.5
15	Interest-bearing debt	5,029.1	1,678.4
	Non-current liabilities	5,043.4	1,694.8
15	Interest-bearing debt	786.0	656.0
18	Trade payables and other payables	39.6	20.1
20	Joint taxation contributions	13.4	3.1
21	Income tax	0.1	0.2
	Current liabilities	839.1	679.4
	Total liabilities	5,882.5	2,374.2
	Total equity and liabilities	16,713.0	12,625.9

Notes without reference 22, 23 and 25.

Amounts in DKK million

Cash flow statement

1 January – 31 December

Note		2022	2021
	EBITDA	-60.8	-40.3
	Adjustments for non-cash operating items etc.:		
19	Changes in working capital	-7.8	6.4
	Provisions	-0.8	-0.8
	Other operating items, net	6.1	2.3
	Cash flows from operations before interest and tax	-63.3	-32.4
	Net interest received	98.2	54.3
20, 21	Joint taxation contribution received and net tax paid	-0.2	-4.9
	Cash flows from operating activities	34.7	16.9
	Purchase of intangible assets	0.0	0.0
	Purchase of property, plant and equipment	-2.4	-0.2
	Capital increase in subsidiaries	-585.0	0.0
	Divestments	0.0	0.5
	Dividend from subsidiaries	735.0	607.2
	Additions/disposals of other financial assets	0.2	1.9
	Cash flows from investing activities	147.8	609.4

Note		2022	2021
	Loan financing:		
	Repayment of lease debt	-0.2	-0.3
	Repayment of other non-current liabilities	-3.8	-0.6
	Non-current debt raised	2,333.5	400.0
	Change in bank overdrafts	1,015.2	237.9
	Change in intra-group balances	-2,903.5	-1,048.8
	Shareholders:		
	Dividends paid	-356.0	-335.7
	Purchase of treasury shares	-291.5	-5.9
	Share-based payment	26.2	22.0
	Cash flows from financing activities	-180.1	-731.4
	Cash flows for the year	2.4	-105.1
	Cash and cash equivalents, beginning of period	1.0	106.1
	Value adjustment of cash and cash equivalents	0.0	0.0
	Cash and cash equivalents, end of period	3.4	1.0

Amounts in DKK million

Statement of changes in equity

	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend	Shareholders' equity
Equity at 1 January 2021	255.0	3,447.0	5,565.0	357.0	9,624.0
Changes in accounting policies		-358.5	-0.6	0.0	-359.1
Other comprehensive income in 2021					
Value adjustment of subsidiaries		293.9	0.0	0.0	293.9
Profit for the year		984.4	-359.3	382.5	1,007.6
Total recognised comprehensive income	0.0	1,278.3	-359.3	382.5	1,301.5
Transactions with the owners					
Share-based payment		0.0	27.0	0.0	27.0
Tax re. share-based payment		0.0	-0.1	0.0	-0.1
Disposal of reserve for net revaluation due to sale of company		12.8	-12.8	0.0	0.0
Distributed dividends		-607.2	628.5	-357.0	-335.7
Purchase of treasury shares		0.0	-5.9	0.0	-5.9
Total transactions with owners during the year	0.0	-594.4	636.7	-357.0	-314.7
Equity at 31 December 2021	255.0	3,772.4	5,841.8	382.5	10,251.7
Other comprehensive income in 2022					
Value adjustment of subsidiaries		152.6	0.0	0.0	152.6
Profit for the year		944.4	-366.7	382.5	960.2
Total recognised comprehensive income	0.0	1,097.0	-366.7	382.5	1,112.8
Transactions with the owners					
Share-based payment		0.0	31.8	0.0	31.8
Tax re. share-based payment		0.0	-0.1	0.0	-0.1
Disposal due to the divestment of equity investments		-337.9	0.0	0.0	-337.9
Other changes in equity of subsidiaries		419.7	0.0	0.0	419.7
Distributed dividends		-735.0	761.5	-382.5	-356.0
Purchase of treasury shares		0.0	-291.5	0.0	-291.5
Total transactions with owners during the year	0.0	-653.2	501.7	-382.5	-534.0
Equity at 31 December 2022	255.0	4,216.2	5,976.8	382.5	10,830.5

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

The parent company accounting policies are consistent with those of last year with the exception of the following two matters. Further to new interpretations of IAS 38, the accounting treatment of cloud-based IT solutions has been changed. The change in accounting policies has resulted in the following changes to the financial statements for 2021.

In addition, the change in policy on recognition of non-controlling interests in connection with put options has resulted in a change in the value of the equity interest in BioMar.

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.

Effect from change of accounting policy	**2021 before**	**Change**	**2021 after**
Income statement			
EBITDA	-39.5	-0.8	-40.3
EBIT	-40.2	-0.6	-40.8
Profit before tax	1,030.2	-18.2	1,012.0
Tax on profit/loss for the year	-4.5	0.1	-4.4
Profit for the year	1,025.8	-18.2	1,007.6
Balance sheet			
Assets			
Intangible assets	1.4	-1.4	0.0
Investments in subsidiaries	8,200.6	-408.7	7,791.9
Deferred tax	7.6	0.3	7.9
Total assets	13,035.8	-409.8	12,625.9
Liabilities and equity			
Equity – Retained earnings	5,843.0	-1.3	5,841.7
Total equity	10,661.6	-409.9	10,251.6
Total equity and liabilities	13,035.8	-409.9	12,625.9
Cash flow statement			
Cash flows from operating activities	17.8	-0.8	16.9
Cash flows from investing activities	608.6	0.8	609.4

Investments in subsidiaries

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

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

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

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

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

Securities

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

Shareholders' equity

Reserve for net revaluation according to the equity method contains the accumulated change of investments in subsidiaries, joint ventures and associates from the date of acquisition until the balance sheet date and expresses the accumulated change in value of the investment while in the Group's ownership.

The purchase and sale sums of treasury shares and dividends thereon are taken directly to retained earnings under equity.

Treasury shares

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

Dividend

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

Notes to the parent company financial statements

1
Revenue

	2022	2021
Management fee	11.9	11.0
Total revenue	11.9	11.0

2
Operating expenses

	2022	2021
Staff costs	-43.5	-38.6
Other operating expenses	-29.2	-12.8
Total operating expenses	-72.7	-51.4
Staff costs		
Remuneration to the Board of Directors of Schouw & Co.	-4.3	-3.4
Wages and salaries	-31.3	-28.0
Defined contribution pension plans	-2.3	-2.0
Other social security costs	-0.1	-0.1
Share-based payment	-5.6	-5.0
Total staff costs	-43.5	-38.6
Average no. of employees	17	15

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

3
Amortisation

	2022	2021
Amortisation		
Amortisation of intangible assets	0.0	0.0
Depreciation of property, plant and equipment	-0.5	-0.2
Depreciation of lease assets	-0.2	-0.3
Total amortisation/depreciation	-0.7	-0.5

4
Financial income

	2022	2021
Interest income from subsidiaries	186.4	81.9
Foreign exchange adjustments	14.6	0.3
Fair value adjustment of financial assets	1.3	11.6
Other interest income	6.2	1.3
Total financial income	208.5	95.2

5
Financial expenses

	2022	2021
Interest payable to subsidiaries	-5.2	-0.1
Interest expense on financial liabilities	-86.2	-29.1
Foreign exchange adjustments	-29.8	-0.7
Total financial expenses	-121.3	-29.9

Amounts in DKK million

Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

Notes to the parent company financial statements

6
Tax on profit/loss for the year

	2022	2021
Tax on the profit for the year is specified as follows:		
Tax on profit/loss for the year	-9.8	-4.4
Tax on other comprehensive income	0.0	0.0
Total tax	-9.8	-4.4
Tax on the profit for the year has been calculated as follows:		
Current tax	-10.4	-4.8
Deferred tax	0.6	0.5
Total tax recognised in the income statement	-9.8	-4.4
Specification of the tax on the profit for the year:		
Computed 22% tax on profit before tax	-213.4	-222.6
Tax effect of non-deductible costs	-4.5	-1.5
Tax effect of non-taxable income	208.1	219.8
Total tax recognised in the income statement	-9.8	-4.4
Effective tax rate	1.0%	0.4%

Non-taxable income relate primarily to investments in subsidiaries.

Tax on items recognised in other comprehensive income – 2022	**Before tax**	**Taxation**	**After tax**
Value adjustment of subsidiaries	152.6	0.0	152.6
Total tax on items recognised in other comprehensive income	152.6	0.0	152.6

Tax on items recognised in other comprehensive income – 2021	**Before tax**	**Taxation**	**After tax**
Value adjustment of subsidiaries	293.9	0.0	293.9
Total tax on items recognised in other comprehensive income	293.9	0.0	293.9

7
Intangible assets

2022	IT projects	Total
Cost at 1 January 2022	0.0	0.0
Additions	0.0	0.0
Disposals	0.0	0.0
Cost at 31 December 2022	0.0	0.0
Depreciation and impairment at 1 January 2022	0.0	0.0
Amortisation	0.0	0.0
Depreciation and impairment at 31 December 2022	0.0	0.0
Carrying amount at 31 December 2022	0.0	0.0

2021	IT projects	Total
Cost at 1 January 2021	1.0	1.0
Changes in accounting policies	-1.0	-1.0
Additions	0.0	0.0
Disposals	0.0	0.0
Cost at 31 December 2021	0.0	0.0
Depreciation and impairment at 1 January 2021	-0.2	-0.2
Changes in accounting policies	0.2	0.2
Amortisation	0.0	0.0
Depreciation and impairment at 31 December 2021	0.0	0.0
Carrying amount at 31 December 2021	0.0	0.0

Amounts in DKK million

Notes to the parent company financial statements

8
Property, plant and equipment

2022	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2022	19.1	6.7	25.8
Additions	0.1	2.3	2.4
Disposals	0.0	-1.1	-1.1
Cost at 31 December 2022	19.2	7.8	27.1
Depreciation and impairment at 1 January 2022	-3.0	-4.2	-7.2
Amortisation and impairment of assets disposed of	0.0	1.1	1.1
Amortisation	-0.1	-0.4	-0.5
Depreciation and impairment at 31 December 2022	-3.0	-3.6	-6.6
Carrying amount at 31 December 2022	16.2	4.3	20.5

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

At 31 December 2022, Schouw & Co. owned the property at Chr. Filtenborgs Plads 1, Aarhus, Denmark, which is the Group's head office, and an undeveloped site at Lystrup, Denmark.

9
Lease assets

2022	Cars	Total
Cost at 1 January 2022	1.2	1.2
Additions	0.0	0.0
Disposals	0.0	0.0
Cost at 31 December 2022	1.2	1.2
Depreciation and impairment at 1 January 2022	-0.8	-0.8
Amortisation	-0.2	-0.2
Depreciation and impairment at 31 December 2022	-1.0	-1.0
Carrying amount at 31 December 2022	0.2	0.2

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

The parent company has entered into an agreement to lease assets for an amount of DKK 0.4 million to be delivered in 2023.

Amounts in DKK million

Notes to the parent company financial statements

10
Investments in subsidiaries

The parent company has the following subsidiaries:

Name	Registered office	Ownership interest 2022	Ownership interest 2021
BioMar Group A/S	Aarhus, Denmark	100%	100%
GPV Group A/S	Vejle, Denmark	80%	100%
HydraSpecma A/S	Skjern, Denmark	100%	100%
Borg Automotive A/S	Silkeborg, Denmark	100%	100%
Fibertex Personal Care A/S	Aalborg, Denmark	100%	100%
Fibertex Nonwovens A/S	Aalborg, Denmark	100%	100%

	2022	2021
Cost at 1 January	4,019.6	4,030.7
Additions during the year	585.0	0.0
Disposals for the year	0.0	-11.1
Cost at 31 December	4,604.6	4,019.6
Adjustments at 1 January	3,772.4	3,447.0
Change in accounting policies:	0.0	-358.5
Disposals for the year	-337.9	12.8
Share of profit for the year	944.4	984.5
Dividends paid	-735.0	-607.2
Other capital entries	572.3	293.8
Adjustments at 31 December	4,216.1	3,772.4
Carrying amount at 31 December	8,820.8	7,792.0
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.

As part of the acquisition of Enics, Schouw & Co. divested a 20% interest in GPV. In connection with the transaction, it was agreed with the co-shareholder that Schouw & Co. will be able to buy back the 20% shareholding in GPV in 2027–2028 in accordance with a pre-determined pricing model. The co-shareholder of GPV has a similar put option exercisable in the period 2026–2027.

11
Securities

	2022	2021
Cost at 1 January	43.0	43.0
Disposals	0.0	0.0
Cost at 31 December	43.0	43.0
Adjustments at 1 January	46.9	36.1
Dividends received	-0.6	-0.7
Disposals	0.0	0.0
Adjustments recognised in the income statement	1.3	11.6
Adjustments at 31 December	47.7	46.9
Carrying amount at 31 December	90.7	90.0

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

12
Receivables from subsidiaries

	2022	2021
Receivables from subsidiaries – non-current	300.0	649.5
Receivables from subsidiaries – current	7,451.4	4,052.3
Total receivables from subsidiaries	7,751.4	4,701.8
Breakdown of receivables from subsidiaries:		
Interest-bearing receivables	7,741.8	4,701.8
Non-interest-bearing receivables	9.6	0.0
Total receivables from subsidiaries	7,751.4	4,701.8

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 maturing within 12 months after the end of the financial year, the nominal value is estimated to correspond to the fair value.
The parent company has not made provisions for losses on receivables from subsidiaries in the cash pool agreement. As the subsidiaries generate good earnings and are solid financially, provisions for losses are not considered necessary. Historically, the company has had no losses on loans to subsidiaries.

Amounts in DKK million

Notes to the parent company financial statements

13
Receivables

	2022	2021
Other current receivables	1.4	0.8
Prepayments	15.6	12.7
Total receivables	17.0	13.5

No impairment losses were recognised on receivables during the year.

14
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 2021	1,520,724	15,207,240	465.5	5.96%
Share option programme	10,378	103,780	5.9	0.04%
31 December 2021	1,531,102	15,311,020	471.5	6.00%
Purchase of treasury shares	551,074	5,510,740	291.5	2.16%
31 December 2022	2,082,176	20,821,760	763.0	8.17%

In 2022, Schouw & Co. acquired shares for DKK 292 million to be held in treasury. The purchase was part of a programme under which Schouw & Co. intended to make share buybacks for a total amount of up to DKK 350 million in the period from 27 December 2021 to 30 December 2022. Shares bought under the buyback programme amounted to a total of DKK 297 million.

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20% of the share capital. The authorisation is valid until 1 April 2025.

The company acquires treasury shares among other things for allocation to the Group's share-based incentive programmes and for adjustment of the company's capital structure in in connection with capital reductions. At 31 December 2022, the company's treasury shares had a market value of DKK 1,091 million (2021: DKK 871 million). The portfolio of treasury shares is recognised at DKK 0.

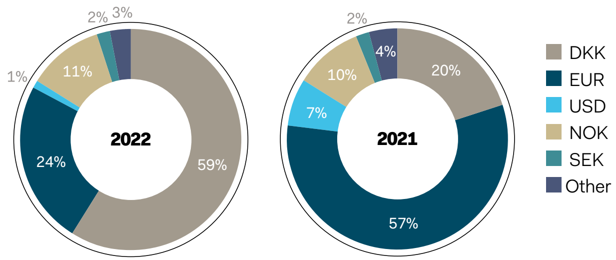
The share capital has not changed in the past five years.

15
Interest-bearing debt

	2022	2021
Credit institutions (non-current)	5,008.6	1,675.1
Mortgage debt (non-current)	20.4	3.0
Lease debt (non-current)	0.1	0.2
Total recognised as non-current interest-bearing debt	5,029.1	1,678.4
Current portion of non-current liabilities	1.1	0.8
Amounts owed to subsidiaries	784.9	655.2
Total recognised as current interest-bearing debt	786.0	656.0
Total interest-bearing debt	5,815.1	2,334.4

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 to the parent company financial statements

15
Interest-bearing debt (continued)

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

	2022		2021	
	Interest-bearing debt	of which lease debt	Interest-bearing debt	of which lease debt
Principal repayment				
Overdraft facilities and debt to subsidiaries	2,070.6		655.2	
Less than 1 year	116.3	0.2	19.7	0.2
1-5 years	3,772.7	0.1	1,542.6	0.2
More than 5 years	122.7	0.0	181.0	0.0
Total	6,082.3	0.2	2,398.6	0.5
Interest				
Overdraft facilities and debt to subsidiaries	0.0		0.0	
Less than 1 year	115.2	0.0	18.9	0.0
1-5 years	134.9	0.0	42.9	0.0
More than 5 years	17.2	0.0	2.4	0.0
Total	267.2	0.0	64.2	0.0
Carrying amount				
Overdraft facilities and debt to subsidiaries	2,070.6		655.2	
Less than 1 year	1.1	0.2	0.8	0.2
1-5 years	3,637.8	0.1	1,499.8	0.2
More than 5 years	105.6	0.0	178.6	0.0
Total	5,815.1	0.2	2,334.4	0.4

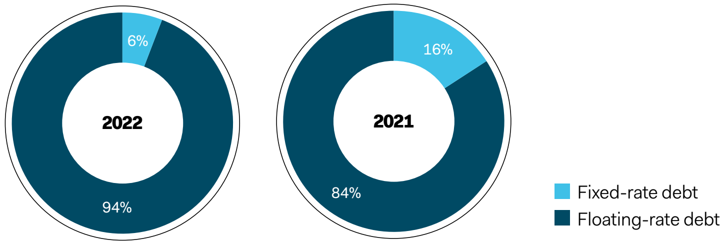
Spot rate used for floating rate loans.

The weighted average effective rate of interest for the year was 2.1% (2021: 1.5%).

The weighted average effective rate of interest at the balance sheet date was 3.0% (2021: 0.8%).

15
Interest-bearing debt (continued)

Interest profile of interest-bearing debt



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.

An increase in interest rates of 1 percentage point would cause the annual interest expense to increase by DKK 42.5 million after tax (2021: DKK 15.3 million). A decrease in interest rates of 1 percentage point would cause the annual interest expense to decrease by DKK 42.5 million after tax (2021: DKK 15.3 million). The effect on equity would be identical to the effect on profit/loss. Fixed rate debt consists only of items, for which the rate of interest will not be reset within the next 12 months.

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.

Amounts in DKK million

Notes to the parent company financial statements

15
Interest-bearing debt (continued)

Capital resources

	2022	2021
Credit lines	3,275.0	3,275.0
Operating credits drawn	-1,285.7	-263.7
Guarantee commitments deducted from the credit line	-47.0	-124.3
Amount drawn in subsidiaries which is deducted from the credit line	-188.3	-214.8
Cash and cash equivalents	3.4	1.0
Current loans to subsidiaries	7,441.8	4,052.3
Current debt to subsidiaries	-784.9	-655.2
Parent company's net position including credit facilities	8,414.3	6,070.3
Credit facilities currently utilised by subsidiaries, net	-6,656.8	-3,397.1
Parent company's cash resources	1,757.5	2,673.2

The parent company's financing consists mainly of a syndicated bank facility, which in December 2020 was refinanced with a total facility line of DKK 3,275 million. The facility has a three-year term with an option for a one-year extension after the first and second year. The first extension option was utilised in December 2021, and the second extension option was utilised in December 2022. The bank consortium consists of Danske Bank, DNB, Nordea and the international bank, HSBC.

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

Schouw & Co. established a number of term loans in 2022 with Danske Bank, Nordea, HSBC and Jyske Bank for a total amount of DKK 2,312 million. The loans are committed and mature in 2024 (50%) and 2025 (50%).

16
Deferred tax

	2022	2021
Deferred tax at 1 January	-7.9	-7.3
Change in accounting policies:	0.0	-0.3
Deferred tax for the year recognised in profit/loss for the year	-0.6	-0.5
Deferred tax for the year recognised in equity	0.1	0.1
Deferred tax at 31 December, net	**-8.4**	**-7.9**
Deferred tax pertains to:		
Intangible assets	-0.7	-0.5
Property, plant and equipment	-0.1	-0.3
Shareholders' equity	0.0	-0.1
Other liabilities	-7.6	-7.0
Deferred tax at 31 December, net	**-8.4**	**-7.9**

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

2022

Change in deferred tax	Balance at 1 Jan.	Change in accounting policies	Recognised in the profit for the year	Recognised in equity	Balance at 31 Dec.
Intangible assets	-0.5	0.0	-0.2	0.0	-0.7
Property, plant and equipment	-0.3	0.0	0.2	0.0	-0.1
Shareholders' equity	-0.1	0.0	0.0	0.1	0.0
Other liabilities	-7.0	0.0	-0.6	0.0	-7.6
Total change in deferred tax	-7.9	0.0	-0.6	0.1	-8.4

2021

Change in deferred tax	Balance at 1 Jan.	Change in accounting policies	Recognised in the profit for the year	Recognised in equity	Balance at 31 Dec.
Intangible assets	0.1	-0.3	-0.4	0.0	-0.5
Property, plant and equipment	-0.5	0.0	0.2	0.0	-0.3
Shareholders' equity	-0.3	0.0	0.0	0.1	-0.1
Other liabilities	-6.6	0.0	-0.3	0.0	-7.0
Total change in deferred tax	-7.3	-0.3	-0.5	0.1	-7.9

Amounts in DKK million

Notes to the parent company financial statements

17
Other payables

	2022	2021
Pension liabilities	14.3	15.1
Loan to cover income tax	0.0	1.3
Total other payables	14.3	16.5

Pension liabilities		
Net liability at 1 January	15.1	16.0
Paid out	-0.8	-0.8
Net liability at 31 December	14.3	15.1

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 (formerly KFK) in 2008, Schouw & Co. assumed a defined benefit obligation.

The pension obligation was calculated at DKK 14.3 million at 31 December 2022. 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.

18
Trade payables and other payables

	2022	2021
Trade payables	1.0	1.0
Other payables	38.6	19.1
Total trade payables and other payables	39.6	20.1

19
Changes in working capital

	2022	2021
Change in receivables	-9.6	1.4
Change in trade payables and other payables	1.8	5.0
Total changes in working capital	-7.8	6.4

Amounts in DKK million

Notes to the parent company financial statements

20
Joint taxation contributions

	2022	2021
Joint taxation contributions at 1 January	3.1	1.9
Adjustment related to prior years	-2.7	-1.1
Current tax for the year	-39.0	-73.8
Joint taxation contributions received/paid	52.0	76.1
Total joint taxation contributions	13.4	3.1
which is specified as follows:		
Joint taxation contribution receivable	0.0	0.0
Joint taxation contributions payable	13.4	3.1
Total joint taxation contributions	13.4	3.1

21
Income tax

	2022	2021
Income tax payable at 1 January	0.2	1.3
Current tax for the year	10.4	4.9
Adjustment related to prior years	2.7	1.1
Current tax for the year from jointly taxed companies	39.0	73.8
Income tax paid during the year	-52.2	-81.0
Total income tax	0.1	0.2
which is specified as follows:		
Income tax receivable	0.0	0.0
Income tax payable	0.1	0.2
Total income tax	0.1	0.2

22
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 16.2 million (2021: DKK 16.2 million).
The collateral set out above represents the parent company's debt to mortgage-credit institutions of DKK 21.5 million (2021: DKK 3.6 million).

23
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 2022 consisted of EUR-denominated net debt of DKK 726 million, which on a probable 0.50% change in exchange rate implies a currency risk of close to DKK 4 million.

Credit risk
The parent company credit risk relates primarily to receivables from subsidiaries and secondarily to cash deposits.

Amounts in DKK million

Contents
Management's report
Our businesses
Group information
Consolidated statements
Parent company statements

Notes to the parent company financial statements

24
Fees to auditors appointed by the shareholders

	2022	2021
Statutory audit fees, PwC	0.4	0.4
Fees for other assurance engagements, PwC	0.2	0.0
Fees for tax and VAT-related services, PwC	0.1	0.1
Non-audit services, PwC	3.7	0.0
Total fees, PwC	4.4	0.5

PwC provided assistance in connection with the combination of GPV and Enics.

25
Related party transactions

Related parties are described in the note “Related party transactions” to the consolidated financial statements.

Management’s remuneration and share option programmes are set out in the note “Costs” to the consolidated financial statements.

	2022	2021
Subsidiaries:		
During the year, the parent company received a management fee of	11.9	11.0
During the year, the parent company received interest income of	186.4	81.9
During the year, the parent company paid interest expenses amounting to	5.2	0.1
At 31 December the parent company had a receivable of	7,751.4	4,701.8
At 31 December ,the parent company had debt amounting to	784.9	655.2
During the year, the parent company received dividends of	735.0	607.2

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 2022 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 2022 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2022.

In our opinion, the management's report includes a fair review of the development and performance of the Group and the parent company, the financial results and cash flows for the year and of the financial position, together with a description of the principal risks and uncertainties that the Group and the parent company face.

In our opinion, the consolidated financial statements of Aktieselskabet Schouw & Co. for the financial year ended 31 December 2022 with the file name "Schouw-2022-12-31-da.zip" has been prepared, in all material respects, in compliance with the ESEF Regulation.

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

Aarhus, 3 March 2023

Executive Management

Jens Bjerg Sørensen
President and CEO

Peter Kjær

Board of Directors

Jørgen Dencker Wisborg
Chairman

Kenneth Skov Eskildsen
Deputy Chairman

Kjeld Johannesen

Agnete Raaschou-Nielsen

Hans Martin Smith

Søren Stæhr

Independent Auditor's Reports

To the shareholders of Aktieselskabet Schouw & Co.

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Aktieselskabet Schouw & Co. for the financial year 1 January to 31 December 2022 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Aktieselskabet Schouw & Co, on 15 April 2021 for the financial year 2021. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 2 years including the financial year 2022.

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 2022. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Trade receivables Trade receivables in BioMar face a particular risk of loss, as BioMar's industry and geographical segments are subject to an increased risk of loss on trade receivables. Assessing the need for impairment of trade receivables in BioMar involves significant estimates in terms of determining the customer's ability to pay including an assessment of any credit insurances and valuation of any the collaterals provided. We focused on this area due to the accounting estimates being inherently subjective, which implies a significant degree of estimation uncertainty. We refer to note 7 of the Consolidated Financial Statements.	We performed risk assessment procedures to obtain an understanding of IT-systems, business processes and relevant internal controls related to valuation of trade receivables. We assessed whether the controls were designed and implemented to effectively address the risk of material misstatement. We reviewed and tested the provision for losses on trade receivables in BioMar prepared by Management. As part of this work, we tested on a sample basis the ageing of receivables and subsequent payments received after the balance sheet date. On a sample basis, we tested the assumptions used in Management's estimate by reviewing correspondence with customers and lawyers as well as payment history. On a sample basis we tested the received collaterals and reviewed Management's assessment of the valuation of these collaterals. Moreover, we assessed the historical accuracy of Management's estimate by comparing the estimated provision for losses on trade receivables in prior year with the subsequent actual realised losses. We reviewed and assessed the presentation and disclosure of impairment losses on trade receivables in the notes.
Goodwill Goodwill may be impaired by, for example, increased competition in local markets, changes in the global economy and strategy changes in the Group. Impairment of goodwill involves significant estimates and judgments by Management, including the determination of significant assumptions relating to revenue growth, earnings development and investments during the budget and forecast period, as well as long-term growth rates and discount rates. We focused on impairment testing of goodwill, as the accounting estimates are complex and determination of significant assumptions is inherently subjective. We refer to note 16 in the Consolidated Financial Statements.	We performed risk assessment procedures to obtain an understanding of IT-systems, business processes and relevant internal controls related to valuation of goodwill. We assessed whether the controls were designed and implemented to effectively address the risk of material misstatement. We reviewed and tested the impairment tests carried out by Management. As part of this, we assessed whether the estimates and judgements made by Management in carrying out these tests were reasonable with specific attention given to significant assumptions used to determine the future cash flows including revenue growth, earnings and investments development in the budget and forecast period as well as long-term growth rates and discount rates. We assessed whether the cash generating units used in the goodwill impairment test were correctly defined. We reviewed the sensitivity analysis over changes in earnings and discount rates. Furthermore, we assessed the historical accuracy of Management's estimates by comparing the 2022 budget with the realised results. We reviewed and assessed the presentation and disclosure of the impairment tests in the notes.

Independent Auditor's Reports

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Independent Auditor's Reports

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Aktieselskabet Schouw & Co. for the financial year 1 January to 31 December 2022 with the filename SCHOUW-2022-12-31-da.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Aktieselskabet Schouw & Co. for the financial year 1 January to 31 December 2022 with the file name SCHOUW-2022-12-31-da.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Aarhus, 3 March 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Henrik Kragh
State Authorised Public Accountant
mne26783

AKTIESELSKABET SCHOUW & CO.

ANNUAL REPORT PUBLISHED
IN MARCH 2023 BY AKTIESELSKABET
SCHOUW & CO.

TRANSLATION: FOKUS TRANSLATØRERNE

DESIGN AND PRODUCTION: OTW A/S

schouw&co

Aktieselskabet Schouw & Co.

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