

BASF A/S
Kalvebod Brygge 45
DK-1560 Copenhagen

CVR no. 17 41 26 12

Annual Report for 2019

Approved at the Company's Annual General Meeting on April 29 2020

CHAIRMAN OF THE ANNUAL GENERAL MEETING

DocuSigned by:



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Mark Meter

CONTENTS	<u>Page</u>
Company details	3
Statement by the Board of Directors and the Executive Board	4
Independent auditor's report	5
Management review	7
Income statement 2019	11
Balance sheet at 31 December 2019	12
Statement of changes in equity at 31 December 2019	14
Notes	15

COMPANY DETAILS**COMPANY**

BASF A/S

Kalvebod Brygge 45

DK-1560 Copenhagen

CVR no. (VAT-No) 17 41 26 12

Municipality of domicile: Copenhagen

Telephone no. +45 32 66 07 00

Internet: <https://www.basf.com/dk/en.html>**BOARD OF DIRECTORS**

Chairman

Harald Pflanzl

Managing Director

Mark Meier

Deputy chairman

Connie Belling

Employee representative

Jørgen Holm

Employee representative

Jens Etlar Filt

EXECUTIVE BOARD

Managing Director

Mark Meier

AUDITOR

KPMG Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

DK-2100 Copenhagen

CVR no. 25 57 81 98

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of BASF A/S for the financial year 1 January – 31 December 2019.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, Denmark
April 29 2020

BASF A/S

Executive Board

Mark Meier

Board of Directors

DocuSigned by:

Harald Pfanzagl
Chairman

DocuSigned by:

Connie Belling
Deputy Chairman

DocuSigned by:

Mark Meier
Managing Director

DocuSigned by:

Jørgen Holm
Employee Representative

DocuSigned by:

Jens Einar Filt
Employee Representative

Independent auditor's report

To the shareholders of BASF A/S

Opinion

We have audited the financial statements of BASF A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements. As part of an audit conducted 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 company 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.

Independent auditor's report

- 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 Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents 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.

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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

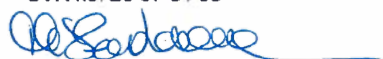
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, Date:

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Michael Sten Larsen

Statsaut. revisor

State Authorised Public Accountant

MNE no. 10488

MANAGEMENT'S REVIEW**Financial highlights**

Key figures in MDKK	2015	2016	2017	2018	2019
Net sales	1.302,6	1.262,8	1.195,2	1.161,3	897,9
Gross profit	510,2	580,5	453,8	490,7	408,4
Operating profit/loss	35,5	101,5	12,9	35,1	25,3
Net financials	(3,1)	3,5	1,1	2,0	1,2
Profit/loss for the year before tax	32,5	98,9	11,7	33,2	24,1
Profit/loss for the year	24,4	86,0	10,8	17,3	18,5
Inventories	190,3	300,9	231,3	417,2	377,0
Accounts receivable	231,7	199,8	296,6	271,2	321,6
Equity	1.168,6	1.115,7	1.040,4	1.047,8	1.066,3
Total assets	1.412,6	1.348,5	1.265,6	1.305,9	1.184,2
Invested capital	1.046,5	1.015,0	884,5	960,2	958,6
Investments in property, plant, equipment	17,0	8,4	30,5	18,6	12,9

Financial ratios

	2015	2016	2017	2018	2019
Gross margin	39,2%	46,0%	38,0%	42,3%	45,5%
Profit margin	2,7%	8,0%	1,1%	3,0%	2,8%
Return on invested capital	2,9%	9,8%	1,4%	3,8%	2,6%
Return on equity	2,1%	7,7%	1,0%	1,7%	1,7%
Equity ratio	82,7%	82,7%	82,2%	80,2%	90,0%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios".

FINANCIAL DEVELOPMENT**Main activities**

BASF A/S is a subsidiary of BASF Societe Europe, Ludwigshafen, Germany.

The Company's headquarter is situated in Copenhagen.

The Company sells approximately 4,000 different chemical products from BASF's broad product palette.

The Company's customers are mainly industrial companies in Denmark.

Companies working within the plastic, paper, chemicals and building industries as well as the agricultural industry use the BASF products.

The production site in Røddekro produces and sells products that are used in the construction industry.

The site in Ballerup develops, formulates and produces vitamins for the food and pharmaceutical industries throughout the world. Marketing is effected through the BASF Group's worldwide network of agencies and sales companies.

The site in Kalundborg produces high-purified and high-concentrated Omega-3 products in bulk also characterised as API (Active Pharmaceutical Ingredients). The production has been mothballed since January 2015.

MANAGEMENT'S REVIEW

Development in activities and financial position

The revenue from agricultural products decreased 8% due to high stock at distributors after 2018, which was caused by the very dry weather in summer 2018 and therefore less use of pesticides.

The Company's net sales within nutrition products declined by 9% in 2019 partly due to a reduction of sales of Omega-3 Powders. Another significant contributor to the decline is the discontinuation of the Photocatalytic Systems business in Ballerup. Vitamin A sales was significantly impacted by shortages.

Production volumes declined 2% and idle capacity cost amounted to 19 MDKK. Production was closed down in December in order to reduce inventories.

In 2020 sales volume growth is expected to be 23%, mainly driven by vitamins A, D and K and HMO.

For the construction business, the overall revenue from products in Denmark decreased 9% compared to 2018. While Admixture business continued its steady growth and 7% better than 2018, Construction Systems had 18% less sales than in 2018.

For Constructions Solutions, the sales are stagnating and slower market environment with significantly increased competition. For 2020, it is expected that the market will be uncertain due to the Corona outbreak.

The commissions received for the agency business decreased 5% due to changed market conditions.

Overall, the gross profit dropped by 71.8 MDKK in 2019 compared to 2018.

The Company did not distribute dividends in 2018 and 2019.

The profit before tax amounted to 24.1 MDKK compared to 33.2 MDKK in 2018 is considered satisfying.

Compared to earlier given information, the turnover and profit were as expected.

Special risks

Operating risks

The Company's main operating risk lies in being a raw material supplier to the export industry. The sale of agricultural products depends to a wide extent on the weather.

Financial risks

The parent company, BASF SE, manages the financial risks centrally and coordinates the Group's liquidity including financing and excess liquidity.

Currency risks

The purchase and sale of goods are mainly carried out in DKK or EUR. As the Danish National Bank pegs the Danish Krone close to the euro, the currency risk is moderate. The Company, BASF A/S, follows a policy to hedge currency where the net position exceeds the equivalent to 2 MEUR by using financial instruments such as forward exchange contracts, and those contracts are only entered into through the German parent company BASF SE.

By the end of the fiscal year 2019, the Company had no forward exchange contracts.

MANAGEMENT'S REVIEW

Interest rate risks

The Company's net interest-bearing position is interest-bearing deposits, which was a net receivable of 108 MDKK in 2019 compared to a net receivable of 88 MDKK in 2018.

The net interest-bearing debt is mainly designated in EUR and DKK.

Based on the net outstanding balance at the end of the fiscal year 2019 an increase by one percentage point in the general interest rate level will cause an increase in the annual interest income before tax of approximately 1.1 MDKK.

The Company does not hedge interest rate risks as these solely relate to the German parent company BASF SE's area of responsibility.

Credit risks

Credit risks in respect of financial assets equal the value included in the balance sheet.

The Company's policy for undertaking credit risks entails that all major customers are credit rated regularly.

Intellectual capital resources

The Company's products are based on high-technology production facilities. Production is performed in accordance with the GMP rules. The Company operates in a competitive market that is demanding in terms of product development, flexibility and quality. This calls for staff with thorough knowledge of the Company's business processes, products and customers. In addition, particular requirements for knowledge resources exist in relation to development of products.

In order to live up to these demands and requirements, the Company needs to be able to recruit, develop and retain staff with a high level of experience, training and education in the area of process-industrial formulation of vitamins etc.

In 2019, 1.0 MDKK was spent on staff training.

Staff with higher education accounts for about 46% of the salaried employees.

Employee turnover was approximately 2.9% in 2019.

Research and development activities

In 2019 research and development activities were performed in close cooperation with the Parent Company.

In 2019, the costs for R&D projects amounted to 11.3 MDKK (2018: 16.4 MDKK).

At 31 December, no such development projects have been found which fulfill the criteria for capitalisation and a following recognition in the Company's balance sheet.

Statutory corporate social responsibility report

The Company has not prepared any own description of the politics with regard to social responsibility, including environment, social and staff matters, anticorruption and bribery, climate and human as the Company is included in the BASF group guidelines. A reference to the description in the annual report for BASF SE for 2019 for CSR is therefore made.

<https://bericht.basf.com/2019/en/>

Environmental performance

In 2019, the overall company strategy was founded on environment, health and safety.

Operations have been based on sound focus on environment, health and safety policies supporting the objectives that have been developed from the BASF Group's policy in these areas.

<https://www.basf.com/global/en/who-we-are/sustainability.html>

MANAGEMENT'S REVIEW

Statutory report on underrepresented gender in Management

The Board consist of five members; two staff representatives and three members appointed by The Company (two male and one female). The Board of Directors has decided that the target for the participation of the underrepresented gender in the Board should be 33% in 2019. This target was achieved in 2019 and will be unchanged for 2020.

Policy: The Company has worked out a policy which should assist to increase the participation of the underrepresented gender at the other management levels. This is also incorporated in the Company's Talent Programs to promote leaders from both genders. The Company performs a Job Grading of all positions with salary bands. This prevents anyone being paid below the bands. The Company offers attractive conditions concerning maternity and paternity leave.

Actions: We continue to hire the best candidates, but at the same time we try to attract qualified women to management positions.

Results: The target for the share of the underrepresented gender at the other management levels in the Company has been set to 40% and increased to 32% by the end of 2019 from 28% in 2018. Comparing to the chemical sectors, The Company performs above average concerning representing both genders more equally.

Events after the balance sheet date

Corona Outbreak

We expect the Corona virus pandemic to have a relatively minor effect on the sales and profits of the Company during 2020. The Company's main sales are in agricultural products and health and nutrition area, which are less affected of the consequences of the virus. The Company's Management monitors closely the development in the situation and adapt their steering accordingly.

Expected development

For 2020, despite the Corona outbreak uncertainties, the turnover is expected to be higher than in 2019 and fixed costs are expected to develop stable.

Group structure

The Company is included in the consolidated financial statements of BASF SE, Ludwigshafen, Germany. A copy of the consolidated financial statements of the Group can be requested from BASF A/S.

BASF SE, Carl-Bosch-Strasse 38, 67056 Ludwigshafen, Germany, Idnr. DE 149 145 247 is registered as owner of the share capital of 1,029.2 MDKK.

INCOME STATEMENT**Notes****Financial Statements 1 January - 31 December****1**

		2019	2018
		KDKK	KDKK
Revenue	2	897.879	1.161.261
Cost of sales		(491.693)	(704.182)
Change in inventory of finished goods and work in progress		2.172	33.661
GROSS PROFIT		408.358	490.740
Other operating income	3	147.154	121.568
Other external expenses		(189.646)	(228.723)
Staff costs	4	(198.717)	(199.654)
Amortisation on intangible assets	5	(1.549)	(1.805)
Depreciation on property, plant and equipment	6	(140.300)	(146.517)
Other operating costs		-	(474)
OPERATING PROFIT		25.300	35.135
Financial income	7	5.017	9.121
Financial expenses	7	(6.176)	(11.085)
PROFIT BEFORE TAX		24.140	33.171
Tax on profit for the year	8	(5.595)	(15.874)
PROFIT FOR THE YEAR	9	18.545	17.297

BALANCE SHEET AT 31 DECEMBER**Notes****ASSETS****2019****2018****NON-CURRENT ASSETS**

Software

KDKKKDKK

3.515

2.340

Intangible assets**10****3.515****2.340**

Land and buildings

56.123

356.949

Plant and machinery

48.715

198.063

Fixtures and fittings, tools and equipment

9.593

10.216

Property, plant and equipment under construction

2.504

22.190

Property, plant and equipment**116.934****587.418****TOTAL NON-CURRENT ASSETS****11****120.449****589.758****CURRENT ASSETS**

Raw materials and consumables

228.114

267.932

Work in progress

11.581

18.214

Manufactured goods, goods and PP&E for sale

305.293

131.067

Inventories**544.989****417.213**

Trade receivables

18.295

61.233

Receivables from group entities

12

475.662

209.994

Other receivables

12.354

25.389

Deferred tax asset

13

8.433

-

Prepayments

14

3.408

1.923

Total receivables**518.152****298.539****Cash at bank and in hand****553****369****TOTAL CURRENT ASSETS****1.063.693****716.121****TOTAL ASSETS****1.184.142****1.305.879**

BALANCE SHEET AT 31 DECEMBER**Notes****EQUITY AND LIABILITIES****EQUITY**

		2019	2018
		KDKK	KDKK
Share capital	15	1.029.200	1.029.200
Retained earnings		37.090	18.545
Proposed dividends for the financial year		-	-
TOTAL EQUITY		1.066.290	1.047.745

Provisions for deferred tax	13	-	4.390
TOTAL PROVISIONS		-	4.390

LIABILITIES OTHER THAN PROVISIONS

Non-current liabilities other than provisions	16	4.750	6.683
Non-current liabilities other than provisions		4.750	6.683

Current liabilities

Current portion of non-current liabilities other than provisions	16	1.932	1.830
Prepayments received from customers		501	2.190
Trade payables		28.382	33.045
Payables to group entities	12	21.516	117.765
Income tax payables	17	8.284	4.869
Other payables	18	52.487	87.362
Current liabilities other than provisions		113.102	247.061

TOTAL LIABILITIES OTHER THAN PROVISIONS		117.852	253.744
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TOTAL EQUITY AND LIABILITIES		1.184.142	1.305.879
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Contingent liabilities	19		
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Fees to the auditor appointed at the general meeting	20		
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Currency and interest rate exposure, credit risks and financial instruments	21		
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Related parties	22		
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Subsequent events	23		
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STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER

	Share capital KDKK	Retained earnings KDKK	Proposed dividend for the year KDKK	Total KDKK
Equity at 1 January 2018	1.029.200	1.248	10.000	1.040.448
Dividend paid	-		(10.000)	(10.000)
Profit for the year	-	17.297		17.297
Equity at 1 January 2019	1.029.200	18.545	-	1.047.745
Profit for the year	-	18.545	-	18.545
Equity at 31 December 2019	1.029.200	37.090	-	1.066.290

Notes**1. Financial Statements 1 January - 31 December
ACCOUNTING POLICIES**

The annual report of BASF A/S is prepared in accordance with the provisions applying to reporting class C (large) entities under the Danish Financial Statements Act.

The accounting policies are unchanged compared to last year.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, a cash flow statement is not prepared.

Intercompany mergers

When applying intercompany mergers, the uniting-of-interests method has been used.

Foreign currency translation

On initial recognition, transactions in foreign currency are translated at the exchange rate of the transaction date.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date.

Currency exchange rate differences occurring between the transaction date rate and the rate on the payment date are included in the income statement as financial income and expenses.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised as other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised with the requirements for the income statement together with changes in the value of the hedged asset or the hedged liability.

For derivative financial instruments that do not fulfil the hedging requirements, the changes in the fair value are recorded in the income statement as financial income and expenses.

Income statement**Revenue**

Revenue from the sale of commodities and finished goods is included in the income statement when delivery and transfer of risk to the buyer has taken place.

Revenue is included excluding VAT, duties and rebates in connection with the sale.

The Company receives commission from the parent company and some larger units in the BASF Group regarding agency activities. Commissions are included in the same month as the agency activities take place.

Cost of sales

Cost of sales includes the directly related consumption of goods sold and landing costs.

Cost of sales includes in addition the research and development costs as far as these costs cannot be assessed for recording in the balance sheet.

Other external expenses

Other external expenses include all other external costs that do not relate to consumption of goods, personnel costs, depreciation and financial expenses, e.g. freight, rent and travel costs.

Staff costs

Staff costs consist of salaries and wages, including holiday allowances and pensions; other costs for social security, etc. of the employees in the Company. In the staff costs, public compensations have been deducted.

Notes

1. Financial Statements 1 January - 31 December ACCOUNTING POLICIES

Share-based incentive scheme

The value of services received as compensation for allocated cash-settled options is recognised at the value of the options' intrinsic value, which is the difference between the option exercise price and the market price of the shares in BASF SE at the balance sheet date. The liability related to the options is adjusted at each balance sheet date and at final settlement. Adjustments of the valuation of the options are included in the income statement under personnel costs pro rata over the vesting period. The counter entry is included under liabilities in the balance sheet.

Financial income and expenses

Financial income and expenses include interest income and interest expense, realised and unrealised exchange gains and losses regarding payables, receivables and transactions in foreign currencies and surcharges and refunds under the on-account tax scheme.

Tax for the year

Tax for the year, which includes current tax for the year and changes in deferred tax, is included in the income statement by the tax expense relating to the profit/loss for the year. The tax expense directly relating to items in equity are recognised directly in the equity.

BALANCE SHEET

Intangible assets

Intangible assets include software.

Software is recognised as costs at purchase price. Intangible assets are amortised on a straight-line basis over the assets' expected useful lives, which are determined to be 5 years.

The carrying value is continuously assessed and written down to a lower realisable value in the income statement if the carrying value exceeds the estimated future net cash flows from the activity to which the intangible asset relates.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The cost comprises of the acquisition price, costs directly attributable to the acquisition, and costs for preparing the asset for intended use. For company-manufactured assets, cost comprises of direct and indirect costs of materials, components, sub-suppliers and labour costs.

Interest expenses on loans for financing the manufacturing of property, plant and equipment are included in cost if they relate to the manufacturing period.

The basis of depreciation is cost less estimated residual value at the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful life of the assets:

Buildings	30 years
Production buildings	10-20 years
Installations in buildings	10-25 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

Property, plant and equipment are written down to a lower recoverable amount if this is lower than the carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying value at the time of sale. Losses are recognised in the income statement together with depreciation and impairment losses. Profits are recognised as other operating income.

Notes

1. Financial Statements 1 January - 31 December ACCOUNTING POLICIES

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consist of purchase price plus landing costs. The costs of manufactured goods and work in progress consist of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Financing costs are not included.

The net realisable value of inventories is calculated as the estimated selling price less costs to complete and cost of sale.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy.

The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Prepayments

Prepayments comprise of incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost which usually corresponds to the nominal value.

Cash and cash equivalents

Cash and cash equivalents include bank deposits.

Receivables on the group cash-pool arrangement is not recognised as cash and cash equivalents, but is included in the liability/receivable with group enterprises.

Leases

Leases concerning fixed assets, where the company has substantially all of the risks and rewards incidental to ownership (finance leases), is initially recognised in the balance to the lower of the market value or the net present value of the future lease payments. In the calculation of the net present value, the discounted interest rate in the lease or the incremental borrowing rate is used. Finance lease assets are presented as other assets owned by the company.

The capitalised lease obligation is included in the balance sheet as a liability at amortised cost, where the interest element of the lease payment is included in the income statement over the contractual period.

All other leases are treated as operating leases. The lease payments in connection with operating leases and other tenancy agreements are included in the income statement straight-line over the contractual period. The total obligation concerning operating leases and tenancy agreements is explained under contractual obligations etc. in the notes.

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provisions comprise anticipated costs of decided and published restructurings, etc. Provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to fall due more than one year after the balance sheet date are discounted using an average bond yield.

Corporation tax and deferred tax

Current tax liabilities and tax receivables, respectively, are included in the balance sheet.

Deferred tax is measured according to the balance-sheet liability method for all temporary differences between the carrying amount and tax value of assets and liabilities, where the tax value of the assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax value of tax loss carryforwards, are included in the balance sheet at the value at which the asset can be expected to be realised, either by off-setting towards the deferred tax liabilities or as net tax assets.

The Company is jointly taxed with the other Danish subsidiaries and branches in the BASF Group and branches. The current Danish corporation tax is distributed between the jointly taxed Danish entities in relation to their taxable income (full allocation with reimbursement regarding tax losses). The Company is the administrative company in the joint taxation.

Liabilities other than provisions

These liabilities are measured at amortised cost, which usually corresponds to the nominal value.

Segment information

Disclosures are provided on business segments (primary segment) and geographical markets (secondary segment). The segmental disclosures comply with the Company's accounting policies and internal financial management.

Financial ratios

The financial ratios have been calculated as follows:

Gross margin	=	$\frac{\text{Gross profit or loss} \times 100}{\text{Revenue}}$
Operating margin	=	$\frac{\text{Operating profit or loss} \times 100}{\text{Revenue}}$
Return on invested capital	=	$\frac{\text{Operating profit or loss} \times 100}{\text{Average invested capital}}$
Return on equity	=	$\frac{\text{Profit or loss for the year} \times 100}{\text{Average equity}}$
Solvency ratio	=	$\frac{\text{Equity} \times 100}{\text{Total equity and liabilities at year end}}$
Invested Capital	=	Operational intangibles, property, plant, equipment as well as net working capital

Notes**2. Segmental information**

Revenue	2019	2018
Activities, primary segment	KDKK	KDKK
Agricultural and nutrition	214.562	523.459
Pharma/Food	493.420	442.303
Chemicals	11.037	11.446
Special chemicals	4.465	5.481
Plastics	389	2.245
Construction chemicals	118.505	123.653
Not allocated	55.499	52.674
Total revenue	897.879	1.161.261

For revenue, the secondary segment can be specified as follows:

Geography

Domestic market	223.902	235.460
EU countries	218.787	524.132
NAFTA countries	49.152	54.820
Other countries	371.597	310.410
Total net sales	863.438	1.124.822
Commission regarding sales on the domestic market (Agency sales)	34.441	36.439
Total revenue	897.879	1.161.261

The total revenue including agency sales can be specified as follows:

Own revenue excluding commissions	863.438	1.124.822
Agency sales	832.868	950.220
Total revenue inclusive agency sales	1.696.306	2.075.042

3. Other operating income

The reimbursement from BASF Norway of the Kalundborg depreciation is booked here.

	2019	2018
4. Staff costs	KDKK	KDKK
Wages and salaries	179.063	181.238
Pensions	16.783	15.755
Other social security costs	2.871	2.661
Total staff costs	198.717	199.654
Total remuneration for Executive Management and Board of Directors	3.641	3.410
Average number of employees	271	272

Certain executive officers of the Company are entitled to receive cash-settled share options in BASF SE.

The Company's liability relating to this scheme is included in the other payables

	778	465
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5. Amortisation on intangible assets

Software Amortisation	(1.549)	(1.805)
Total amortisation on intangible assets	(1.549)	(1.805)

6. Depreciation on property, plant and equipment

Land & Buildings	(35.713)	(40.856)
Plant & Machinery	(102.740)	(104.515)
Fixtures, fittings, tools & equipment	(1.847)	(1.146)
Property & plant under construction	-	-
Total depreciation on property, plant and equipment	(140.300)	(146.517)

Notes**7. Financial income and expenses**

	2019	2018
	KDKK	KDKK
Foreign exchange gains	5.015	9.119
Interest on tax on account	2	2
Total financial income	5.017	9.121
Interest and charges, bank loans	(147)	(34)
Interest expense to group entities	-	-
Foreign exchange losses	(5.612)	(10.409)
Other financial expenses (leasing)	(417)	(642)
Total financial expenses	(6.176)	(11.085)

8. Tax on profit for the year

	2019	2018
Calculated tax of the year's taxable income	18.284	15.997
Correction of deferred tax, beginning of year	(36)	7.448
The year's adjustment of deferred tax	(12.787)	(8.545)
Adjustment of tax, previous years	135	974
Tax on profit for the year	5.595	15.874

9. Proposed profit appropriation

The Board of Directors proposes the profit for the year distributed as follows:

Proposed dividend for the financial year	-	-
Retained earnings	18.545	17.297

10. Software

Cost at 1 January 2019	5.333	4.276
Additions	2.593	3.213
Disposal	(1.989)	(2.156)
Cost at 31 December 2019	5.937	5.333
Amortisation and impairment losses at 1 January 2019	(2.993)	(3.343)
Amortisation for the year	(1.549)	(1.805)
Amortisation regarding the year's disposal	2.120	2.155
Amortisation and impairment losses at 31 December 2019	(2.422)	(2.993)
Book value at 31 December 2019	3.515	2.340

Notes

11 NON-CURRENT ASSETS

Property, plant and equipment

	Land and buildings KDKK	Plant and machinery KDKK	Fixtures, fittings tools and equipment KDKK	Property & equipment under construction KDKK	Total KDKK
Acquisitions at 1 January 2019	956.434	1.503.585	53.232	22.190	2.535.441
Additions	3.284	22.897	1.884	2.100	30.165
Assets transferred to current assets	(722.504)	(1.249.680)	(23.360)	(1.742)	(1.997.287)
Disposals	(9.085)	(50.751)	(2.911)	(20.043)	(82.790)
Acquisitions at 31 December 2019	228.129	226.052	28.845	2.504	485.530
Depreciation and impairment losses at 1 Jan 2019	(599.485)	(1.305.522)	(43.016)	-	(1.948.023)
Depreciation for the year	(35.713)	(102.740)	(1.847)	-	(140.300)
Depreciation regarding the year's disposals	9.085	50.751	2.911	-	62.747
Assets transferred to current assets	454.107	1.180.175	22.700	-	1.656.981
Depreciation and impairment losses at 31 Dec 2019	(172.006)	(177.337)	(19.253)	-	(368.596)
Book value at 31 December 2019	56.123	48.715	9.593	2.504	116.934
Book value at 31 December 2018	356.949	198.063	10.216	22.190	587.418

The Company intends to divest its Omega3 plant and hence it is presented as current asset for sale.
The Company expects no environmental concerns from a divestment of the site.

	2019 KDKK	2018 KDKK
TOTAL NON-CURRENT ASSETS	120.449	589.758

12. Receivables from / Payables to group entities

The item receivable includes an intra-group cash-pool of 108.0 MDKK (2018: 87.5 MDKK)

13. Provisions for deferred tax

	2019 KDKK	2018 KDKK
Deferred tax at 1 January	(4.390)	(5.488)
Adjustment of deferred tax, beginning of year	36	(7.447)
The year's adjustment of deferred tax	12.787	8.545
Deferred tax at 31 December	8.433	(4.390)
Provisions for deferred tax relate to:		
Intangible assets	(3.515)	(2.340)
Property, plant and equipment	92.897	22.075
Inventories	(63.087)	(49.805)
Receivables	-	-
Provisions	12.039	10.115
Total	38.333	(19.955)
Tax rate	22%	22%
Deferred tax	8.433	(4.390)

14. Prepayments

The item primarily consists of prepaid insurance.

15. Share capital

The share capital consists of 94,420 shares of 10 KDKK each, 8 shares of 10 MDKK each and 1 share of 5 MDKK each.
The shares are not divided into classes.

In the last five years, the following changes have been made to the share capital:

	KDKK
Share capital at 1 January 2012	95.500
Capital increase at 2 December 2013	933.700
Share capital at 31 December 2019	1.029.200

Notes

16. Current and non-current liabilities other than provisions

	2019	2018
	KDKK	KDKK
Finance lease due between 0-1 years	1.932	1.830
Finance lease due between 1-5 years	4.750	6.683
Finance lease due over 5 years	-	-
Non-current liabilities other than provisions	6.682	8.513

17. Income tax receivable/payable

	2019	2018
	KDKK	KDKK
Calculated tax of the year's taxable income	(18.284)	(15.997)
Prepaid tax during the year	10.000	2.583
Total tax payable	(8.284)	(13.414)

18. Other payables

VAT and duties	-	-
Other taxes	33	795
Wages and salaries, social security costs, holiday allowance	52.454	86.567
Other costs payable	-	-
Total other payables	52.487	87.362

19. Contingent liabilities, contractual obligations etc.

The Company is a part of the compulsory joint taxation with the Danish BASF companies and branches. The companies have unlimited joint and several liability for Danish corporation taxes and withholding taxes with in the joint taxation group.

	2019	2018
Operating leases	KDKK	KDKK
Operating leases have been entered into for the period 2019 to 2024 concerning rental of office premises, warehouses, servers, land and leasing cars:	32.084	38.460
The contracts have termination periods between 3 to 48 months.		

Furthermore, The Company has a guarantee commitment on company credit cards issued to the employees of 5.6 MDKK

The Company has some running warranty claims not finalized yet, but all costs related to this will be recharged to the manufacturing company according to an agreement with the manufacturer.

BASF AS Norway will take responsibility of all costs that will be incurred from divestment or demolition of the Kalundborg site and to compensate The Company for any costs and losses.

The Company has estimated that in case it would choose to not sell its facilities in Kalundborg, the estimated costs to demolish all buildings and clean up the site its to original condition, it would have an estimated cost of maximum 40 MDKK.

Notes

20. Fees to the auditor appointed at the general meeting

Pursuant to Section 96 of the Danish Financial Statement Act, audit fee is not disclosed.

21. Currency and interest rate exposure, credit risks and financial instruments

Currency exposure - recognised transactions	Receivables and cash KDKK	Liabilities other than provisions KDKK	Hedged portion KDKK	Net position 2019 KDKK	Net position 2018 KDKK
USD	-	(96)	-	(96)	(6.264)
EUR	14.205	(15.040)	-	(835)	(6.389)
SEK	2.106	1	-	2.107	3.415
NOK	128.975	(36)	-	128.939	1.778
Other	270	0	-	270	(11)
Total currency exposure	145.556	(15.171)	-	130.385	(7.471)

The Company uses hedging instruments such as forward contracts to hedge recognised transactions.

Hedging of recognised transactions includes receivables and liabilities other than provisions.

At 31 December 2019, The Company had no active hedging contracts.

At 31 December 2019, unrealised net losses on derivative financial instruments for currency hedging totalled 0 KDKK

Currency exposure - recognised transactions	Contract value 2019 KDKK	Contract value 2018 KDKK	gains/ (losses) 2019 KDKK	gains/ (losses) 2018 KDKK
Currency bought on future deals	-	113.481	-	132
Total currency exposure on futures	-	113.481	-	132

Forward contracts concern hedging of receivables from sale and payables from purchase of goods, see BASF accounting policies. At 31 December 2019, The Company had no active forward contracts.

Currency and interest rate exposure, credit risks and financial instruments**Interest rate exposure from Group Companies**

Contractual dates reassessment and repayment of financial assets

Receivables from group entities

Payables to group entities

	2019 KDKK	2018 KDKK
Receivables from group entities	107.737	87.534
Payables to group entities	-	-

None of the above assets and liabilities fall due after more than one year. For further description of the interest risks, please refer to the Management's review.

Credit exposure

Trade receivables

Trade receivables	18.295	61.233
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The customers are mainly large domestic and foreign companies.

The Company has experienced very few losses on its receivables.

Notes

22. Related parties

Companies

Related parties exercising control: The parent company BASF SE, Ludwigshafen, Germany
BASF SE holds 100 % of the shares in BASF A/S. BASF A/S is part of the consolidated financial statements of BASF SE.
The consolidated financial statements of BASF SE can be obtained on

<https://www.basf.com/en/company/investor-relations.html>

Related parties also include group enterprises, Executive Board and the Board of Directors, management employees as well as their close family members. Moreover, related parties include companies in which the above-mentioned list of persons have major interests.

Other related parties with whom the Company had postings at the end 2019:

BASF AB, Haraldsgatan 5, SE-41314 Göteborg, Sweden
BASF AS, Lilleakerveien 2C, NO-1327 Lysaker, Norway
BASF OY, Tammasaarenkatu 3, FIN-00180 Helsinki, Finland
BASF Coatings Services AB, Transportgatan 37, S-42502 Hisings Kärna, Sweden
BASF UAB, Tauro 12, LT 01114 Vilnius, Lithuania
BASF SIA, Lambertu iela 33B, Rīgas Raj, Latvia
BASF PLC, Cheadle Hulme, Earl Road, SK8 6QG Cheadle, England
Pronova BioPharma Norge AS, Lilleakerveien 2C, NO-0283 Oslo, Norway
BASF Nederland BV, Groningensingel 1, 6835 EA Arnhem, Netherlands

Related party transactions

	2019	2018
	KDKK	KDKK
Net Sales Tangible Products	495.964	456.395
Commission Revenue	34.441	36.439
Sales Other Operating Revenue	90.411	87.382
Total sales to BASF Group companies	620.816	580.216
Payments for Tangible Products	226.958	508.216
Commission Expenses	(28)	41.684
Royalty Expenses	1.797	1.817
Other Operating Expenses	41.763	42.380
Total purchases and expenses from BASF Group companies	270.490	594.097

In 2019, transactions between the above-mentioned group enterprises and BASF A/S have taken place.

The main part of purchases has been carried out with the holding company, BASF SE, as well as the received commission regarding agency sales mainly originates from that side.

The other three Nordic companies and BASF A/S act as one organisation, and a considerable Nordic cooperation has been established within areas such as business management, order handling, sales and technical customer advice and of services administration between the companies.

BASF A/S has a cooperation within management, sales and technology as well as administration with BASF AB,

BASF AS, BASF OY. BASF A/S has a cooperation within agriculture with BASF UAB & BASF SIA

BASF A/S has an agreement with BASF Coatings Services AB in Denmark where BASF A/S has provided services within environment, HR, Finance and renting offices.

BASF Coordination Center takes care of the surplus/need of cash in BASF A/S.

BASF A/S buys IT services and hardware from BASF Business Services GmbH in Germany.

BASF A/S receives shared services from BASF Services Europe GmbH.

BASF A/S has a cost manufacturing agreement with BASF AS regarding the Kalundborg site and the remaining costs after the mothballing of the site.

BASF A/S has a limited number of transactions with other group enterprises regarding commission agency business.

Notes

22. Related parties

Complete list of BASF companies with whom BASF A/S has had transactions with during 2019

Company name	City	Country	EU/EØS	Non-EU
BASF SE	Ludwigshafen	DE	x	
BASF Coatings GmbH	Muenster	DE	x	
BASF BELGIUM COORDINATION CENTER	Antwerpen	BE	x	
BASF Construction Chemicals	TREVISO	IT	x	
BASF Nederland B.V.	Arnhem	NL	x	
BASF AS	Oslo	NO	x	
BASF AB	Goeteborg	SE	x	
BASF PLC	Cheadle	GB	x	
BASF CONSTRUCTION CHEMICALS	Zürich	CH	x	
BASF Schweiz AG	Basel	CH	x	
BASF Company Ltd.	SEOUL	KR		x
BASF CORPORATION	FLORHAM PARK	US		x
BASF COATINGS SERVICES AB	HISINGS BACKA	SE	x	
BASF FRANCE S.A.S.	Levallois Perret	FR	x	
BTC Europe GmbH	Monheim am Rhein	DE	x	
BASF Oy	Helsinki	FI	x	
BASF Agro B.V. Arnhem (NL)	Zürich	CH	x	
BASF Intertrade AG	Zug	CH	x	
BASF Business Services GmbH	Ludwigshafen	DE	x	
BASF Construction Chemicals	Dubai	AE		x
BASF Construction Chemicals	L'Hospitalet de Llobregat	ES	x	
BASF Agricultural Specialities	Ecully	FR	x	
BASF UAB	Vilnius	LT	x	
BASF SIA	Riga	LV	x	
BASF Services Europe GmbH	Berlin	DE	x	
Construction Research & Techno	Trostberg	DE	x	
BASF Construction Solutions GmbH	Trostberg	DE	x	
BASF Personal Care	Monheim	DE	x	
BASF Agricultural Specialities	CHEADLE	GB	x	
BASF S.A.	SAO PAULO	BR		x
BASF IRELAND LTD.	CORK	IE	x	
BASF CANADA INC	Mississauga	CA		x
BASF MEXICANA S.A. DE C.V.	DEL. BENITO JUAREZ	MX		x
BASF AUSTRALIA LTD.	Southbank	AU		x
BASF (Thai) Limited	Bangkok	TH		x
BASF Polyurethanes GmbH	Lemförde	DE	x	
BASF Srbija d.o.o.	Belgrad (Novi Beograd)	RS		x
BASF Polska Sp. z o.o.	Warszawa	PL	x	
BASF T.O.V. LLC	Kyiv	UA		x
BASF Stavebni hmoty Ceska	CHRUDEM	CZ		x
BASF CONSTRUCTION CHEMICALS	SHANGHAI	CN		x
CropDesign N.V.	Zwijnaarde	BE	x	
BASF CONSTRUCTION CHEMICALS LTDA.	PUDAHUEL	CL		x
BASF Türk Kimya Sanayi	Istanbul	TR		x
BASF Maroc S.A.	Casablanca	MR		x
BASF New Business GmbH	Ludwigshafen	DE	x	
TrinamiX GmbH	Ludwigshafen	DE	x	
BASF Chile S.A.	Santiago	CL		x
BASF Japan Ltd.	Tokyo	JP		x
BASF Colors & Effects GmbH	Köln	DE	x	
TOTAL		50	33	17

23. Subsequent events

Corona Outbreak

We expect the Corona virus pandemic to have a relatively minor effect on the sales and profits of the Company during 2020. The Company's main sales are in agricultural products and health and nutrition, which are less affected of the consequences of the virus pandemic. Our production in our Ballerup nutrition site is still running and many non-production employees are used to working from home.

Construction Chemicals Business

BASF will sell its construction chemicals business with closing date in H2 2020. This means, BASF A/S will carve out its Rødekro Site and all employees related to the construction Chemicals business.

The expected selling price exceeds carrying amount of net assets in business unit sold.