

**BASF A/S  
Kalvebod Brygge 45  
DK-1560 Copenhagen**

**CVR no. 17 41 26 12**

**Annual Report for 2021**

Approved at the Company's Annual General Meeting on May 20 2022

**CHAIRMAN OF THE ANNUAL GENERAL MEETING**

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**Mark Meier**

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## 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
Board Member	Susanne Knigge
Employee representative	Jørgen Holm
Employee representative	Bettina Nyborg

### EXECUTIVE BOARD

Managing Director	Mark Meier
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### 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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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

May 20 2022

**BASF A/S**

**Executive Board**

Mark Meier

**Board of Directors**

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Harald Pflanzl  
Chairman

\_\_\_\_\_  
Susanne Knigge  
Board Member

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Mark Meier  
Managing Director

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Jørgen Holm  
Employee Representative

\_\_\_\_\_  
Bettina Nyborg  
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 2021 comprising income statement, balance sheet, statement of changes in equity 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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.
- 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

David Olafsson  
Statsaut. revisor  
State Authorised Public Accountant  
MNE no. 19737

## MANAGEMENT'S REVIEW

### Financial highlights

#### Key figures in MDKK

	2021	2020	2019	2018	2017
Net sales	1.776,6	1.051,2	897,9	1.161,3	1.195,2
Gross profit	359,4	422,4	408,4	490,7	453,8
Operating profit/loss	-10,4	91,6	25,3	35,1	12,9
Net financials	0,9	-5,0	1,2	2,0	1,1
Profit/loss for the year before tax	-9,5	86,6	24,1	33,2	11,7
Profit/loss for the year	-7,7	67,4	18,5	17,3	10,8
Inventories	235,4	329,6	377,0	417,2	231,3
Accounts receivable	989,8	820,8	321,6	271,2	296,6
Equity	1.061,0	1.133,7	1.066,3	1.047,8	1.040,4
Total assets	1.336,2	1.267,0	1.184,2	1.305,9	1.265,6
Invested capital	257,2	459,0	958,6	960,2	884,5
Investments in property, plant, equipment	8,2	3,1	12,9	18,6	30,5

#### Financial ratios

	2021	2020	2019	2018	2017
Gross margin	20,2%	40,2%	45,5%	42,3%	38,0%
Profit margin	-0,6%	8,7%	2,8%	3,0%	1,1%
Return on invested capital	-2,9%	12,9%	2,6%	3,8%	1,4%
Return on equity	-0,7%	6,1%	1,8%	1,7%	1,0%
Equity ratio	79,4%	89,5%	90,0%	80,2%	82,2%

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 a broad range of chemical products from BASF's broad product range.

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

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

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 leased tank storage facility in Kalundborg has been transferred to BASF in Norway and the related crude oil inventory has been sold - also to BASF in Norway in 2021. These final transactions concluded the Company's activities in Kalundborg.

For the Divestment of the Company's Construction Chemicals business, the Company received an additional cost for the share deal of 10M DKK. This is recognised as Other Operating expense.

### **Development in activities and financial position**

The revenue from the agricultural business increased by 43%. We received a new registration of BALAYA in 2021, a cereal fungicide product which represented 80% of the total increase in 2021.

The Net Sales from the Nutrition production decreased 8% from 2020 - 2021. Vitamin A accounted for the main part of the decrease as the market was somewhat saturated, following a year of significant growth, driven by Covid-19. Vitamins A and D are deemed to boost the immune system and sales remain at a high level. Finished goods production volumes decreased 14% compared to last year in part because of a bottleneck in the process and utilization rate in 2021 reached 82%.

In 2022 sales volumes are expected to grow 18% mainly driven by Vitamin A.

The Company no longer receives commissions as the agency business has disappeared due to changes in the invoicing model for the agency business. Therefore, the commissions paid by the Company to other group companies has also disappeared.

Overall, the gross profit decreased by 63 MDKK in 2021 compared to 2020.

The Company distributed dividends in years 2021 of 65 MDKK concerning 2020.

The loss before tax amounted to 9.5 MDKK compared to a profit of 86.6 MDKK in 2020 and is considered unsatisfactory.

Compared to earlier given information, the turnover was as expected, but profit was lower than 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, 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 2021, the Company had four 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 809 MDKK in 2021 compared to a net receivable of 688 MDKK in 2020.

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 2021, 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 8.1 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 2021, 1.6 MDKK was spent on staff training.

Staff with higher education accounts for about 36% of the salaried employees.

Employee turnover was approximately 3.7% in 2021.

### **Research and development activities**

In 2021 research and development activities were performed in close cooperation with the Parent Company.

In 2021, the costs for R&D projects amounted to 3.7 MDKK (2020: 3.5 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 Group annual report for BASF for 2021 for CSR is therefore made.

<https://bericht.basf.com/2021/en/>

### **Data ethics statement**

The Company has not currently formulated a policy for data ethics. Our collection as well processing of personal data has only taken place to a limited extent, and therefore we have not assessed that there currently was a need for a policy to limit any risks.

However in the future we will prepare a policy for data ethics.

### **Environmental performance**

In 2021, 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 consists 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 2021. This result was 40% in 2021, so an equal distribution amongst the board members elected by The Company has been achieved. The target at 33% will remain unchanged in for 2022.

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 34% by the end of 2021 from 33% in 2020. Comparing to the chemical sectors, The Company performs above average concerning representing both genders more equally.

### **Events after the balance sheet date**

#### **Energy price development**

The Company has a relatively high energy consumption and is thus negatively affected by the volatile oil and gas prices. The Company will during 2022, do several initiatives to prepare for a potential reduction in gas availability.

#### **Expected development**

For 2022, the turnover is expected to be similar to 2021 and fixed costs are expected to have a stable development. However, the volatile energy will affect The Company in a negative direction.

#### **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**

		<b>2021</b>	<b>2020</b>
		<b>KDKK</b>	<b>KDKK</b>
<b>Revenue</b>	<b>2</b>	<b>1.776.649</b>	<b>1.051.189</b>
Cost of sales		(1.428.990)	(648.833)
Change in inventory of finished goods and work in progress		11.733	20.008
<b>GROSS PROFIT</b>		<b>359.392</b>	<b>422.364</b>
<b>Other operating income</b>	<b>3</b>	10.374	70.118
Other external expenses		(149.369)	(187.510)
Staff costs	<b>4</b>	(204.456)	(194.243)
Amortisation on intangible assets	<b>5</b>	(908)	(1.979)
Depreciation on property, plant and equipment	<b>6</b>	(15.546)	(17.140)
<b>Other operating costs</b>	<b>7</b>	(9.880)	(12)
<b>OPERATING PROFIT/LOSS</b>		<b>(10.393)</b>	<b>91.598</b>
Financial income	<b>8</b>	7.228	18.223
Financial expenses	<b>8</b>	(6.374)	(23.195)
<b>PROFIT/LOSS BEFORE TAX</b>		<b>(9.539)</b>	<b>86.626</b>
Tax on profit/loss for the year	<b>9</b>	1.865	(19.248)
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>10</b>	<b>(7.674)</b>	<b>67.378</b>

## BALANCE SHEET AT 31 DECEMBER

Notes

## ASSETS

## NON-CURRENT ASSETS

Software

Intangible assets

11

Land and buildings

Plant and machinery

Fixtures and fittings, tools and equipment

Property, plant and equipment under construction

Property, plant and equipment

## TOTAL NON-CURRENT ASSETS

12

## CURRENT ASSETS

Raw materials and consumables

Work in progress

Manufactured goods and goods for sale

Inventories

Trade receivables

Receivables from group entities

Income tax receivable

Other receivables

Prepayments

Total receivables

Cash at bank and in hand

## TOTAL CURRENT ASSETS

## TOTAL ASSETS

2021

KDKK

1.368

1.368

32.309

37.877

8.740

3.812

82.738

84.106

70.245

47.023

118.141

235.409

167.553

822.202

3.055

20.021

2.855

1.015.686

967

1.252.062

1.336.168

2020

KDKK

1.537

1.537

38.334

41.608

9.490

1.745

91.177

92.714

170.965

23.552

135.069

329.586

91.115

729.709

17.562

4.393

1.069

843.848

816

1.174.250

1.266.964

# BALANCE SHEET AT 31 DECEMBER

Notes

## EQUITY AND LIABILITIES

### EQUITY

		2021	2020
		KDKK	KDKK
Share capital	16	1.029.200	1.029.200
Retained earnings		31.794	39.468
Proposed dividends for the financial year		-	65.000
<b>TOTAL EQUITY</b>		<b>1.060.994</b>	<b>1.133.668</b>

Provisions for deferred tax

### TOTAL PROVISIONS

17	5.701	13.793
	<b>5.701</b>	<b>13.793</b>

### LIABILITIES OTHER THAN PROVISIONS

Non-current liabilities other than provisions

### Non-current liabilities other than provisions

18	-	2.710
	<b>-</b>	<b>2.710</b>

### Current liabilities

Current portion of non-current liabilities other than provisions

Prepayments received from customers

Trade payables

Payables to group entities

Other payables

### Current liabilities other than provisions

18	-	2.040
	-	7
	27.583	23.902
13	176.262	34.166
19	65.628	56.678
	<b>269.473</b>	<b>116.793</b>

### TOTAL LIABILITIES OTHER THAN PROVISIONS

**269.473** **119.503**

### TOTAL EQUITY AND LIABILITIES

**1.336.168** **1.266.964**

Contingent liabilities

20

Fees to the auditor appointed at the general meeting

21

Currency and interest rate exposure, credit risks and financial instruments

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Related parties

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Subsequent events

24

# STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER

	Share capital <u>KDKK</u>	Retained earnings <u>KDKK</u>	Proposed dividend for the year <u>KDKK</u>	Total <u>KDKK</u>
<b>Equity at 1 January 2020</b>	<b>1.029.200</b>	<b>37.090</b>	<b>-</b>	<b>1.066.290</b>
Profit for the year	-	2.378	65.000	67.378
<b>Equity at 1 January 2021</b>	<b>1.029.200</b>	<b>39.468</b>	<b>65.000</b>	<b>1.133.668</b>
Dividends paid	-	-	(65.000)	(65.000)
Profit for the year	-	(7.674)	-	<b>(7.674)</b>
<b>Equity at 31 December 2021</b>	<b>1.029.200</b>	<b>31.794</b>	<b>-</b>	<b>1.060.994</b>

## Notes

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### 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.

##### 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.

##### 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.

## Notes

1

### Financial Statements 1 January - 31 December ACCOUNTING POLICIES

#### Other operating income

Other operating income is any income related to non-typical revenues.

#### 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.

The net profits thereof 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.

#### **Dividends**

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.

## Notes

### 1

#### Financial Statements 1 January - 31 December ACCOUNTING POLICIES

##### 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.

##### Financial ratios

The financial ratios have been calculated as follows:

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

## Notes

### 2

#### Revenue - Segmental information

	2021 KDKK	2020 KDKK
<b>Activities, primary segment</b>		
Agricultural and nutrition	273.950	227.889
Pharma/Food	750.887	577.073
Other chemicals	157.199	25.883
Chemicals	334.143	52.726
Special chemicals	51.208	9.653
Plastics	162.056	15.398
Not allocated	47.030	46.236
Construction chemicals	176	96.331
<b>Total revenue</b>	<b>1.776.649</b>	<b>1.051.189</b>

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

#### Geography

Domestic market	1.160.765	320.083
EU countries	283.224	238.651
NAFTA countries	68.330	70.573
Other countries	264.380	396.364
<b>Total net sales</b>	<b>1.776.699</b>	<b>1.025.671</b>
Commission regarding sales on the domestic market (Agency sales)	(50)	25.518
<b>Total revenue</b>	<b>1.776.649</b>	<b>1.051.189</b>

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

Own revenue excluding commissions	1.776.699	1.025.671
Agency sales	126.414	685.234
<b>Total revenue including agency sales</b>	<b>1.903.113</b>	<b>1.710.905</b>

### 3

#### Other operating income

The 2020 reimbursement from BASF Norway for the expenses related to the Kalundborg site and the 2020 divestment of the Construction Chemicals Business are booked here.

	2021 KDKK	2020 KDKK
<b>Other operating income</b>		
Divestment of Construction Chemicals activities	-	36.971
Depreciation and expenses for Kalundborg site reinvoyed to group companies	-	24.687
Other revenue from non-typical business	6.799	8.460
Leasing assets contracts divested to sister company	3.575	-
<b>Total Other operating income</b>	<b>10.374</b>	<b>70.118</b>

### 4

#### Staff costs

	2021 KDKK	2020 KDKK
Wages and salaries	186.612	175.085
Pensions	14.941	16.365
Other social security costs	2.903	2.793
<b>Total staff costs</b>	<b>204.456</b>	<b>194.243</b>

#### Total remuneration for Executive Management and Board of Directors

<b>4.999</b>	<b>4.941</b>
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#### Average number of employees

<b>239</b>	<b>263</b>
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Certain executive officers or previous employees 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.

### 5

#### Amortisation on intangible assets

	2021 KDKK	2020 KDKK
Software Amortisation	(908)	(1.979)
<b>Total amortisation on intangible assets</b>	<b>(908)</b>	<b>(1.979)</b>

## Notes

### 6

#### Depreciation on property, plant and equipment

	2021 <u>KDKK</u>	2020 <u>KDKK</u>
Land & Buildings	(6.012)	(7.272)
Plant & Machinery	(7.378)	(8.005)
Fixtures, fittings, tools & equipment	(2.156)	(1.863)
Property & plant under construction	-	-
<b>Total depreciation on property, plant and equipment</b>	<b>(15.546)</b>	<b>(17.140)</b>

### 7

#### Other Operating Costs

	2021 <u>KDKK</u>	2020 <u>KDKK</u>
Additional charge in 2021 for the Share divestment of the Construction Chemicals Business from 2020	(9.880)	-
Miscellaneous expenses	-	-12
<b>Total Other Operating Costs</b>	<b>(9.880)</b>	<b>(12)</b>

### 8

#### Financial income and expenses

	2021 <u>KDKK</u>	2020 <u>KDKK</u>
Foreign exchange gains	7.228	18.214
Other financial income from group enterprises	-	9
<b>Total financial income</b>	<b>7.228</b>	<b>18.223</b>
Interest and charges, bank loans	(280)	(116)
Other financial expenses from group enterprises	(6)	-
Foreign exchange losses	(5.988)	(22.763)
Other financial expenses (leasing)	(100)	(316)
<b>Total financial expenses</b>	<b>(6.374)</b>	<b>(23.195)</b>

### 9

#### Tax on profit for the year

	2021 <u>KDKK</u>	2020 <u>KDKK</u>
Calculated tax of the year's taxable income	7.190	(1.845)
The year's adjustment of deferred tax	(8.092)	22.225
Adjustment of tax, previous years	(963)	(1.132)
<b>Tax on profit for the year</b>	<b>(1.865)</b>	<b>19.248</b>

### 10

#### Proposed profit appropriation

	2021 <u>KDKK</u>	2020 <u>KDKK</u>
The Board of Directors proposes the profit for the year distributed as follows:		
Proposed dividend for the financial year	-	65.000
<b>Retained earnings</b>	<b>(7.674)</b>	<b>2.378</b>

### 11

#### Intangible Assets - Software

	2021 <u>KDKK</u>	2020 <u>KDKK</u>
Cost at 1 January 2021	5.937	5.937
Additions	740	-
<b>Cost at 31 December 2021</b>	<b>6.677</b>	<b>5.937</b>
Amortisation and impairment losses at 1 January 2021	(4.401)	(2.422)
Amortisation for the year	(908)	(1.979)
<b>Amortisation and impairment losses at 31 December 2021</b>	<b>(5.309)</b>	<b>(4.401)</b>
<b>Book value at 31 December 2021</b>	<b>1.368</b>	<b>1.537</b>

## Notes

### 12

#### NON-CURRENT ASSETS

##### Property, plant and equipment

	Land and buildings <u>KDKK</u>	Plant and machinery <u>KDKK</u>	Fixtures, fittings tools and equipment <u>KDKK</u>	Property & equipment under construction <u>KDKK</u>	Total <u>KDKK</u>
Acquisitions at 1 January 2021	182.792	201.488	44.701	1.745	430.726
Additions - acquisitions	-	2.210	1.496	3.738	7.444
Disposals	-	(65)	(17.876)	-	(17.941)
Transfers	(13)	1.434	250	(1.671)	-
<b>Acquisitions at 31 December 2021</b>	<b>182.779</b>	<b>205.067</b>	<b>28.571</b>	<b>3.812</b>	<b>420.229</b>
Depreciation and impairment losses at 1 Jan 2021	(144.458)	(159.877)	(35.212)	-	(339.547)
Depreciation for the year	(6.012)	(7.378)	(2.156)	-	(15.546)
Depreciation regarding the year's disposals	-	65	17.537	-	17.602
<b>Depreciation and impairment losses at 31 Dec 2021</b>	<b>(150.470)</b>	<b>(167.190)</b>	<b>(19.831)</b>	<b>-</b>	<b>(337.491)</b>
<b>Book value at 31 December 2021</b>	<b>32.309</b>	<b>37.877</b>	<b>8.740</b>	<b>3.812</b>	<b>82.738</b>
<b>Book value at 31 December 2020</b>	<b>38.334</b>	<b>41.608</b>	<b>9.490</b>	<b>1.745</b>	<b>91.177</b>

### 13

#### Receivables from / Payables to group entities

The item receivable includes an intra-group cash-pool of 809 MDKK (2020: 688 MDKK)

### 14

#### Income tax receivable/payable

	2021 <u>KDKK</u>	2020 <u>KDKK</u>
Calculated tax of the year's taxable income	(7.190)	1.845
Prepaid tax during the year	8.366	15.046
Tax related to previous year	1.879	671
<b>Total Income tax receivable/payable</b>	<b>3.055</b>	<b>17.562</b>

### 15

#### Prepayments

The item primarily consists of prepaid insurance.

## Notes

### 16

#### 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.

The latest changes in the share capital are:

	<b>2021</b>
	<b>KDKK</b>
Share capital at 1 January 2012	95.500
Capital increase at 2 December 2013	933.700
	<hr/>
Share capital at 31 December 2021	<b>1.029.200</b>

### 17

#### Provisions for deferred tax / Deferred tax asset

##### Deferred tax at 1 January

Adjustment of deferred tax, beginning of year

The year's adjustment of deferred tax

##### Deferred tax at 31 December

	<b>2021</b>	<b>2020</b>
	<b>KDKK</b>	<b>KDKK</b>
Deferred tax at 1 January	<b>(13.793)</b>	<b>8.433</b>
Adjustment of deferred tax, beginning of year	-	(1)
The year's adjustment of deferred tax	8.092	(22.225)
Deferred tax at 31 December	<hr/> <b>(5.701)</b>	<hr/> <b>(13.793)</b>
Provisions for deferred tax relate to:		
Intangible assets	(628)	(1.537)
Property, plant and equipment	(9.804)	(6.536)
Inventories	(54.537)	(66.057)
Provisions	39.056	11.436
<b>Total</b>	<hr/> <b>(25.913)</b>	<hr/> <b>(62.694)</b>
<b>Tax rate</b>	<b>22%</b>	<b>22%</b>
<b>Deferred tax</b>	<hr/> <b>(5.701)</b>	<hr/> <b>(13.793)</b>

### 18

#### Current and non-current liabilities other than provisions

	<b>2021</b>	<b>2020</b>
	<b>KDKK</b>	<b>KDKK</b>
Finance lease due between 0-1 years	-	2.040
Finance lease due between 1-5 years	-	2.710
<b>Non-current liabilities other than provisions</b>	<hr/> <b>-</b>	<hr/> <b>4.750</b>

### 19

#### Other payables

VAT and duties

Other taxes

Wages and salaries, social security costs, holiday allowance

##### Total other payables

	<b>2021</b>	<b>2020</b>
	<b>KDKK</b>	<b>KDKK</b>
VAT and duties	661	14.429
Other taxes	-	42
Wages and salaries, social security costs, holiday allowance	64.967	42.207
<b>Total other payables</b>	<hr/> <b>65.628</b>	<hr/> <b>56.678</b>

### 20

#### 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.

##### Operating leases

Operating leases have been entered into for the period 2021 to 2025 concerning rental

of office premises, warehouses, servers, land and leasing cars:

The contracts have termination periods between 3 to 48 months.

	<b>2021</b>	<b>2020</b>
	<b>KDKK</b>	<b>KDKK</b>
	<hr/> <b>24.024</b>	<hr/> <b>21.591</b>

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

The Company has no relevant running warranty claims.

## Notes

### 21

#### Fees to the auditor appointed at the general meeting

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

### 22

#### 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 2021 KDKK	Net position 2020 KDKK
USD	-	(79)	-	(79)	(78)
EUR	217.660	(32.921)	(175.535)	9.204	17.823
SEK	904	(87)	-	817	1.841
NOK	652	-	-	652	1.473
Other	274	(62)	-	212	274
<b>Total</b>	<b>219.490</b>	<b>(33.149)</b>	<b>(175.535)</b>	<b>10.806</b>	<b>21.333</b>

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 2021, The Company had four active hedging contracts.

At 31 December 2021, unrealised net gains on derivative financial instruments for currency hedging totalled 25 KDKK

Currency exposure - recognised transactions	Contract value 2021 KDKK	Contract value 2020 KDKK	gains/ (losses) 2021 KDKK	gains/ (losses) 2020 KDKK
Currency bought on future deals	175.535	110.614	25	(189)
<b>Total currency exposure on futures</b>	<b>175.535</b>	<b>110.614</b>	<b>25</b>	<b>(189)</b>

Forward contracts concern hedging of receivables from sale and payables from purchase of goods, see BASF accounting policies.

At 31 December 2021, The Company had four 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

2021 KDKK	2020 KDKK
<b>808.595</b>	<b>687.666</b>

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

2021 KDKK	2020 KDKK
<b>167.553</b>	<b>91.115</b>

The customers are mainly large domestic and foreign companies.

The Company has experienced very few losses on its receivables.

## Notes

### 23

#### 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.

Main related parties with whom the Company had postings at the end 2021:

Company	Street name	Town	Country
BASF AB	Haraldsgatan 5	SE-41314 Gothenburg	Sweden
BASF AS	Lilleakerveien 2B	NO-1327 Lysaker	Norway
BASF OY	Tammasaarenkatu 3	FIN-00180 Helsinki	Finland
BASF Coatings Services AB	Transportgatan 37	S-42502 Hisings Kärra	Sweden
BASF UAB	Spaudos g. 6-1	LT05132 Vilnius	Lithuania
BASF SIA	Lambertu iela 33B	Rigas Raj	Latvia
BASF PLC	2 Stockport Exchange	Stockport, SK1 3GG	England
BASF Nederland BV	Groningensingel 1	6835 EA Arnhem	Netherlands

##### Related party transactions

	2021 <b>KDKK</b>	2020 <b>KDKK</b>
Net Sales Tangible Products	604.580	546.920
Commission Revenue	-	25.518
Sales Other Operating Revenue	86.093	89.153
<b>Total sales to BASF Group companies</b>	<b>690.673</b>	<b>661.591</b>
Payments for Tangible Products	1.033.142	333.113
Commission Expenses	50	-
Royalty Expenses	-	1.110
Other Operating Expenses	51.735	43.815
Cost Sharing Agreements	-	906
Comparable uncontrolled price in Own Risk Manufacturing	11.417	1.723
Comparable uncontrolled price in Merchandise business as Own risk manufacturing	1.046	-
<b>Total purchases and expenses from BASF Group companies</b>	<b>1.097.390</b>	<b>380.667</b>

The Company has most of its sales, purchases and commissions regarding agency sales with its holding company BASF SE.

All the Nordic-Baltic BASF companies act as one organisation within areas such as business management, order handling, sales and technical customer advice and of services administration between the companies.

The Company has a cooperation with

BASF AB

BASF AS

BASF OY

BASF SIA

BASF UAB

BASF Coatings Services AB

The Company has an agreement within cash handling with

BASF Belgium Coordination Center

The Company buys IT services and hardware from

BASF Digital Solutions GmbH

The Company receives admin and financial services from

BASF Shared Services GmbH

The Company has a limited number of transactions with other group enterprises regarding commission agency business.



## Notes

### Complete list of BASF companies with whom the Company has had transactions with during 2021

Company name	Country	EU Country	Non-EU Country
BASF SE	Germany	x	
BASF Digital Solutions GmbH	Germany	x	
BASF Services Europe GmbH	Germany	x	
BASF Polyurethanes GmbH	Germany	x	
BASF Personal Care and Nutrition GmbH	Germany	x	
BTC Europe GmbH	Germany	x	
BASF Espanola S.L.	Spain	x	
BASF Schweiz AG	Switzerland		x
BASF AB	Sweden	x	
BASF plc	Great Britain		x
BASF France S.A.S.	France	x	
BASF AS	Norway		x
BASF SIA	Latvia	x	
BASF Agro B.V. Arnhem (NL) Freienbach Branch	Switzerland		x
BASF Coatings Services AB	Sweden	x	
BASF Nederland B.V.	Netherlands	x	
BASF Österreich GmbH	Austria	x	
BASF Italia S.p.A.	Italy	x	
BASF Oy	Finland	x	
BASF SE	Germany	x	
BASF Schwarzheide GmbH	Germany	x	
BASF UAB	Lithuania	x	
BASF Belgium Coordination Center CommV	Belgium	x	
Chemetall AB, (Finland Branch)	Finland	x	
Chemetall AB (Denmark Branch)	Denmark	x	
Chemetall AB	Sweden	x	
Nunhems Netherlands B.V.	Netherlands	x	
BASF Ireland Ltd.	Ireland	x	
BASF Battery Materials Finland Oy	Finland	x	
BASF Corporation	USA		x

## 24

### Subsequent events

No subsequent events relevant to mention.