

schouw&co

2022

INTERIM REPORT

SECOND QUARTER

Company announcement no. 42
16 August 2022

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Aktieselskabet Schouw & Co. · Chr. Filtenborgs Plads 1 · 8000 Aarhus C · Danmark · CVR nr. 63965812

Management's report

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This is a translation of Schouw & Co.'s Interim Report for the six months ended 30 June 2022. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.



Statement by Jens Bjerg Sørensen, President of Schouw & Co.:

CAPITAL MARKETS DAY

Schouw & Co. will host a capital markets day in Copenhagen for analysts, institutional investors and the media on 1 September 2022. See www.schouw.dk for further info.

STRONG PERFORMANCE BUT LOW VISIBILITY

Despite challenges in global supply chains, increased costs and geopolitical tensions, we had a strong performance in the second quarter, which in large part was due to our companies' ability to respond quickly and adapt to the current challenges. We continue to see healthy demand, and combined with higher prices, this has driven significant revenue improvements for the companies. For the full year, we now expect a 20-25% revenue improvement, whereas our earnings will be largely in line with the 2021 figure. This is a satisfactory performance at a time when serious challenges are mounting and visibility is low. At the same time, we are pleased with the exciting agreement we've concluded about combining GPV with Swiss company Enics.

HIGHLIGHTS

- Revenue up by 34% for the quarter, driven by increased volumes and higher prices
- Solid results despite continued market challenges
- Selling prices gradually beginning to reflect higher costs
- Revenue improvement and strengthened EBITDA expected for the full year

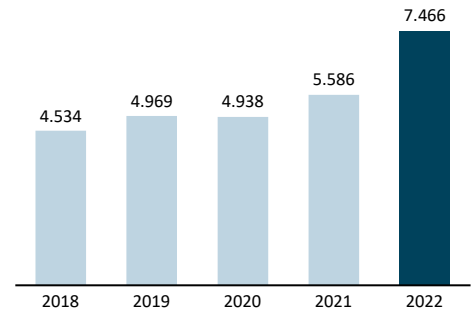
REVENUE	EBITDA	ROIC
7.5	564	11.5%
DKKBN	DKKM	Q2 2022

Financial highlights and key ratios

GROUP SUMMARY (DKKm)	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue and income					
Revenue	7,466	5,586	13,764	10,492	24,219
Operating profit before depreciation/amortisation (EBITDA)	564	552	928	1,031	2,181
Depreciation, amortisation and impairment losses	220	209	435	419	858
EBIT	344	343	493	612	1,323
Profit/loss after tax in associates and joint ventures	40	13	51	0	46
Gains on divestments	0	0	0	3	3
Net financials	-37	-29	40	-22	-64
Profit before tax	346	328	584	594	1,309
Profit for the period	273	242	463	445	1,021
Cash flows					
Cash flows from operating activities	458	264	-174	158	504
Cash flow from investing activities	-486	-234	-780	-356	-924
Of which investment in property, plant and equipment	-267	-193	-541	-324	-751
Cash flows from financing activities	67	-189	948	117	250
Cash flows for the period	39	-158	-6	-81	-170
Invested capital and financing					
Invested capital (ex. goodwill)	12,687	10,154	12,687	10,154	11,165
Total assets	24,459	19,126	24,459	19,126	21,488
Working capital	5,688	3,864	5,688	3,864	4,566
Net interest-bearing debt (NIBD)	4,307	2,511	4,307	2,511	2,773
Share of equity attributable to shareholders of Schouw & Co.	10,889	9,841	10,889	9,841	10,634
Non-controlling interests	15	10	15	10	15
Total equity	10,905	9,851	10,905	9,851	10,649
Financial data					
EBITDA margin (%)	7.6	9.9	6.7	9.8	9.0
EBIT margin (%)	4.6	6.1	3.6	5.8	5.5
EBT margin (%)	4.6	5.9	4.2	5.7	5.4
Return on equity (%)	10.0	10.3	10.0	10.3	10.1
Equity ratio (%)	44.6	51.5	44.6	51.5	49.6
ROIC excluding goodwill (%)	11.5	16.1	11.5	16.1	13.9
ROIC including goodwill (%)	9.4	13.0	9.4	13.0	11.2
NIBD/EBITDA ratio	2.1	1.1	2.1	1.1	1.3
Average no. of employees	11,566	9,969	11,315	9,818	10,210
Per share data					
Earnings per share (of DKK 10)	11.58	10.07	19.46	18.51	42.55
Diluted earnings per share (of DKK 10)	11.57	10.02	19.44	18.42	42.37
Net asset value per share (of DKK 10)	460.64	410.39	460.64	410.39	443.67
Share price, end of period (per share DKK 10)	494.50	688.00	494.50	688.00	569.00
Price/Net asset value	1.07	1.68	1.07	1.68	1.28
Market capitalisation, end of period	11,690	16,498	11,690	16,498	13,638

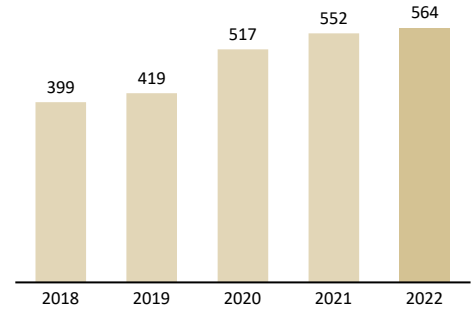
Revenue, second quarter

DKKm



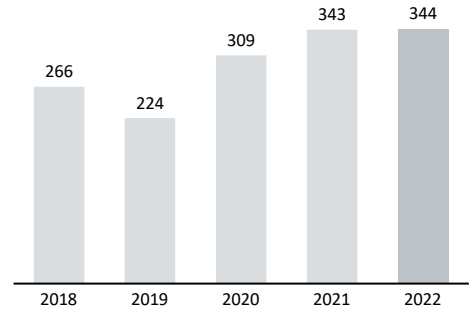
EBITDA, second quarter

DKKm



EBIT, second quarter

DKKm



Interim report – Second quarter of 2022

Strong second quarter with a large revenue increase and improved earnings driven by healthy demand and higher selling prices that have gradually begun to reflect the sharply rising costs of raw materials, energy and freight.

Financial performance

(DKKm)	Q2 2022	Q2 2021	Change	
Revenue	7,466	5,586	1,880	34%
EBITDA	564	552	12	2%
EBIT	344	343	1	0%
Associates and JVs	40	13	27	205%
Profit before tax	346	328	19	6%
Cash flows from operating activities	458	264	194	73%

(DKKm)	YTD 2022	YTD 2021	Change	
Revenue	13,764	10,492	3,272	31%
EBITDA	928	1,031	-103	-10%
EBIT	493	612	-120	-20%
Associates and JVs	51	0	51	n/a
Profit before tax	584	594	-9	-2%
Cash flows from operating activities	-174	158	-332	-210%
Net interest-bearing debt	4,307	2,511	1,796	72%
Working capital	5,688	3,864	1,824	47%
ROIC excl. goodwill	11.5%	16.1%	-4.6%	
ROIC incl. goodwill	9.4%	13.0%	-3.5%	

The Schouw & Co. Group produced a strong revenue performance in the second quarter of 2022, as most of the group's businesses experienced healthy demand. The positive revenue developments were predominantly supported by increased selling prices resulting from markedly higher costs of raw materials, energy and freight and from Borg Automotive's acquisition of SBS Automotive.

Consolidated revenue improved by 34% to DKK 7,466 million in Q2 2022 from DKK 5,586 million in Q2 2021. BioMar, GPV and Borg Automotive were the main drivers of the improvement, but the three other companies also contributed. Consolidated H1 2022 revenue amounted to DKK 13,764 million, a 31% increase from DKK 10,492 million in H1 2021.

EBITDA increased from DKK 552 million in Q2 2021 to DKK 564 million in Q2 2022. BioMar, GPV and Borg Automotive reported improvements, while HydraSpecma produced EBITDA in line with last year adjusted for the gain on the sale of a property in the second quarter of 2021. Only the two Fibertex businesses had, as was expected, lower earnings than last year. The consolidated H1 EBITDA was reduced from DKK 1,031 million in 2021 to DKK 928 million in 2022, due in part to the Russia/Ukraine situation as write-downs of DKK 46 million have been made on assets related to Russia.

Associates and joint ventures contributed an aggregate share of profit after tax of DKK 40 million in Q2 2022, compared with DKK 13 million in Q2 2021. For both years, the share of profit related to BioMar associates and joint ventures.

The Group's net financial items increased from an expense of DKK 29 million in Q2 2021 to an expense of DKK 37 million in Q2 2022, of which the increase in actual interest expenses amounted to DKK 7 million due to an increase in debt used to finance an increase in working capital.

ROIC excluding goodwill fell from 12.1% at 31 March 2022 to 11.5% at 30 June 2022, due to the increased capital tie-up.

Liquidity and capital resources

The Schouw & Co. Group's operations produced a DKK 458 million cash inflow in Q2 2022, compared with a DKK 264 million cash inflow in Q2 2021. BioMar was the main driver of the improvement, but Fibertex Personal Care and HydraSpecma also contributed, whereas the Group's three other businesses all reported reduced cash flows from operations.

Consolidated working capital increased from DKK 5,528 million at 31 March 2022 to DKK 5,688 million at 30 June 2022 as extended use of supply chain financing in BioMar impacted the increase in working capital. By comparison, working capital amounted to DKK 3,864 million at 31 March 2021.

Cash flows for investing activities in Q2 2022 amounted to DKK 486 million. Other than ongoing investing activities in all businesses, the main investments made were BioMar's acquisition of AQ1 and capacity-expanding investments in Fibertex Nonwovens and GPV. By comparison, cash flows for investing activities in Q2 2021 amounted to DKK 234 million.

Group developments

The companies of the Schouw & Co. Group have to a large extent successfully adapted to a situation of global supply chain disruption and soaring costs of raw materials, energy and freight, and most of the companies have continued to report sound underlying demand.

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

Interim report – Second quarter of 2022

which to a considerable extent have offset the negative effects of the Russia/Ukraine situation.

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

BioMar lifted volume sales by 9% over last year, while increasing revenue by no less than 42%. Earnings were lifted by the increase in sales but remain impacted by the sharp increase in costs of raw materials and energy. The share of profit from associates and joint ventures improved sharply, mainly driven by Salmones Austral and LetSea. In April, BioMar acquired Australian AQ1 Systems, a manufacturer of shrimp farming feed systems based on acoustic technology.

Fibertex Personal Care 's revenue was up by 6%, driven by higher selling prices resulting from higher prices of raw materials, whereas volume sales declined mainly due to reduced sales from Malaysia. Reported EBITDA declined year on year due to the reduced sales and higher costs, including for energy.

Fibertex Nonwovens reported a 10% revenue improvement that was mainly driven by higher selling prices, whereas volume sales declined mainly due to reduced sales of filtration materials and materials for disposable wipes. Reported EBITDA was lower year on year due to the reduced sales and sharply rising costs of raw materials, energy and freight.

GPV reported a strong revenue improvement of 49% driven by increased demand and sustained large price increases on components and materials. Reported earnings were strengthened by the increased sales, good cost management and high capacity utilisation at GPV's factories. Plans to combine GPV with Swiss-based EMS company Enics AG were announced on 22 June. The transaction is awaiting customary regulatory approvals.

HydraSpecma reported a 7% revenue improvement that was driven mainly by increased sales to customers in the vehicles segment that offset the reduction in business activity in the wind turbine segment. High capacity utilisation and the effects of investments in production capacity and automation contributed to keeping earnings in line with last year when adjusted for the gain on the sale of a property in the second quarter of 2021.

Borg Automotive generated a strong revenue improvement driven by growing demand and the successful acquisition of the trading company SBS Automotive effective on 1 July 2021. The company also improved its reported EBITDA, mainly thanks to the increase in business activity.

Events after the balance sheet date
Other than as set out elsewhere in this interim report, Schouw & Co. is not aware of events occurring after 30 June 2022 which are expected to have a material impact on the Group's financial position or outlook.

Accounting policies
The interim report is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and Danish disclosure requirements for the consolidated and parent company financial statements of listed companies.

See the 2021 Annual Report for a full description of the accounting policies. Schouw & Co. has implemented the standards and interpretations which are effective from 2022, including in particular the amended accounting for IT investments in cloud computing arrangements.

In the second quarter of 2022, Turkey was categorised as a hyperinflation economy, as the three-year cumulative rate of inflation in the country has exceeded 100%. As a result, effective from 30 June 2022, Turkey is considered a hyperinflation economy as defined in IAS 29. A restatement of Fibertex Nonwoven's Turkish subsidiary with retrospective effect had a modest effect on results but a positive effect of DKK 40 million on equity that is mainly attributable to a revaluation of property plant and equipment.

Judgments and estimates
The preparation of interim financial statements requires management to make accounting judgments and estimates that affect recognised assets, liabilities, income and expenses. Actual results may differ from these judgments and estimates.

Special risks
The overall risk factors the Schouw & Co. Group faces are discussed in the 2021 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2021 Annual Report.

Roundings and presentation
The amounts appearing in this interim report have generally been rounded to the nearest million using standard rounding principles. Accordingly, some additions may not add up.

SCHOUW & CO. SHARES

The price of Schouw & Co. shares fell by 15% during the second quarter to DKK 494.50 at 30 June 2022 from DKK 582.00 at 31 March 2022, after the company had paid dividends of DKK 15.00 per share. The shares have partly recovered after the end of the second quarter. By comparison, the price per share at 31 December 2021 was DKK 569.

Outlook

Revenue improvements expected amid good business activity and increased selling prices. Full-year earnings guidance strengthened despite continued uncertainty due to the Russia/Ukraine situation.

Outlook for 2022
Expectations at the beginning of 2022 were for a good year with strong demand and increased production capacity providing a base for higher revenue, although turbulent supply chains, high raw materials prices and high costs of energy and freight would still be a challenge. A large majority of the Group's business areas are in fact experiencing good underlying business activity, so the expectations have been met to a large extent, even though the Russian invasion of Ukraine has caused renewed uncertainty.

Schouw & Co. does not have production facilities in Russia or Ukraine, and the two countries have not been among the Group's principal markets, but especially BioMar has previously had substantial sales to Russia, which have now been suspended. Clearly, the situation has also increased the risk pertaining to receivables and other assets related to Russia.

Apart from these direct effects, the Russia/Ukraine situation has had a number of indirect effects that are having a broad impact on businesses by disrupting global trade, further driving up costs of certain raw materials and other input materials as well as resulting in surging energy costs.

Change of accounting policies
In 2021, IFRIC released an agenda decision on the treatment of costs for the configuration and customisation of cloud computing arrangements, which was approved by the IASB. The agenda decision results in a change of accounting policy concerning IT investments in cloud solutions, as a result of which these solutions can no longer be capitalised and amortised but must be expensed in the financial year in which they are incurred.

The change reduces 2022 EBITDA by some DKK 45 million, while the comparative figure for 2021 EBITDA is reduced by DKK 26 million. The change in policy has the effect of reducing amortisation charges in 2022 and subsequent years. Currently, the change affects BioMar, HydraSpecma and Borg Automotive.

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

BioMar expects an increase in volume sales and further revenue growth driven by higher prices of raw materials. The good business activity makes up for the increased costs and although it has been affected by the Russia/Ukraine situation, BioMar is raising its full-year revenue and EBITDA guidance.

Fibertex Personal Care is currently experiencing sales challenges in Asia and continued supply chain pressure, which has impaired the company's full-year revenue and EBITDA guidance. Commissioning of the new production line in Malaysia has been delayed, but with no immediate notable impact on the FY 2022 results.

Fibertex Nonwovens lowers its revenue guidance because higher selling prices do not fully compensate for the drop in volume sales. The persistently higher prices combined with lower volume sales results in lower full-year guidance.

GPV expects the strong business activity to continue despite international turmoil and pressure on global supply chains and raises its FY revenue and earnings guidance. To this should be added the consolidation of Enics from the date of acquisition.

HydraSpecma expects the current good sales momentum to customers in the vehicles segment to continue, which is offsetting the effects of softening business activity in other areas. The company maintains its full-year revenue and EBITDA guidance.

Borg Automotive expects a positive trend in demand and the full-year effects from the acquisition of the trading company SBS Automotive. The company maintains its full-year revenue and EBITDA guidance.

Schouw & Co. Group's overall guidance
Since the beginning of the year, the companies of the Schouw & Co. Group have generally been expecting to grow sales in most business areas, either through increased volumes or other increases in business activity compared with 2021. The steep increases in prices of raw materials and other materials will have the effect of further driving up revenue – in addition to the improvement deriving from increased business activity.

Overall, the Schouw & Co. Group now projects full-year 2022 consolidated revenue in the DKK 28.8-30.5 billion range against the previous range of DKK 27.9-29.8 billion. Compared with 2021, this implies an increase of 20-25%. However, changes in prices of raw materials may continue to have a significant impact on consolidated revenue during the rest of the year.

However, the steep increases in prices of raw materials and other materials combined with escalating costs, particularly for energy, continue to keep earnings under pressure. The higher cost base necessitates higher selling prices, but implementing them in the market will be a resource intensive exercise. On the other hand, the Group's companies have made strong efforts to obtain the necessary compensation

Outlook

and the results are gradually beginning to show in selling prices.

The international sanctions have caused risk pertaining to receivables and other assets held in Russia. A full or partial write-down of these assets would inherently be categorised as a non-recurring cost which should be viewed separately from the full-year earnings guidance. A write-down of a total of DKK 46 million has been made for BioMar and Borg Automotive at 30 June 2022 in respect of assets related to Russia.

As a result, guidance for consolidated full-year EBITDA is raised to the DKK 2,070-2,270 million range from previously DKK 2,025-2,255 million, after write-down of DKK 46 million on assets related to Russia. It should be noted that BioMar also has a potential additional risk exposure of up to approximately DKK 45 million concerning assets related to Russia — mainly cash — which is not reflected in the guidance.

The Group expects to increase its total depreciation and amortisation charges by approximately DKK 20 million mainly due to the acquisition of AQ1, while the share of profit after tax from associates and joint ventures is expected to improve by approximately DKK 20 million relative to the previous guidance.

The Group expects to maintain its net financial items at an expense of approximately DKK 20 million, subject to the recalculation based on the full-year results of the earn-out payments relating to Borg Automotive's acquisition of SBS Automotive, which after the first quarter of 2022 resulted in a reduction of the expected purchase price.

It should also noted that the full-year guidance does not include the effects of the acquisition of Swiss-based EMS company Enics AG, which will be consolidated from the date of acquisition.

REVENUE (DKKm)	**2022 guidance after Q2**	**2022 guidance after Q1**	**Actual 2021**
BioMar	16,500-17,500	16,000–17,000	13,300
Fibertex Personal Care	c. 2,500	2.500-2.600	2,249
Fibertex Nonwovens	1,900-2,100	2.000-2.200	1,814
GPV	3,900-4,100	3.500-3.700	3,191
HydraSpecma	2,400-2,500	2,300–2,500	2,315
Borg Automotive	1,600–1,800	1,600-1,800	1,368
Other/eliminations	-	-	-19
Total revenue	28,800-30,500	27,900–29,800	24,219

EBITDA (DKKm)	**2022 guidance after Q2**	**2022 guidance after Q1**	**Actual 2021**
BioMar	910–960	855–905	889
Fibertex Personal Care	290-320	290-330	315
Fibertex Nonwovens	150-180	180-220	230
GPV	330-360	310-350	342
HydraSpecma	270-290	270-290	286
Borg Automotive	170-200	170-200	158
Other	-50-40	-50-40	-40
EBITDA*	2,070-2,270	2,025-2,255	2,181
PPA depreciation/amortisation	-120	-105	-98
Other depreciation/amortisation	-770	-765	-760
EBIT	1,180-1,380	1,155-1,385	1,323
Associates and JVs	100	80	46
Divestments	0	0	3
Reassessment of earn-out payments	80	80	-
Other financial items	-100	-100	-64
Total profit before tax	1,260-1,460	1,215-1,445	1,309

* The EBITDA guidance includes the DKK 46 million write-down recognised at the end of the first six months of 2022 involving assets in BioMar and Borg Automotive related to Russia. It should be noted that BioMar also has a potential additional risk exposure of up to approximately DKK 45 million concerning assets related to Russia – consisting mainly of cash and cash equivalents – which is not reflected in the guidance.

Management Statement

To the shareholders of Aktieselskabet Schouw & Co.

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 June 2022.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2022 and of the results of the Group's operations and cash flows for the six months ended 30 June 2022.

Furthermore, in our opinion the management's report includes a fair review of the development and performance of the business, the results for the period and the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Aarhus, 16 August 2022

Executive Management

Jens Bjerg Sørensen
President and CEO

Peter Kjær

Board of Directors

Jørgen Wisborg
Chairman

Kenneth Skov Eskildsen
Deputy Chairman

Kjeld Johannesen

Agnete Raaschou-Nielsen

Hans Martin Smith

Søren Stæhr

Financial calendar for 2022

10 November 2022 ▷ Release of Q3 2022 interim report

The company provides detailed information about contacts and times of conference calls held in connection with the release of its interim reports through company announcements and postings on its website, www.schouw.dk.



Our businesses

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Portfolio company financial highlights – Q2

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Koncernen	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
INCOME STATEMENT														
Revenue	4,048	2,858	590	558	563	511	1,134	763	652	609	482	293	7,466	5,586
Contribution margin	393	320	75	88	103	124	170	134	173	164	125	80	1,039	910
EBITDA	261	211	43	61	40	82	97	77	74	86	59	47	564	552
Depreciation and impairment losses	86	86	34	33	26	25	32	28	24	23	18	14	220	209
EBIT	175	125	10	28	13	57	66	49	51	63	41	33	344	343
Profit after tax in associates and JVs	40	13	0	0	0	0	0	0	0	0	0	0	40	13
Gains on divestments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	-31	-24	-7	-4	-5	-8	-10	-7	2	-3	-7	2	-37	-29
Profit before tax	184	114	3	24	9	49	56	41	52	60	34	35	346	328
Tax on profit/loss for the year	-37	-37	3	-7	-2	-13	-20	-5	-11	-14	-5	-8	-73	-85
Profit before non-controlling interests	147	77	6	17	6	36	36	36	42	46	29	28	273	242
Non-controlling interests	1	0	0	0	1	0	0	0	0	-1	0	0	1	-1
Profit for the year	148	77	6	17	7	35	36	36	41	45	29	28	274	241
CASH FLOWS														
Cash flows from operating activities	444	72	73	22	-75	53	-40	-3	68	40	-33	66	458	264
Cash flow from investing activities	-276	-78	-12	-69	-104	-60	-63	-16	-9	2	-21	-14	-486	-234
Cash flows from financing activities	-83	-64	-63	44	179	1	53	25	-61	-41	60	-54	67	-189
BALANCE SHEET														
Intangible assets*	1,590	1,274	66	70	133	132	426	399	219	242	314	325	3,774	3,469
Property, plant and equipment	1,750	1,636	1,385	1,276	1,381	997	536	409	335	336	141	101	5,549	4,773
Other non-current assets	1,276	985	40	37	8	9	130	148	117	111	135	98	1,718	1,406
Cash and cash equivalents	536	457	25	26	61	95	166	228	56	69	43	30	496	558
Other current assets	6,014	4,266	781	713	1,023	819	2,669	1,365	1,277	1,141	1,177	619	12,923	8,920
Total assets	11,166	8,618	2,297	2,122	2,606	2,052	3,927	2,550	2,004	1,899	1,810	1,172	24,459	19,126
Shareholders' equity	2,854	2,523	1,039	1,017	832	745	1,187	951	714	626	570	528	10,905	9,851
Interest-bearing liabilities	3,240	2,665	783	523	1,357	943	1,395	778	760	762	449	157	4,989	3,110
Other liabilities	5,072	3,430	475	582	417	364	1,345	821	531	511	791	488	8,566	6,165
Total equity and liabilities	11,166	8,618	2,297	2,122	2,606	2,052	3,927	2,550	2,004	1,899	1,810	1,172	24,459	19,126
Average no. of employees	1,539	1,382	797	769	1,069	1,049	4,680	3,845	1,283	1,189	2,181	1,722	11,566	9,971
FINANCIAL KEY FIGURES														
EBITDA margin	6.5%	7.4%	7.4%	10.9%	7.1%	16.0%	8.6%	10.0%	11.4%	14.1%	12.3%	16.2%	7.6%	9.9%
EBIT margin	4.3%	4.4%	1.6%	5.0%	2.4%	11.1%	5.8%	6.4%	7.8%	10.4%	8.6%	11.3%	4.6%	6.1%
ROIC excluding goodwill	14.0%	17.7%	8.9%	13.1%	2.5%	16.2%	14.2%	14.8%	17.1%	16.3%	15.0%	23.8%	11.5%	16.1%
ROIC including goodwill	10.1%	12.8%	8.4%	12.3%	2.3%	15.0%	13.0%	13.2%	15.4%	14.5%	9.6%	12.7%	9.4%	13.0%
Working capital	1,664	1,399	478	305	647	511	1,516	742	806	685	581	229	5,688	3,864
Net interest-bearing debt	2,519	2,170	758	497	1,296	848	1,228	550	704	692	407	127	4,307	2,511

* Excluding consolidated goodwill in Schouw & Co.

Portfolio company financial highlights – H1

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Group	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
INCOME STATEMENT														
Revenue	7,083	5,129	1,217	1,089	1,078	1,031	2,143	1,504	1,295	1,184	954	565	13,764	10,492
Contribution margin	643	562	175	195	192	264	322	263	347	316	238	153	1,918	1,753
EBITDA	315	344	112	141	82	177	188	152	157	150	97	87	928	1,031
Depreciation and impairment losses	169	170	67	66	50	51	62	56	47	46	40	30	435	419
EBIT	147	174	45	75	32	127	126	96	110	104	57	57	493	612
Profit after tax in associates and JVs	51	0	0	0	0	0	0	0	0	0	0	0	51	0
Gains on divestments	0	0	0	0	0	0	0	0	0	0	0	0	0	3
Net financial items	-49	-31	-9	-4	0	-9	-9	0	4	-4	68	-2	40	-22
Profit before tax	149	143	36	70	31	118	117	97	114	101	125	55	584	594
Tax on profit/loss for the year	-38	-50	-6	-17	-7	-29	-32	-14	-23	-24	-13	-13	-122	-149
Profit before non-controlling interests	111	93	30	53	24	89	85	82	91	77	112	43	463	445
Non-controlling interests	2	0	0	0	-1	-1	0	0	-1	-1	0	0	0	-1
Profit for the year	113	93	30	53	23	88	85	82	90	76	112	43	463	444
CASH FLOWS														
Cash flows from operating activities	76	-175	33	63	-85	107	-163	100	84	61	-163	-34	-174	158
Cash flow from investing activities	-314	-96	-29	-77	-245	-113	-132	-30	-31	-25	-28	-17	-780	-356
Cash flows from financing activities	264	210	13	24	331	9	242	-51	-56	-32	194	51	948	117
BALANCE SHEET														
Intangible assets*	1,590	1,274	66	70	133	132	426	399	219	242	314	325	3,774	3,469
Property, plant and equipment	1,750	1,636	1,385	1,276	1,381	997	536	409	335	336	141	101	5,549	4,773
Other non-current assets	1,276	985	40	37	8	9	130	148	117	111	135	98	1,718	1,406
Cash and cash equivalents	536	457	25	26	61	95	166	228	56	69	43	30	496	558
Other current assets	6,014	4,266	781	713	1,023	819	2,669	1,365	1,277	1,141	1,177	619	12,923	8,920
Total assets	11,166	8,618	2,297	2,122	2,606	2,052	3,927	2,550	2,004	1,899	1,810	1,172	24,459	19,126
Shareholders' equity	2,854	2,523	1,039	1,017	832	745	1,187	951	714	626	570	528	10,905	9,851
Interest-bearing liabilities	3,240	2,665	783	523	1,357	943	1,395	778	760	762	449	157	4,989	3,110
Other liabilities	5,072	3,430	475	582	417	364	1,345	821	531	511	791	488	8,566	6,165
Total equity and liabilities	11,166	8,618	2,297	2,122	2,606	2,052	3,927	2,550	2,004	1,899	1,810	1,172	24,459	19,126
Average no. of employees	1,524	1,387	795	763	1,068	1,050	4,505	3,728	1,261	1,177	2,145	1,698	11,315	9,818
FINANCIAL KEY FIGURES														
EBITDA margin	4.5%	6.7%	9.2%	12.9%	7.6%	17.2%	8.8%	10.1%	12.1%	12.7%	10.1%	15.5%	6.7%	9.8%
EBIT margin	2.1%	3.4%	3.7%	6.8%	2.9%	12.3%	5.9%	6.4%	8.5%	8.8%	5.9%	10.2%	3.6%	5.8%
ROIC excluding goodwill	14.0%	17.7%	8.9%	13.1%	2.5%	16.2%	14.2%	14.8%	17.1%	16.3%	15.0%	23.8%	11.5%	16.1%
ROIC including goodwill	10.1%	12.8%	8.4%	12.3%	2.3%	15.0%	13.0%	13.2%	15.4%	14.5%	9.6%	12.7%	9.4%	13.0%
Working capital	1,664	1,399	478	305	647	511	1,516	742	806	685	581	229	5,688	3,864
Net interest-bearing debt	2,519	2,170	758	497	1,296	848	1,228	550	704	692	407	127	4,307	2,511

* Excluding consolidated goodwill in Schouw & Co.

BioMar

Significant revenue growth and strengthened earnings. Selling prices increasingly reflect higher costs of raw materials, energy and freight. Revenue and earnings guidance raised.

Biomar	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue	4,048	2,858	7,083	5,129	13,300
EBITDA	261	211	315	344	889
EBIT	175	125	147	174	540
Associates and JVs	40	13	51	0	45

SEE FINANCIAL HIGHLIGHTS AND KEY RATIOS ON PP. 11-12

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

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

With the acquisition of Australia-based AQ1 in the second quarter of 2022, BioMar has established a new division focused on technology for developing more efficient and sustainable feed solutions.

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

BioMar	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Volume ('000 tonnes)					
Salmon Division	235	211	436	398	1,012
Other divisions	116	111	204	190	434
Total	352	322	640	588	1,446
Revenue					
Salmon Division	2,926	1957	5,217	3,629	9,809
Other divisions	1,121	901	1,866	1,500	3,491
Total	4,048	2,858	7,083	5,129	13,300
EBITDA					
Salmon Division	152	104	214	186	475
Other divisions	109	107	102	158	414
Total	261	211	315	344	889

Financial performance

The second quarter of 2022 was characterised by continued high costs of raw materials, energy and freight as well as varying availability of important raw materials. Nonetheless, BioMar grew volume sales by 9% year on year in Q2 2022 and reported revenue up by a full 42% to DKK 4,048 million from DKK 2,858 million in Q2 2021. In addition to higher volume sales, the significant revenue improvement was attributable particularly to higher selling prices caused by markedly higher prices of raw materials and, to a lesser extent, exchange rate developments. Total revenue for H1 2022 was DKK 7,083 million, compared with DKK 5,129 million in H1 2021.

Supported by a high level of activity in all entities, the Salmon Division grew overall volume sales. However, sales in Scotland softened as biological challenges and logistical restrictions reduced exports. The division's earnings are improving as selling prices increasingly reflect the soaring costs of raw materials and energy.

The EMEA Division reported a volume decline compared with Q2 2021, primarily as a consequence of the suspension of sales to Russia in Q1 2022. Earnings in the division remain impacted by the sharp increase in costs of raw materials and energy.

The LatAm Division reported an exceptionally large year-on-year increase in volume sales in Q2 2022. The improvement was driven by growing demand from a number of large customers, but also by unexpectedly strong demand caused by temporary disruptions of feed supplies in the market. Accordingly, the high level of business activity had a favourable impact on division earnings.

The consolidated part of the Asia Division, which only covers operations in Vietnam, is being developed with the implementation of a range of high-quality feed products. Similarly, BioMar is also developing its Tech Division, which was established after the acquisition of AQ1.

Q2 2022 earnings were favourably affected by the increase in volumes sales. The high costs of raw materials and energy continue to weigh on earnings, but their impact has reduced as selling prices increasingly reflect the soaring costs. In addition, Q2 earnings were adversely affected by two particular factors:

- BioMar has changed its accounting policies concerning IT investments in cloud solutions, as a result of which these solutions can no longer be capitalised and amortised but must be expensed in the financial year in which they are incurred. As a result of the change, full-year EBITDA and comparative figures for 2021 have been reduced. For FY 2022, the changed accounting policies are expected to reduce EBITDA by approximately DKK 20 million, which will be factored into the guidance after Q1 2022.
- Sales to Russia have been suspended as a consequence of the Russia/Ukraine situation with a resulting loss of revenue and earnings. The critical situation has also caused risk related to receivables and other assets in Russia, and at 30 June 2022, write-downs for losses on these assets totalled DKK 35 million.

BioMar

EBITDA thus improved to a total of DKK 261 million for Q2 2022. By comparison, Q2 2021 EBITDA was DKK 211 million after restatement for the change of accounting policies. H1 EBITDA reduced from DKK 344 million in 2021 to DKK 315 million in 2022 after the write-down of DKK 35 million on assets related to Russia.

Reflecting the higher business activity and raw materials prices in particular, working capital increased from DKK 1,399 million at 30 June 2021 to DKK 1,664 million at 30 June 2022. The use of supply chain financing increased from DKK 957 million at 30 June 2021 to DKK 1,231 million at 30 June 2022. ROIC excluding goodwill improved from 13.0% at 31 March 2022 to 14.0% at 30 June 2022.

Joint ventures and associates

BioMar manufactures fish feed in China and Turkey through two 50/50 joint ventures with local partners. The two feed businesses reported combined Q2 2022 revenue (100% basis) of DKK 356 million and EBITDA of DKK 25 million, against revenue of DKK 224 million and EBITDA of DKK 15 million in Q2 2021.

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

The non-consolidated joint ventures and associates are recognised in the consolidated financial statements at a DKK 40 million share of profit after tax in Q2 2022, compared with a DKK 13 million share of profit in Q2 2021. The positive trend in performance was largely attributable to Salmones Austral and LetSea.

Business review

BioMar consistently adapts to changing market conditions, including the current suspension of trading with Russia. This affects both sales of finished products and purchases 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.

In September 2021, BioMar announced plans to establish four new extrusion lines in Ecuador. The initial phase of the project, involving an investment of about DKK 125 million for two extrusion lines, is expected to be completed during Q4 2022.

In April 2022, BioMar acquired AQ1 Systems Pty Ltd, 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 farming know-how is expected to result in the development of more efficient and sustainable feed solutions. In 2021, AQ1 generated revenue of just under DKK 100 million and EBITDA of DKK 30 million.

After the end of the second quarter, BioMar has signed a letter of intent with Icelandic company Sildarvinnslan to establish feed production in Iceland. Aquaculture along with a strong 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 becomes the only global feed company present in the Icelandic market.

Outlook

At the beginning of the year, BioMar expected volume sales to increase by not less than 5% in 2022, and the high raw materials prices and exchange rate developments subsequently caused the company to raise its revenue guidance considerably. However, the current prospects give reason for a further upgrade of its revenue guidance for 2022 to DKK 16.5-17.5 billion, from DKK 16.0-17.0 billion previously.

During the reporting period, the earnings guidance was subject to uncertainty relating to unstable supply chains and volatile costs of raw materials, energy and freight, and the Russia/Ukraine situation resulted in a suspension of sales to Russia.

The international sanctions have caused risk pertaining to receivables and other assets held in Russia. In addition to the write-downs realised in the financial statements at 30 June 2022, BioMar has an additional exposure of up to an estimated DKK 45 million, consisting mainly of cash and cash equivalents. A full or partial write-down of these assets would inherently be categorised as a non-recurring cost, which should be viewed separately from the full-year earnings guidance.

Based on the strong business activity in Q2 and the improved prospects for the rest of the year, BioMar has now raised its earnings guidance for 2022 by DKK 55 million to EBITDA in the DKK 910-960 million range after write-down of DKK 35 million on assets related to Russia. It should be noted, however, that BioMar has a potential additional risk exposure of up to DKK 45 million related to Russia, which is not included in the guidance.

Associates and joint ventures are recognised at a share of profit after tax. Based mainly on the favourable conditions currently enjoyed by the fish farming company Salmones Austral and the testing and research company LetSea, BioMar now guides for a share of 2022 profit after tax of DKK 100 million, compared with the previous estimate of DKK 80 million.

Fibertex Personal Care

Revenue growth driven by higher raw materials prices, but earnings down due to weaker volume sales and higher costs. Full-year revenue and earnings guidance lowered slightly.

Fibertex Personal Care	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue	590	558	1,217	1,089	2,249
EBITDA	43	61	112	141	315
EBIT	10	28	45	75	182

SEE FINANCIAL HIGHLIGHTS AND KEY RATIOS ON PP. 11–12

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

Operations also include printing on nonwoven textiles for the personal care industry. Fibertex Personal Care is the market leader in this field. Printing operations are based in Germany, Malaysia and the USA. Both business areas are focused on materials that customers process and convert into diapers, sanitary towels and incontinence products.

Financial performance

Fibertex Personal Care reported Q2 2022 revenue of DKK 590 million, up by 6% from DKK 558 million in Q2 2021. The improvement was driven by higher prices of raw materials, whereas volume sales fell mainly due to reduced sales from Malaysia.
In addition, the company has previously sold a small share of its Danish output in Russia, but these sales have now been suspended as a result of the Russia/Ukraine situation. Consolidated H1 2022 revenue amounted to DKK 1,217 million against DKK 1,089 million in H1 2021.

The Q2 2022 EBITDA was DKK 43 million, compared with DKK 61 million in Q2 2021. The decline was driven mainly by reduced sales and higher costs, including for energy, resulting from the Russia/Ukraine situation. Consolidated H1 2022 EBITDA amounted to DKK 112 million against DKK 141 million in H1 2021.

Fibertex Personal Care increased its working capital from DKK 305 million at 30 June 2021 to DKK 478 million at 30 June 2022, primarily due to higher prices of raw materials and the resulting increase in capital tied up in inventories and receivables. ROIC excluding goodwill fell from 10.4% at 31 March 2022 to 8.9% at 30 June 2022, due to the lower earnings and the increased capital tie-up.

Business review

Overall, Fibertex Personal Care expects continuing solid average growth rates in the market over the coming five years. The positive expectations are driven in particular by Asia, where growth is expected to exceed the average global rate of economic growth. However, Asian consumers have shown a degree of restraint during the coronavirus pandemic, which combined with new production capacity installed in the market is posing sales challenges.

However, the current situation does not change the positive outlook for increased sales in the region. Fibertex Personal Care stands prepared for future growth, backed by a comprehensive catalogue of specialty products and with increased output capacity thanks to the installation of the most recent Reicofil R5 production line at the Sendayan factory in Malaysia, which had been expected to be commissioned at the end of the second quarter 2022. The production line has now been installed, but it has a new type of slitter, which it has turned out does not produce to the same quality as conventional slitter units, and commissioning of the new production line has been postponed to the first quarter of 2023. As the products projected for sale in the final parts of the year can be produced on the existing production lines, the delay is not expected to have any notable effect on 2022 earnings.

On the sustainability front, Fibertex Personal Care recently concluded a strategically important multi-year agreement with one of its large customers in Europe for the supply of ISCC Plus-certified nonwovens for the production of diapers. ISCC Plus is a supply chain certification for circular (recycled) and bio-based materials providing traceability throughout the supply chain. It also provides verification that certified companies comply with strict environmental and social standards.

Outlook

Fibertex Personal Care is currently experiencing sales challenges in Asia. Overall, the company expects to see continued supply chain challenges for the rest of 2022 partly resulting from capacity problems at polypropylene suppliers and partly due to a global container transport market under pressure. In addition, the Russia/Ukraine situation is adding to the uncertainty as to developments in prices of raw materials and energy.

Against this background, Fibertex Personal Care lowers its FY 2022 revenue guidance slightly to approximately DKK 2.5 billion, which is at the lower end of the previous guidance range of DKK 2.5-2.6 billion. The EBITDA guidance for the full year is lowered accordingly to the range of DKK 290-320 million from previously DKK 290-330 million.

Fibertex Nonwovens

Revenue improvement, but reduced earnings due to steep increases in raw materials, energy and transport costs, and debtor loss. Full-year revenue and earnings guidance lowered.

Fibertex Nonwovens	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue	563	511	1,078	1,031	1814
EBITDA	40	82	82	177	230
EBIT	13	57	32	127	130

SEE FINANCIAL HIGHLIGHTS AND KEY RATIOS ON PP. 11–12

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

Financial performance

Fibertex Nonwovens reported Q2 2022 revenue of DKK 563 million, a 10% increase from DKK 511 million in Q2 2021. The revenue improvement was driven by higher selling prices and supported by positive currency developments, while volume sales declined. The volume decline was primarily attributable to lower sales of filtration materials and materials for disposable wipes compared with Q2 2021, during which period sales of these products were exceptionally strong, especially in North America. Consolidated H1 2022 revenue amounted to DKK 1,078 million against DKK 1,031 million in H1 2021.

Reported Q2 2022 EBITDA was DKK 40 million, which was less than expected, compared with DKK 82 million in Q2 2021. The decline was mainly triggered by reduced sales during the quarter in combination with the negative effects of sharply increasing costs of raw materials, energy and freight. The Russia/Ukraine situation has affected Fibertex Nonwovens mainly through sharply increasing energy costs. Consolidated H1 2022 EBITDA amounted to DKK 82 million against DKK 177 million in H1 2021.

Working capital increased from DKK 511 million at 30 June 2021 to DKK 647 million at 30 June 2022, mainly because the higher prices of raw materials have driven up inventories and the higher selling prices have inflated trade receivables. ROIC excluding goodwill fell from 5.2% at 31 March 2022 to 2.5% at 30 June 2022, due to the reduced earnings and increased capital tie-up.

Business review

Recent years' investments to expand global production capacity proved instrumental in the first half of 2021 for the company to capitalise on the opportunities arising in the wake of the coronavirus pandemic, based on a surge in the consumption of filtration materials and materials for wipes, much of which is used for cleaning and disinfection purposes.

However, market conditions became extremely challenging in the second half of 2021. For example, the resulting shortage of electronics components forced the automotive industry to cut back on production, which caused a similar reduction in Fibertex Nonwovens' European sales. Moreover, the strong demand for filtration materials and materials for wipes witnessed in the first half of 2021 was partially caused by efforts on the part of North American customers to build extensive buffer stocks.

Despite the drop in sales relative to the year before, underlying demand is believed to have grown during Q2 2022. Through continuing investments in innovation and sustainable solutions, Fibertex Nonwovens has built extremely competitive factories, and the company continues to see a strong growth potential based on local production of nonwovens in both Europe and North America. This applies in particular to products for more specialised applications. In order to meet the growing demand, Fibertex Nonwovens in 2021 launched a programme to invest approximately DKK 600 million. Expected to be completed in 2023, the programme is intended to provide a platform for strong future growth and significantly improved earnings.

Outlook

Fibertex Nonwovens expects to see solid general growth in its market segments over the coming years. The goal for 2022 is to increase volume sales and build a platform for stronger earnings, so the company can execute on its planned expansion in the coming years on the back of the recent capacity-expanding investments.

However, combined with the Russia/Ukraine situation, the turmoil in global supply chains has underpinned the high prices of raw materials, energy and freight, putting current earnings under pressure, despite the company's constant efforts to pass the massive cost increases on to selling prices.

Fibertex Nonwovens does not expect the higher selling prices to fully compensate for the drop in volume sales and is therefore lowering its FY 2022 revenue guidance from DKK 2.0-2.2 billion to DKK 1.9-2.1 billion. Due to the persistently high costs and the challenges in passing increases on to selling prices, Fibertex Nonwovens lowers its FY EBITDA forecast to the range of DKK 150-180 million from previously DKK 180-220 million.

GPV

Strong revenue growth and substantial earnings improvement. Merger with Enics awaiting customary regulatory approvals. Full-year revenue and earnings guidance upgraded.

GPV	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue	1,134	763	2,143	1,504	3,191
EBITDA	97	77	188	152	342
EBIT	66	49	126	96	231

SEE FINANCIAL HIGHLIGHTS AND KEY RATIOS ON PP. 11-12

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

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

Financial performance

GPV reported Q2 2022 revenue of DKK 1,134 million, a 49% increase from DKK 763 million in Q2 2021. The increase was attributable to growing demand from a large number of customers as well as surging prices of components and materials, which has boosted revenue, while adversely affecting margins. Total revenue for H1 2022 was DKK 2,143 million, compared with DKK 1,504 million in H1 2021.

Q2 2022 earnings were better than expected, resulting in EBITDA of DKK 97 million, up from DKK 77 million in Q2 2021. Earnings were lifted by the increased sales, effective cost management and high capacity utilisation at GPV's factories, while costs of DKK 7 million were recognised in relation to the acquisition of Enics. Total EBITDA for H1 2022 was DKK 188 million, compared with DKK 152 million in H1 2021.

Working capital grew from DKK 742 million at 30 June 2021 to DKK 1,516 million at 30 June 2022. The substantial increase can be explained by strong order book growth and increased order forecasts from customers, causing GPV to build up inventories so as to be able to supply products to its customers. ROIC excluding goodwill fell from 15.0% at 31 March 2022 to 14.2% at 30 June 2022, primarily due to the higher working capital.

Business review

Meeting customer requirements for high quality standards and reliability of supply is a big priority for GPV. To ensure adequate flexibility, the company has continued its investments in automation and additional capacity. The main focus of the investment programme is the ongoing expansion projects at two factories, one in Sri Lanka and one in Thailand, which are scheduled for commissioning in early 2023.

A plan to merge GPV and Swiss-based EMS company Enics AG was announced on 22 June 2022. The transaction is subject to customary regulatory approvals and is expected to be completed by combining the two existing companies under a newly-established holding company, in which Schouw & Co. will hold an 80% ownership interest, while the existing owner of Enics will hold 20%. The new holding company will be domiciled in Vejle, Denmark, and GPV CEO Bo Lybæk will lead the integration of the two businesses into the new combined company.

Enics reported revenue of DKK 4.0 billion and EBITDA of DKK 220 million for 2021. Enics has a total of seven factories in Europe and Asia and a workforce of about 3,500 employees. 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 will have production facilities across 13 countries on three continents and will hold a top-three position among EMS businesses headquartered in Europe.

Outlook

GPV expects the healthy demand from customers to continue throughout 2022 with a resulting high capacity utilisation. However, the challenging situation with long lead times for electronic components and high component prices is also expected to continue for the remainder of 2022. This means continued exceptionally long lead times and uncertainty about promised deliveries. GPV is working closely with its customers to handle this situation.

GPV is only indirectly affected by the Russia/Ukraine situation. On the other hand, GPV has substantial activities in Sri Lanka, where the present economic situation poses a major challenge for the country. GPV has not experienced any tangible business implications of the critical economic situation in Sri Lanka, but monitors developments closely.

GPV expects to grow full-year revenue to the DKK 3.9-4.1 billion range, mainly as a result of higher prices of materials (from previously about DKK 3.5-3.7 billion), and has raised its EBITDA guidance range to DKK 330-360 million (from previously DKK 310-350 million). To this should be added the consolidation of Enics from the date of acquisition.

HydraSpecma

Increased sales of products for the vehicles segment compensate for softer activity in wind turbine segment. Guidance for full-year results maintained despite sharp rises in costs of materials, energy and freight.

HydraSpecma	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue	652	609	1,295	1,184	2,315
EBITDA	74	86	157	150	286
EBIT	51	63	110	104	191

SEE FINANCIAL HIGHLIGHTS AND KEY RATIOS ON PP. 11-12

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

Financial performance

Growth in sales to customers in the vehicles segment continued in the second quarter of 2022, translating into further increased sales to both new and existing global OEM customers in the Construction Equipment, Material Handling and Steel & Mining segments and to Nordic OEM customers and the aftermarket. Conversely, demand from customers in the wind turbine segment declined as expected, and sales to customers in the stationary equipment segment were subdued.

On the back of the strong sales to customers in the vehicles segment combined with price inflation, HydraSpecma generated Q2 2022 revenue of DKK 652 million, a 7% increase from DKK 609 million in Q2 2021. Total revenue for H1 2022 was DKK 1,295 million, compared with DKK 1,184 million in H1 2021.

EBITDA for Q2 2022 was DKK 74 million, which matched the year-earlier level when adjusted for a DKK 12 million gain from the sale of a property in Q2 2021. Q2 earnings were weighed down by higher cost prices and increases in the general cost level, but adjusted selling prices and high capacity utilisation as well as the effect of investments in production capacity and automation contributed to maintaining the earnings level. Total EBITDA for H1 2022 was DKK 157 million, compared with DKK 150 million in H1 2021.

Working capital grew from DKK 685 million at 30 June 2021 to DKK 806 million at 30 June 2022. The higher working capital was due to price rises on sourced goods and increased business activity as well as a strategic decision to build up adequate inventories in a market affected by a scarcity of goods and long lead times.

ROIC excluding goodwill fell from 18.5% at 31 March 2022 to 17.1% at 30 June 2022. The fall was mainly attributable to a gain from the sale of a property in the second quarter of 2021.

Business review

HydraSpecma's new 4,200 sqm production facilities on the outskirts of Chennai in India commenced operations on 1 April 2022. With this new facility, the company has secured additional production capacity that will help it accommodate the expected increase in demand from customers in the wind turbine segment in Asia.

In Poland, HydraSpecma has purchased a large building site next to its existing production facility in Stargard. It has been decided to establish a new and larger production unit, which will serve customers in central Europe. The plan is for the new building to be ready by the beginning of 2024 and then to sell the existing building.

HydraSpecma is strengthening its engineering skills for purposes of the green transition. The company has built up considerable know-how and expertise in the field of electrification and can offer solutions aimed at helping customers switch to fossil-free machines. In addition, HydraSpecma is involved in the development of more sustainable solutions for sea transport focused on reducing fuel consumption.

Outlook

HydraSpecma expects to maintain the strong sales to customers in the vehicles segment for the remainder of 2022. Sales to customers in the stationary equipment segment are expected to remain at the level witnessed in 2021, while sales to customers in the wind turbine segment are expected to be more muted despite the growing focus on the green transition.

The Russia/Ukraine situation contributed to fuelling the price increases on materials, freight and energy in the reporting period. Prices of materials and freight are expected to stabilise in the second half of 2022, while developments in energy prices are subject to substantial uncertainty. Lead times for components and other materials remain long and cause a challenging supply situation that HydraSpecma is navigating in close dialogue with its customers and suppliers.

The Russia/Ukraine situation combined with rising inflation causes above-normal uncertainty. However, given the reported business activity in the first half of 2022 and a continued strong order book, HydraSpecma expects to generate full-year revenue in the DKK 2.4-2.5 billion range (previously DKK 2.3-2.5 billion), while its EBITDA guidance is maintained at DKK 270-290 million.

Borg Automotive

Sustained revenue and earnings improvement, partly driven by acquisition of trading company SBS Automotive and favourable trend in demand. Full-year revenue and earnings guidance maintained.

Borg Automotive	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenue	482	293	954	565	1,368
EBITDA	59	47	97	87	158
EBIT	41	33	57	57	90

SEE FINANCIAL HIGHLIGHTS AND KEY RATIOS ON PP. 11-12

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

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

Effective 1 July 2021, Borg Automotive acquired SBS Automotive, a trading company based in Støvring, Denmark, that sells goods under two brands: NK and Eurobrakes.

Financial performance

Borg Automotive benefited from increased activity levels in several markets in the second quarter of 2022 and was further supported by revenue in the amount of DKK 133 million from the acquisition of SBS Automotive, which was not recognised in the consolidated financial statements for H1 2021. Reported Q2 revenue was DKK 482 million, up from DKK 293 million in Q2 2021. Total H1 revenue was up from DKK 565 million in 2021 to DKK 954 million in 2022, of which DKK 279 million derived from the acquisition of SBS Automotive.

EBITDA for Q2 2022 increased to DKK 59 million from DKK 47 million in Q1 2021, mainly as a result of the higher level of business activity. H1 EBITDA was up from DKK 87 million in 2021 to DKK 97 million in 2022 despite the write-down of DKK 11 million made in Q1 2022 on assets related to Russia.

Working capital increased from the low level of DKK 229 million at 30 June 2021 to DKK 581 million at 30 June 2022, of which amount SBS Automotive accounted for DKK 219 million. ROIC excluding goodwill fell from 15.6% at 31 March 2022 to 15.0% at 30 June 2022, reflecting an increase in invested capital.

Business review

With the acquisition of SBS Automotive effective 1 July 2021, Borg Automotive now has a trading company dealing in automotive spare parts, which complements its existing activities. SBS Automotive's sales in the first half of 2022 benefited from an improved supply situation compared with 2021, in part due to higher inventory levels.

In recent months, Borg Automotive has seen a surge in demand for starters and alternators. The rise stems mainly from the fact that a major competitor has entered into bankruptcy, which has prompted an expansion of production capacity at Borg Automotive's factories in Poland.

With the acquisition of Spanish remanufacturing company TMI at the end of 2020, Borg Automotive can now accommodate strong customer demand for expansion of the product portfolio to include remanufactured turbochargers. Borg Automotive intends to continue developing its product portfolio, with remanufactured automotive spare parts and goods complementing each other.

Outlook

Over the past few years, Borg Automotive has strengthened its market position through the acquisitions of TMI and SBS Automotive. SBS Automotive will be fully consolidated in 2022. Expectations for 2022 demand remain generally positive, and Borg Automotive maintains its full-year revenue guidance in the DKK 1.6-1.8 billion range.

Full-year EBITDA guidance also remains unchanged, at DKK 170-200 million. Taking into account the provisions made for losses on assets related to Russia, this means an underlying EBITDA guidance of DKK 180-210 million.

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 the Russia/Ukraine situation. Accordingly, the expected purchase price was reduced by DKK 80 million, which amount was recognised under financial items in Q1 2022. On the same occasion, intangible assets were written down by DKK 5 million. These figures are preliminary and will be adjusted according to actual results for the year.

Interim financial statements

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25 Notes to the financial statements

Statements of income and comprehensive income

Note	Income statement	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
1	Revenue	7,466	5,586	13,764	10,492	24,219
	Operating expenses	-6,909	-5,051	-12,823	-9,485	-22,071
	Other operating income	6	17	10	27	39
	Other operating expenses	0	-1	-22	-3	-6
	EBITDA	564	552	928	1031	2181
	Depreciation, amortisation and impairment losses	-220	-209	-435	-419	-858
	EBIT	344	343	493	612	1,323
	Profit after tax in associates	32	6	36	-7	34
	Profit after tax in joint ventures	8	7	16	7	12
	Gains on divestments	0	0	0	3	3
	Financial income	40	17	166	62	85
	Financial expenses	-78	-45	-125	-84	-149
	Profit before tax	346	328	584	594	1,309
	Tax on profit for the period	-73	-85	-122	-149	-288
	Profit for the period	273	242	463	445	1021
	Attributable to					
	Shareholders of Schouw & Co.	274	241	463	444	1,020
	Non-controlling interests	-1	1	0	1	0
	Profit for the period	273	242	463	445	1,021
6	Earnings per share (DKK)	11.58	10.07	19.46	18.51	42.55
6	Diluted earnings per share (DKK)	11.57	10.02	19.44	18.42	42.37

Note	Statement of comprehensive income	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
	Items that cannot be reclassified to the income statement:					
	Actuarial gains/losses on defined benefit pension liabilities	0	0	0	0	51
	Tax on other comprehensive income	0	0	0	0	-9
	Total items that cannot be reclassified to the income statement	0	0	0	0	42
	Items that can be reclassified to the income statement:					
	Foreign exchange adjustments of foreign units, etc.	163	-42	280	108	316
	Value adjustment of hedging instruments	6	12	15	13	-12
	Hedging instruments transferred to operating expenses	6	0	18	8	5
	Hedging instruments transferred to financials	2	-2	3	-4	2
	Hyperinflation restatement of equity	41	0	41	0	0
	Other comprehensive income from associates and JVs	0	0	0	0	1
	Other adjustments recognised directly in equity	1	-1	-1	1	-1
	Tax on other comprehensive income	0	1	-7	0	2
	Total items that can be reclassified to the income statement	220	-32	348	126	314
	Other comprehensive income after tax	220	-32	348	126	356
	Profit for the period	273	242	463	445	1,021
	Total recognised comprehensive income	493	211	811	571	1,376
	Attributable to					
	Shareholders of Schouw & Co.	493	210	811	570	1,375
	Non-controlling interests	0	1	1	1	1
	Total recognised comprehensive income	493	211	811	571	1,376

Amounts in DKK million

Balance sheet • Assets and liabilities

Note	Assets	30/6 2022	31/12 2021	30/6 2021	31/12 2020
	Intangible assets	3,774	3,526	3,469	3,423
	Property, plant and equipment	5,549	5,078	4,773	4,659
	Lease assets	605	687	673	721
	Equity investments in associates	478	411	351	347
	Equity investments in joint ventures	163	148	143	134
	Securities	93	91	81	80
	Deferred tax	168	131	125	104
	Receivables	211	241	34	41
	Total non-current assets	11,041	10,313	9,648	9,509
	Inventories	6,996	5,514	4,340	3,692
3	Receivables	5,753	5,022	4,458	4,015
	Prepayments	110	71	74	56
	Income tax receivable	63	77	48	88
	Cash and cash equivalents	496	490	558	635
	Total current assets	13,419	11,175	9,478	8,486
	Total assets	24,459	21,488	19,126	17,994

Note	Liabilities and equity	30/6 2022	31/12 2021	30/6 2021	31/12 2020
6	Share capital	255	255	255	255
	Hedge transaction reserve	17	-13	7	-10
	Exchange adjustment reserve	343	63	-145	-253
	Hyperinflation restatements	41	0	0	0
	Retained earnings	10,234	9,946	9,724	9,257
	Proposed dividend	0	383	0	357
	Equity attributable to parent company shareholders	10,889	10,634	9,841	9,606
	Non-controlling interests	15	15	10	0
	Total equity	10,905	10,649	9,851	9,605
	Deferred tax	426	372	350	357
	Other payables	426	522	383	344
	Interest-bearing debt	4,152	2,384	2,083	1,742
	Non-current liabilities	5,004	3,277	2,816	2,443
	Interest-bearing debt	837	1,070	1,027	856
	Trade payables and other payables	6,931	5,895	4,867	4,478
	Customer prepayments	181	111	25	15
	Prepayments	80	40	53	81
	Liability regarding put option	416	374	353	360
	Income tax	105	71	134	155
	Current liabilities	8,550	7,562	6,459	5,946
	Total liabilities	13,555	10,839	9,275	8,389
	Total equity and liabilities	24,459	21,488	19,126	17,994

Notes without reference 2, 5 and 7-9.

Amounts in DKK million

Cash flow statement

Note		Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
	EBITDA	564	552	928	1,031	2,181
	Adjustments for non-cash operating items etc.:					
	Changes in working capital	-35	-195	-982	-714	-1,277
	Provisions	11	20	18	28	-12
	Other non-cash operating items, net	-13	-16	10	-16	71
	Cash flows from operations before interest and tax	526	361	-25	329	963
	Net interest paid	-36	-30	-46	-39	-78
	Income tax paid	-33	-67	-103	-132	-381
	Cash flows from operating activities	458	264	-174	158	504
	Purchase of intangible assets	-9	-8	-16	-12	-21
	Purchase of property, plant and equipment	-267	-193	-541	-324	-751
	Sale of property, plant and equipment	1	26	0	37	54
4	Acquisitions	-211	-47	-226	-47	-45
	Divestments	0	0	0	1	1
	Loans to associate	0	0	0	0	-9
	Loans to customers	0	0	0	0	-155
	Additions/disposals of other financial assets	0	-12	2	-11	3
	Cash flows from investing activities	-486	-234	-780	-356	-924

Note		Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
	Loan financing:					
	Repayment of non-current liabilities	-68	-35	-141	-101	-265
	Proceeds from non-current liabilities incurred	0	1	0	73	536
	Increase of bank overdrafts	556	181	1,626	481	317
	Cash flows from debt financing	488	147	1,485	453	588
	Shareholders:					
	Capital contributions, etc. by non-controlling interests	0	0	0	0	4
	Dividends paid	-356	-336	-356	-336	-336
	Purchase of treasury shares	-66	0	-181	0	-6
	Cash flows from financing activities	67	-189	948	117	250
	Cash flows for the period	39	-158	-6	-81	-170
	Cash and cash equivalents, beginning of period	457	723	490	635	635
	Value adjustment of cash and cash equivalents	0	-6	12	4	26
	Cash and cash equivalents, end of period	496	558	496	558	490

Amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Hyperinflation restatements	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
Changes in accounting policies		0	0	0	-17	0	-17	0	-17
Profit and other comprehensive income:									
Profit for the period		0	0	0	444	0	444	1	445
Other comprehensive income		17	108	0	1	0	126	0	126
Total recognised comprehensive income		17	108	0	444	0	570	1	571
Transactions with owners:									
Share-based payment		0	0	0	12	0	12	0	12
Distributed dividends		0	0	0	21	-357	-336	0	-336
Additions/disposals of non-controlling interests		0	0	0	0	0	0	9	9
Value adjustment of put option		0	0	0	7	0	7	0	7
Total transactions with owners during the period		0	0	0	40	-357	-317	9	-308
Equity at 30 June 2021	255	7	-145	0	9,724	0	9,841	10	9,851
Equity at 1 January 2022	255	-13	63	0	9,946	383	10,634	15	10,649
Profit and other comprehensive income									
Profit for the period		0	0	0	463	0	463	0	463
Other comprehensive income		29	279	41	-2	0	348	1	348
Total recognised comprehensive income		29	279	41	461	0	811	1	811
Transactions with owners:									
Share-based payment		0	0	0	16	0	16	0	16
Distributed dividends		0	0	0	27	-383	-356	0	-356
Value adjustment of put option		0	0	0	-34	0	-34	0	-34
Purchase of treasury shares		0	0	0	-181	0	-181	0	-181
Total transactions with owners during the period		0	0	0	-173	-383	-555	0	-555
Equity at 30 June 2022	255	17	343	41	10,234	0	10,889	15	10,905

Amounts in DKK million

Notes to the financial statements

1
Segment reporting

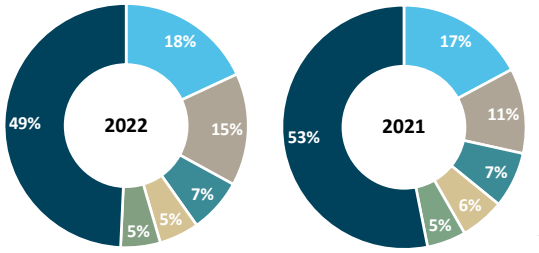
Reporting segments YTD 2022	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra-Specma	Borg Automotive	Reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	7,083	1,210	1,078	2,143	1,295	954	13,764	0	0	13,764
Intra-group revenue	0	6	0	0	0	0	6	6	-12	0
Segment revenue	7,083	1,217	1,078	2,143	1,295	954	13,770	6	-12	13,764
EBITDA	315	112	82	188	157	97	951	-23	0	928
Depreciation, amortisation and impairment losses	169	67	50	62	47	40	435	0	0	435
EBIT	147	45	32	126	110	57	516	-23	0	493
Share of profit in associates and JVs	51	0	0	0	0	0	51	0	0	51
Tax on profit/loss for the year	-38	-6	-7	-32	-23	-13	-119	-3	0	-122
Profit for the year	111	30	24	85	91	112	453	10	0	463
Segment assets:	11,597	2,345	2,638	3,927	2,004	2,326	24,836	13,861	-14,238	24,459
Of which goodwill	1,689	99	122	188	137	516	2,752	0	0	2,752
Equity investments in associates and JVs	631	0	0	0	9	0	640	0	0	640
Segment liabilities	8,312	1,258	1,774	2,740	1,290	1,240	16,615	3,997	-7,058	13,555
Working capital	1,664	478	647	1,516	806	581	5,692	-4	0	5,688
Net interest-bearing debt	2,519	758	1,296	1,228	704	407	6,911	-2,604	0	4,307
Cash flows from operating activities	76	33	-85	-163	84	-163	-218	30	13	-174
Capital expenditure	113	29	245	133	16	20	555	1	0	556
Acquisitions	203	0	0	0	15	8	226	0	0	226
Average no. of employees	1,524	795	1,068	4,505	1,261	2,145	11,298	17	0	11,315

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

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

The data on revenue by geography are based on customers' geographical location. The specification shows individual countries that in terms of revenue account for more than 5% of the Group. As Schouw & Co.'s consolidated revenue is generated in some 100 different countries, a very large proportion of revenue derives from the 'Other' category.

Revenue by country:



	YTD 2022	YTD 2021
Norway	2,489	1,801
Chile	2,050	1,185
Denmark	993	777
UK	729	616
Germany	722	541
Other	6,781	5,572
Total	13,764	10,492

Amounts in DKK million

Notes to the financial statements

1
Segment reporting (continued)

Reporting segments YTD 2021	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra-Specma	Borg Automotive	Reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	5,129	1,080	1,031	1,504	1,184	565	10,492	0	0	10,492
Intra-group revenue	0	9	0	0	0	0	9	6	-14	0
Segment revenue	5,129	1,089	1,031	1,504	1,184	565	10,501	6	-14	10,492
EBITDA	344	141	177	152	150	87	1,052	-20	0	1,031
Depreciation, amortisation and impairment losses	170	66	51	56	46	30	419	0	0	419
EBIT	174	75	127	96	104	57	633	-21	0	612
Share of profit in associates and JVs	0	0	0	0	0	0	0	0	0	0
Tax on profit/loss for the year	-50	-17	-29	-14	-24	-13	-147	-2	0	-149
Profit for the year	93	53	89	82	77	43	437	9	0	445
Segment assets:	9,048	2,170	2,084	2,550	1,899	1,688	19,439	10,683	-10,996	19,126
Of which goodwill	1,431	99	117	171	144	516	2,478	0	0	2,478
Equity investments in associates and JVs	486	0	0	0	8	0	494	0	0	494
Segment liabilities	6,095	1,105	1,307	1,599	1,273	645	12,024	1,869	-4,617	9,275
Working capital	1,399	305	511	742	685	229	3,870	-6	0	3,864
Net interest-bearing debt	2,170	497	848	550	692	127	4,884	-2,373	0	2,511
Cash flows from operating activities	-175	63	107	100	61	-34	122	26	10	158
Capital expenditure	45	77	113	30	25	9	299	0	0	299
Acquisitions (divestments)	39	0	0	0	0	8	47	-1	0	46
Average no. of employees	1,387	763	1,050	3,728	1,177	1,698	9,803	15	0	9,818

Notes to the financial statements

2
Costs

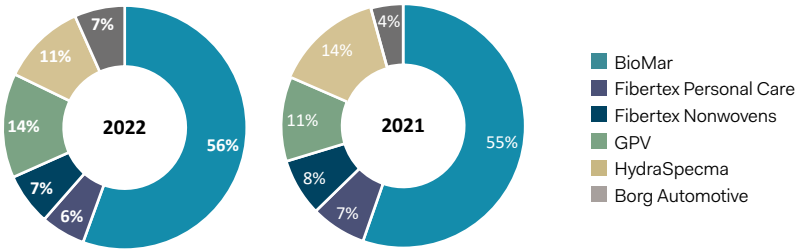
Share-based payment: Share option programme
The company has an incentive programme for the Management and senior managers, including the executive management of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a calculated rate of interest from the date of grant until the date of exercise. The 2022 grant is described in more detail in company announcement no. 13/2022 of 11 March 2022.

Outstanding options	Executive management	Other	Total
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 30 June 2022	209,000	1,323,000	1,532,000

3
Receivables (current)

	30/6 2022	**30/6 2021**
Trade receivables	5,364	4,130
Other current receivables	389	328
Total current receivables	5,753	4,458

Trade receivables by portfolio company:



30/6 2022	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	4,711	452	144	243	5,550
Impairment losses on trade receivables	-46	-12	-16	-112	-186
Trade receivables, net	4,665	440	128	131	5,364
Proportion of total receivables expected to be settled					96.6%
Impairment rate	1.0%	2.7%	11.2%	46.2%	3.4%

30/6 2021	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,524	316	159	283	4,282
Impairment losses on trade receivables	-25	-4	-6	-117	-153
Trade receivables, net	3,499	312	153	166	4,130
Proportion of total receivables expected to be settled					96.4%
Impairment rate	0.7%	1.2%	4.0%	41.4%	3.6%

	30/6 2022	**30/6 2021**
Impairment losses on trade receivables		
Impairment losses, beginning of period	-163	-142
Foreign exchange adjustments	7	-1
Additions on company acquisitions	0	0
Impairment losses for the period	-70	-9
Realised loss	40	0
Impairment losses, end of period	-186	-153

Notes to the financial statements

4
Acquisitions

	GSS	AQ1	TMI	YTD 2022	YTD 2021
Customer relations	0	24	0	24	0
Know-how	0	26	0	26	0
Property, plant and equipment	1	1	0	2	25
Lease assets	0	0	0	0	2
Inventories	8	11	0	19	1
Receivables	6	43	0	49	0
Cash and cash equivalents	0	3	0	3	1
Trade payables	-4	-4	0	-7	0
Other payables	-3	-3	0	-6	0
Deferred tax	-2	-13	0	-14	0
Tax payable	0	-6	0	-6	0
Net assets acquired	15	83	0	98	29
Of which non-controlling interests	0	0	0	0	-9
Goodwill	0	131	0	131	86
Acquisition cost	15	214	0	229	105
of which cash and cash equivalents	0	-3	0	-3	-1
Contingent consideration (earn-out)	0	-8	0	-8	-66
Earn-out settled	0	0	8	8	8
Total cash acquisition costs	15	203	8	226	47

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 western European market and in distributing the current product range to customers in western 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 DKK 0.2 million higher, while revenue would have been DKK 5.5 million higher.

On 29 April 2022, BioMar acquired the Australian company AQ1 Systems Pty (AQ1), which will strengthen the company's 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 already has feed operations in Ecuador and Costa Rica. The acquisition enables BioMar to offer customers a new and better feed solution.

BioMar has paid DKK 211 million in cash for all shares in AQ1 in connection with the acquisition. A preliminary purchase price allocation has identified value in terms of technology and customers. Preliminary goodwill has been 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.

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).

Notes to the financial statements

5
Capital resources

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

Facility	Loans and lines	Of which utilised	Unutilised	Commitment	Avg. term to maturity
Revolving credit facility	3,275	-1,818	1,457	Committed	2 yrs 6 mths
Other credit facilities	1,108	-948	160	Uncommitted	
Schuldschein	1,012	-1,012	0	Committed	2 yrs 2 mths
Mortgages	75	-75	0	Committed	
Other long-term debt (NIB)	400	-400	0	Committed	6 yrs 6 mths
Other long-term debt	87	-87	0	Uncommitted	4 years
Leases	649	-649	0	Committed	
Cash and cash equivalents			496		
Facility before deduction of guarantee commitments	6,606	-4,989	2,113		
Guarantee commitments deducted from the facility			-18		
Capital resources at 30 June 2022			2,095		

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

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

6
Share capital and earnings per share (DKK)

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. Each share carries one vote. All shares rank equally. The share capital is fully paid up and no changes have been made during the past five years.

Treasury shares	Number of shares	Nominal value (DKK)	Cost	Percentage of share capital
Treasury shares held at 1 January 2021	1,520,724	15,207,240	466	5.96%
No change	0	0	0	0.00%
Treasury shares held at 30 June 2021	1,520,724	15,207,240	466	5.96%
Purchase of treasury shares	10,378	103,780	6	0.04%
Treasury shares held at 31 Dec. 2021	1,531,102	15,311,020	471	6.00%
Purchase of treasury shares	328,741	3,287,410	181	1.29%
Treasury shares held at 30 June 2022	1,859,843	18,598,430	652	7.29%

The Group's holding of treasury shares had a market value of DKK 920 million at 30 June 2022. The portfolio of treasury shares is recognised at DKK 0.

In 2022, Schouw & Co. acquired shares for DKK 181 million to be held in treasury. The purchase was part of a programme under which Schouw & Co. intends to make share buybacks for a total amount of DKK 350 million in the period from 27 December 2021 to 30 December 2022.

	Q2 2022	**Q2 2021**	**YTD 2022**	**YTD 2021**
Share of the profit for the year attributable to shareholders of Schouw & Co	274	241	463	444
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,811,276	-1,520,724	-1,722,415	-1,520,724
Average number of outstanding shares	23,688,724	23,979,276	23,777,585	23,979,276
Average dilutive effect of outstanding share options *	11,406	125,311	22,960	111,076
Diluted average number of outstanding shares	23,700,130	24,104,587	23,800,545	24,090,352
Earnings per share of DKK 10	11.58	10.07	19.46	18.51
Diluted earnings per share of DKK 10	11.57	10.02	19.44	18.42

* See note 2 for information on options that may cause dilution.

Notes to the financial statements

7
Fair value of categories of financial assets and liabilities

	30/6 2022	31/12 2021	30/6 2021
Financial assets			
Other securities and investments (2)	91	90	80
Derivative financial instruments (2)	75	5	21
Other securities and investments (3)	1	1	1
Financial liabilities			
Derivative financial instruments (2)	30	22	9
Contingent consideration (3)	181	239	8

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

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

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

Non-observable market data account for an insignificant part of the fair value of the derivative financial instruments at the end of the reporting period.

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

8
Related party transactions

Under Danish legislation, Givesco A/S, Lysholt Allé 3, DK-7100 Vejle, members of the Board of Directors, the Executive Management and senior management as well as their family members are considered to be related parties. Related parties also comprise companies in which the individuals mentioned above have material interests. Related parties also comprise subsidiaries, joint arrangements and associates, in which Schouw & Co. has control, significant influence or joint control of as well as members of the boards of directors, management boards and senior management of those companies.

Management's share option programmes are set out in note 2.

	YTD 2022	YTD 2021
Joint ventures:		
During the reporting period, the Group sold goods in the amount of	2	1
At 30 June, the Group had a receivable of	14	29
At 30 June, the Group had debt in the amount of	0	1
Associates:		
During the reporting period, the Group sold goods in the amount of	396	150
During the reporting period, the Group bought goods in the amount of	66	37
At 30 June, the Group had a receivable of	251	134
At 30 June, the Group had debt in the amount of	4	8

During 2022, the Group has traded with BioMar-Sagun, BioMar-Tongwei, LetSea, Salmones Austral, LCL Shipping, Young Tech Co. and Micron Specma India.

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. (7.29%).

9
Special risks, judgments and estimates, and accounting policies

For the Group's special risks, judgments and estimates, and accounting policies please see the Management's report on page 6.

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