As approved on the company's annual general meeting on March 6th 2020

Claus Eskildsen
Chairman of the meeting

2019 Annual Report

BioMar Group A/S
Værkmestergade 25, 6.
8000 Aarhus C
Denmark

CVR no. 38 57 06 17

Content

Corporate Information

BioMar Group A/S
Værkmestergade 25, 6.
8000 Aarhus C
Denmark

Phone: (+45) 86 20 49 70
www.biomar.com

CVR-no.: 38 57 06 17
Financial year: January 1st – December 31st

Board of Directors

Jens Bjerg Sørensen (Chairman)
Asbjørn Reinkind (Deputy Chairman)
Jørn Ankær Thomsen
Anders Wilhjelm

Executive management

CEO Carlos Diaz

Shareholders

The Group is a 100% subsidiary of:
Aktieselskabet Schouw & Co.
Chr. Filtenborgs Plads 1
8000 Aarhus C
Denmark

Approval and publication

Annual general meeting at March 6th 2020

Management Statement

The Board of Directors and the Executive Management have considered and approved the annual report for 2019 for BioMar Group A/S.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

In our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at December 31st 2019 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended December 31st 2019.

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

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

Aarhus, March 3rd 2020

Executive Management:

Carlos Diaz
CEO

Board of Directors:

Jens Bjerg Sørensen
Chairman

Asbjørn Reinkind
Deputy Chairman

Jørn Ankær Thomsen

Anders Wilhjelm

Independent Auditor's Report

To the shareholders of BioMar Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of BioMar Group A/S for the financial year 1 January – 31 December 2019, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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

Independent Auditor’s Report

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, March 3rd 2020

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no.: 30 70 02 28

Claus Hammer-Pedersen
State Authorised
Public Accountant
MNE no.: mne21334

Søren Jensen
State Authorised
Public Accountant
MNE no.: mne34132

Management Review

BioMar at a glance

BioMar is one of the world's leading suppliers of high- performance quality feed for the aquaculture industry. Globally BioMar Group supplies aquaculture feed to more than 45 different fish species in more than 80 countries. The main products are feed made for salmon and trout, seabass and seabream as well as shrimps. The Group's activities are based on geography and business focus divided in to three operational divisions; Salmon, EMEA and Emerging Markets.

The Salmon division supplies fish feed with high attention to sustainability for Atlantic and Pacific salmon and trout mainly in Norway, Scotland and Chile. The EMEA division comprise fish feed for among other trout, seabass, seabream, sturgeon and eel mainly for customers in Europe, Middle East and Africa. The Emerging Markets division operates and serves customers in Ecuador, China and Costa Rica with feed for shrimp, tilapia, cobia, red snapper, trout and other warm water species.

The three operational divisions enable the most appropriate business models in the individual markets with the aim to achieve best practice and positive synergies across the geographical markets.

The Group employs more than 1.500 employees end of 2019 of which 212 employees are employed in the Group's joint ventures in China and Turkey. The share of employees employed abroad constitutes more than 90% of the total head count.

BioMar Group is head quartered in Aarhus and holds production facilities in the following countries divided by division:

Salmon division: Chile, Norway, Scotland and Australia (from beginning of 2020).

EMEA division: Denmark, France, Greece, Spain and Turkey.

Emerging Markets division: Costa Rica, Ecuador and China.

Group structure

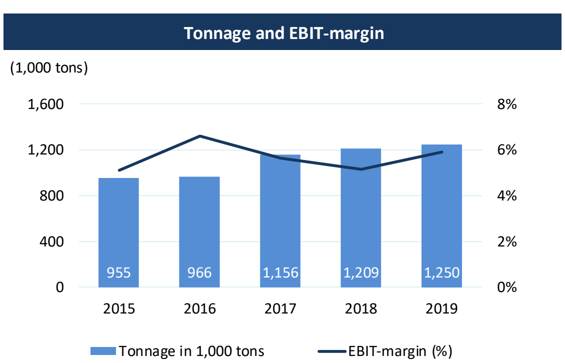
Reference is made to note 27

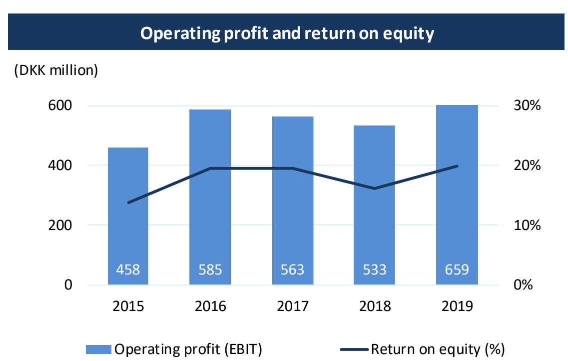
.

Financial Highlights and Key Ratios

	2019	2018	2017	2016	2015
Volume aqua feed					
Tonnage in 1,000 tons	1,250	1,209	1,156	966	955
(in million DKK)					
Profit and loss					
Revenue	11,180	10,328	9,955	8,867	8,974
Operating profit before depreciations (EBITDA)	966	713	712	722	593
Operating profit (EBIT)	659	533	563	585	458
Net financials	-33	-35	14	-16	-54
Profit before tax	676	574	615	581	410
Profit for the year	541	410	470	433	276
Invested capital					
Investments in property, plant and equipment	438	224	195	272	116
Non-current assets	4,260	3,161	2,973	1,821	1,550
Current assets	4,516	3,980	3,322	3,355	3,270
Total assets	8,776	7,141	6,295	5,176	4,820
Equity	2,857	2,583	2,489	2,343	2,120
Cash flows					
Cash flows from operating activities	328	365	296	884	637
Cash flows from investing activities	-543	-217	-1,027	-376	-210
Cash flows from financing activities	198	-108	657	-634	-622
Cash flows for the year	-17	40	-74	-125	-195
Key ratios					
EBIT-margin (%)	5.9	5.2	5.7	6.6	5.1
Return on equity (%)	19.9	16.2	19.5	19.4	13.8
Solvency ratio (%)	32.6	36.2	39.5	45.3	44.0
ROIC excl.goodwill (%)	18.9	22.8	30.3	36.5	24.4

Comparative figures for 2015-2018 have not been restated to include IFRS 16.





Definitions of Key Ratios

Ratio	Definition	2019
Operating profit (EBIT-margin)	Operating profit / Revenue	5.9 %
Return on Equity (%)	Profit for the year / Average equity	19.9 %
Solvency rate (%)	Equity / Total assets	32.6 %

Business Development

For several years, BioMar has run the Chilean feed business Alitec Pargua in a 50/50 joint venture with a local business partner, but took over full ownership on 7 June 2019. Following the acquisition, BioMar now has substantially more production capacity, i.e. some 60,000 tonnes annually, at its disposal in the strategically important Chilean market. The production unit is now fully integrated with BioMar's two other production units in Chile.

In response to BioMar Ecuador's positive performance combined with the market growth anticipated for the coming years, BioMar in 2019 initiated additional capacity expansion in Ecuador in addition to the new product line of pelleted feed that began operating earlier in the year. The expansion includes a production line for extruded feed, which will increase annual capacity by a further 40,000 tonnes. The new production line represents an investment of approximately 50m DKK and is expected to be commissioned at the end of Q1 2020.

In China, construction of the new fish feed factory in Wuxi near Shanghai is now in its final phase. However, completion of the factory, constructed in a joint venture with Chinese partner Tongwei Co. Ltd., has been affected by the current situation involving corona virus in China. In combination with the existing factory in Guangdong province, the new factory, with annual fish feed capacity of about 50,000 tonnes and a further expansion potential, will provide a good platform for penetrating the Chinese market by providing sustainable quality feed.

Construction of the new feed factory in Tasmania, Australia, has progressed to schedule, and the plant will now commence commercial production. The project, adding annual fish feed capacity of about 110,000 tonnes, represents an investment of about 300m DKK, of which approximately 280m DKK had been paid by the end of 2019.

BioMar has completed a project that has lifted the output capacity at Brande, Denmark and reduced the load on the existing production facility. The new production line, representing a total investment of about 100m DKK, is dedicated to specialised larval and fry diets and RAS feed (Recirculating Aquaculture Systems).

Business Development

In December 2019, the Chilean competition authority indicted four Chilean fish feed producers, including BioMar Chile, on charges of concerted practice.

The charges are based on isolated circumstances related to the Chilean fish feed industry during the 2003-2015 period.

The case, which is expected to be rather long-running, is still in the early stages, but BioMar Chile does not acknowledge the charges and the company intends to rebut the charges that it has participated in concerted practices so as to restrict competition in the industry. For more information, see note 21 to the consolidated financial statements on contingent liabilities.

Financial Review

New Accounting Regulation

BioMar Group implemented IFRS 16 on leases as of January 1st, 2019. The standard has a significant impact on the balance sheet (+610m DKK) as leases are recognised in the balance sheet as lease assets and lease liabilities. In the income statement, the lease cost is replaced by depreciation of the leased asset and an interest expense for the lease liability, but the total impact on the income statement is insignificant. ROIC is impacted negatively, while cashflow from operating activities is impacted positively.

The impact on the Group's financial statement is described in note 30 - accounting policies. The standard has resulted in additional disclosure information; see further in the notes 14 and 19.

Income Statement

In 2019 revenue was 11,180m DKK, an 8% increase from 10,328m DKK in 2018, reflecting a 3% increase in volumes sold relative to 2018, higher average raw materials prices and a stronger product offering. All three divisions contributed to the increase. Developments in foreign exchange rates had a positive overall impact of ap-proximately 100m DKK on revenue, mainly due to higher USD and GBP rates that were only partially offset by a lower NOK rate relative to DKK.

Revenue growth was attributable mainly to the Salmon division, whose innovative product offering and close collaboration with customers on developing advanced feed solutions were some of the most important factors driving the improvement. To this should be added the acquisition of the remaining shares in formerly 50%-owned Alitec Pargua in Chile in June 2019.

EBITDA was up from 713m DKK in 2018 to a higher-than-expected 966m DKK in 2019, of which, however, IFRS 16 effects accounted for 128m DKK. Adjusted for this factor, the EBITDA change was a 15% improvement. Other than revenue growth, the EBITDA improvement was driven by concept development and the strong product offering.

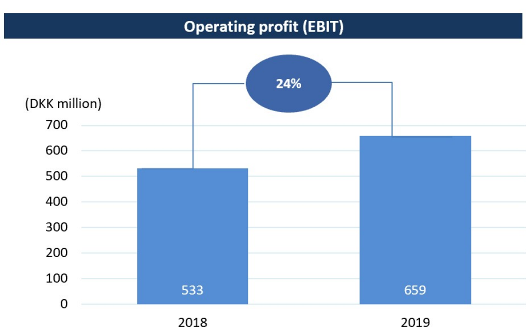
The Norwegian business continued the positive trend after the extensive structural and organisational changes implemented earlier in the year. These changes are now filtering through to results in the shape of a better price/volume balance. Overall, exchange rate developments had a positive effect on EBITDA of approximately 15m DKK.

Financial Review

EBIT amounts to 659m DKK which is 126m DKK higher than 2018 driven mainly by improvements and business expansion in the Salmon division.

The 50%-owned feed businesses in Turkey and China, which are not consolidated, reported a combined 2019 revenue (100% basis) of 676m DKK and EBITDA of 25m DKK, compared to 781m DKK, respectively 71m DKK in 2018. The lower revenue was attributable mainly to intensified competition in China's Guangdong province and challenging macroeconomic conditions in Turkey. Other than lower revenue, the 2019 performance was impacted by provisions for bad debts in Turkey. BioMar remains positive on the business prospects in these two important aquaculture markets in spite of the current challenges.

The non-consolidated businesses also include the fish farming company Salmones Austral, LetSea and ATC Patagonia research centers and LCL Shipping. The non-consolidated companies are recognized in the 2019 consolidated financial statements at a share of profit of 50m DKK after tax, compared to 75m DKK in 2018. The decline is primarily due to lower results from the research centers and Salmones Austral in Chile as salmon prices in average for the year have been lower compared to 2018.



Profit before tax ended at 676m DKK compared to 574m DKK the year before which is an increase of 102m DKK. The increase is mainly driven by Chile and Norway.

Profit after tax amounts to 541m DKK compared to 410m DKK in 2018.

Balance Sheet

Non-current assets amounted to 4,259m DKK end of 2019 compared to 3,161m DKK end of 2018, an increase of 1,098m DKK. The increase is mainly driven by recognition of lease assets and the construction projects in Australia, Denmark and Ecuador.

Current assets amounted to 4,516m DKK end of 2019 compared to 3,980m DKK end of 2018, an increase of 536m DKK. Inventories increased 227m DKK due to phasing of sales at year-end as well as planned stock build up in some markets. Receivables from customers increased 361m DKK as a result of seasonality with more sales realised in Q4 2019 as well as a market mix change towards markets with generally longer credit terms.

Working capital increased from 846m DKK end of 2018 to 1,315m DKK end of 2019, mainly due to the higher revenue and shifts in customers and geographies resulting in extended credit periods. BioMar taking full ownership of Alitec Pargua in June 2019 and inventory build-up at the new production facility in Australia were other factors driving the increase

BioMar facilitates a supply chain financing programme (reverse factoring) through banks. The purpose of the programme is to develop and ensure long-term relations with strategically important suppliers of raw materials. The supply chain finance programme contributes to ensuring low raw materials prices and financing costs in the value chain.

Financial Review

Suppliers participating in the programme have the option of receiving early payment once BioMar has approved a delivery. Under the system, BioMar assigns approved invoices to the bank in a factoring arrangement without recourse. The bank then pays the supplier early while ensuring the best possible credit period for BioMar.

Supply chain finance debt of 818m DKK is recognised in the balance sheet under trade payables (2018: 734m DKK). The increased use of supply chain financing in 2019 shouldbe seen in the context of BioMar's increased revenue. If BioMar did not use supply chain financing, the ordinary trade payables would increase by a significant part of the amount for supply chain finance.

Non-current liabilities increased by 89m DKK to 950m DKK end of 2019. The increase relates to recognition of lease liabilities which is however partly offset by reclassification of put option regarding the minority share of BioMar Ecuador, to current debt.

Equity amounted to 2,857m DKK end of 2019 equivalent to a solidity of 33% opposed to 36% end of 2018.ROIC excluding goodwill remained high, at 18.9% at end of 2019, but still lower than the 22.8% reported end of 2018 with the higher average capital invested in, among other things, more production capacity offsetting the stronger earnings. To this should be added the significant IFRS 16 effects, which increased invested capital by 549m DKK. Net of IFRS 16 effects, ROIC excluding goodwill would have been 21.9% end of 2019.

Cash Flow Statement

Cash flow from operating activities amounts to 328m DKK compared to 366m DKK in 2018. The significant positive contribution from IFRS 16 is offset by the increase in working capital.

Cash flow from investment activities amounts to -543m DKK compared to -217m DKK in 2018, an increase of 326m DKK. The investment activities are impacted by acquisition of the remaining shares in Alitec Pargua and the construction projects.

Cash flow from financing activities amounts to 198m DKK compared to -108m DKK in 2018. The cash flow was positively impacted by new loan facilities related to the construction and acquisition activities while lease payments reduced the cash flow from financing activities.

Financial Resources

Net interest bearing debt amounts to 2,077m DKK compared to 880m DKK end of 2018, an increase of 1,197m DKK, mainly due to lease liabilities and financing of the construction projects. BioMar is mainly financed through the parent company with committed facilities that exceed 12 months.

Outlook

Demand for farmed fish and shrimp is generally developing well in many markets, and there are no immediate indications of any changes to this trend. BioMar expects to grow volume sales in 2020 relative to 2019, and all three divisions are expected to contribute to the improvement. BioMar will defend its market share and consolidate its position by developing and implementing new products and maintaining its strong focus on optimising margins, enhancing efficiency and on customer communication.

Against this background, BioMar expects to generate revenue of about 12b DKK in 2020, but as always changes in raw materials prices and foreign exchange rates may impact revenue.

Financial Review

Earnings may also be affected by currency movements, but based on the current outlook, BioMar expects to generate EBITDA in the range of 1,000-1,060m DKK in 2020.

Associates and joint ventures, which are recognized at a share of profit after tax, are expected to contribute profit of approximately 60m DKK in 2020.

Risk Management

The Board of Directors and management in BioMar assess and monitor on an ongoing basis the risks to which the company is exposed as well as management and mitigation of those risks. Risks are defined as the risk of the company not achieving its short- and long-term objectives. The risk management strategy comprises the implementation of a number of procedures and policies in order to identify measure and manage relevant risks. The group is among other exposed to strategical, operational and financial risks.

The strategical risks mainly relate to the risk of BioMar not achieving its long-term objectives but can also impact the fulfilment of short-term objectives. BioMar typically classifies the risk according to two criteria being the likelihood for a certain event to occur and the financial impact if that event occurs. Based on an overall assessment of each risk actions to mitigate the risks are prioritised and implemented. It is assessed that the risks BioMar are exposed to are common for the industry.

Research & Development and Knowledge Resources

It is BioMar's objective to be recognised as an innovative company which through research and development activities delivers competitive products and technical related services to its customers. BioMar invests annually an amount equal to 10-15% of the result from operations in research and development and has engaged highly educated and specialists in this field.

In addition, BioMar has a long tradition for cooperating with research institutes in a number of countries as well as fish farmers are often involved in the development processes.

Corporate Social Responsibility

In accordance with the Danish Financial Statement Act § 99a BioMar has not published an individual report for corporate social responsibility as it has been incorporated in the consolidated report for the parent company Schouw & Co., to which reference is made.

Gender Composition

Reference is made to the section on gender composition presented in the financial statements for 2019 for the parent company, Schouw & Co., concerning policies and targets regarding gender composition in management functions.

Information about the account for corporate social responsibility and corporate governance in general can be retrieved from the parent company's website, at; https://www.schouw.dk/en/about-us/corporate-governance/

Consolidated Financial Statements

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(DKK 1,000)

Note	INCOME STATEMENT	2019	2018
1	Revenue	11,180,096	10,327,846
2-5	Production costs	-9,698,320	-9,048,711
	Gross profit	**1,481,776**	**1,279,135**
7	Other operating income and expenses, net	3,070	21,850
3,4	Distribution costs	-555,672	-525,631
3,4,6	Administration costs	-269,909	-242,291
	Operating profit (EBIT)	**659,265**	**533,063**
8	Share of profit after tax, associates	48,569	62,776
8	Share of profit after tax, joint ventures	971	12,539
9	Financial income	46,005	13,029
10	Financial expenses	-78,863	-47,871
	Profit before tax	**675,947**	**573,536**
11	Tax on profit for the year	-135,345	-163,448
	Profit for the year	**540,602**	**410,088**
	Other comprehensive income		
	Items that have been or may subsequently be reclassified to the income statement;		
	Exchange rate adjustments, foreign entities	79,802	80,894
	Value adjustments of hedging instruments:	-	
	- Value adjustments for the year	2,043	691
	- Value adjustments tranferred to production costs	-691	1,635
	Other comprehensive income in subsidiaries, associates and joint ventures	120	-2,958
	Tax on items that have been or may subsequently be reclassified to the income statement	137	-741
	Other comprehensive income after tax	**81,411**	**79,521**
	Total comprehensive income	**622,013**	**489,609**

The comprehensive income for the year is fully attributable to BioMar Group A/S.

BALANCE SHEET AT DECEMBER 31st
(DKK 1,000)

Note	ASSETS	2019	2018
	Goodwill	979,137	936,615
	Other intangible assets	334,447	364,585
	Assets under development	6,730	1,349
12	Intangible assets	1,320,314	1,302,549
	Land and buildings	616,921	557,430
	Plant and machinery	618,752	540,489
	Other plant, fixtures and operating equipment	41,392	30,448
	Assets under construction	468,432	162,735
13	Property, plant and equipment	1,745,497	1,291,102
8	Investments in associates	419,130	372,579
8	Investments in joint ventures	135,989	136,747
14	Right of use assets	541,259	-
	Securities	2,762	1,701
18	Deferred tax	44,104	12,439
16	Receivables	50,328	44,265
	Other non-current assets	1,193,572	567,731
	Total non-current assets	**4,259,383**	**3,161,382**
15	Inventories	1,524,498	1,297,333
16	Receivables	2,675,607	2,314,254
17	Income tax	22,483	70,792
	Prepayments	23,899	13,093
	Cash and cash equivalents	269,810	284,398
	Total current assets	**4,516,297**	**3,979,870**
	Total assets	**8,775,680**	**7,141,252**

BALANCE SHEET AT DECEMBER 31st

(DKK 1,000)

Note	EQUITY AND LIABILITIES	2019	2018
	Share capital	250,000	250,000
	Other reserves	231,687	150,396
	Retained earnings	2,075,342	1,882,373
	Proposed dividend	300,000	300,000
	Total equity	**2,857,029**	**2,582,769**
18	Deferred tax	164,126	139,537
19	Interest bearing debt	782,339	400,000
	Other liabilities	3,219	321,036
	Total non-current liabilities	949,684	860,573
19	Interest bearing debt	1,782,449	1,014,830
20	Trade payables and other debt	3,086,534	2,552,415
	Deferred income	10,742	10,592
17	Income tax	89,242	120,073
	Total current liabilities	4,968,967	3,697,910
	Total liabilities	**5,918,651**	**4,558,483**
	Total equity and liabilities	**8,775,680**	**7,141,252**

Notes without reference:

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26 Related party transactions
27 Group structure
28 New financial reporting regulations
29 Events after the balance sheet date
30 Group accounting policies
31 Significant accounting estimates and judgements

STATEMENT OF CHANGES IN EQUITY

(DKK 1,000)

	Share capital	Hedge transaction reserve	Exchange rate adjustment reserve	Retained income	Proposed dividend	Total equity
Equity at December 31st 2017	**250,000**	**-1,172**	**69,089**	**1,870,619**	**300,000**	**2,488,536**
Change of accounting policy IFRS 9				-10,857		-10,857
Restated equity at January 1st 2018	**250,000**	**-1,172**	**69,089**	**1,859,762**	**300,000**	**2,477,679**
Comprehensive income in 2018						
Profit for the year				110,088	300,000	410,088
Other comprehensive income						
Value adjustments of hedging instruments		2,326				2,326
Exchange rate adjustments of foreign entities			80,894			80,894
Other comprehensive income from associates and joint ventures				-2,958		-2,958
Other equity adjustments						-
Tax on other comprehensive income		-741				-741
Other comprehensive income	-	1,585	80,894	-2,958	-	79,521
Comprehensive income	-	1,585	80,894	107,130	300,000	489,609
Transactions with shareholders:						
Dividend distributed					-300,000	-300,000
Additions of non-controlling interest				-		-
Value adjustment of put option				-84,519		-84,519
Transactions with shareholders	-	-	-	-84,519	-300,000	-384,519
Equity at December 31st 2018	**250,000**	**413**	**149,983**	**1,882,373**	**300,000**	**2,582,769**
Equity at January 1st 2019	**250,000**	**413**	**149,983**	**1,882,373**	**300,000**	**2,582,769**
Comprehensive income in 2019						
Profit for the year				240,602	300,000	540,602
Other comprehensive income						
Value adjustments of hedging instruments		1,352				1,352
Exchange rate adjustments of foreign entities			79,802			79,802
Other comprehensive income in subsidiaries, associates and joint ventures				120		120
Tax on other comprehensive income		137				137
Other comprehensive income	-	1,489	79,802	120	-	81,411
Comprehensive income	-	1,489	79,802	240,722	300,000	622,013
Transactions with shareholders:						
Dividend distributed					-300,000	-300,000
Value adjustment of put option				-47,753		-47,753
Transactions with shareholders	-	-	-	-47,753	-300,000	-347,753
Equity at December 31st 2019	**250,000**	**1,902**	**229,785**	**2,075,342**	**300,000**	**2,857,029**

SHARE CAPITAL

The share capital is unchanged and consists of 100,000 shares with a nominal value of 2,500 DKK. All shares carry equal rights. The Group does not hold own shares.

CASH FLOW STATEMENT

(DKK 1,000)

Note		2019	2018
	Profit before tax	675,947	573,536
	Adjustment for non-cash items:		
3	Depreciations and impairment losses	306,373	179,535
	Other operating items, net	-18,757	12,672
8	Share of profit after tax in associates and joint ventures	-49,540	-75,315
9	Financial income	-46,005	-13,029
10	Financial expenses	78,863	47,871
	Cash flow from operations before changes in working capital	946,881	725,270
22	Changes in working capital	-403,530	-188,594
	Cash flow from operations	543,351	536,676
	Interest received	13,087	8,120
	Interest paid	-76,084	-47,373
	Cash flow from ordinary activities	480,354	497,423
17	Income tax paid	-152,193	-131,836
	Cash flow from operating activities	**328,161**	**365,587**
23	Purchase of intangible assets	-7,730	-3,279
23	Purchase of property, plant and equipment	-437,968	-223,516
	Sale of property, plant and equipment	1,178	862
25	Acquisition of subsidiaries	-107,121	-
	Dividend from associates and joint ventures	10,670	252
	Addition/disposal of other financial assets	-2,263	8,377
	Investment in securities	-	185
	Cash flow from investing activities	**-543,234**	**-217,119**
19	Re-payment of long-term liabilities/proceeds from borrowings	-50,000	-50,000
19	Re-payment of lease debt	-109,630	-
	Increase (re-payment) of intra-group balances	227,004	223,113
19	Increase (re-payment) of debt to credit institutions	431,056	18,463
	Dividend distributed	-300,000	-300,000
	Cash flow from financing activities	**198,430**	**-108,424**
	Cash flow for the year	-16,643	40,044
	Cash, and cash equivalents at January 1st	284,398	240,681
	Exchange rate adjustments of cash and cash equivalents	2,055	3,673
	Cash and cash equivalents at December 31st	**269,810**	**284,398**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

1	REVENUE	2019	2018
	Revenue is split per geography as follows:		
	Norway	3,532,670	3,555,354
	Chile	2,816,966	2,312,630
	Other countries	4,830,460	4,459,862
	Total revenue	11,180,096	10,327,846
	Revenue is split per product type as follows:		
	Aqua feeds	11,018,690	10,303,766
	Other products	161,406	24,080
	Total revenue	11,180,096	10,327,846

In the above disaggrigation of revenue geographies and/or product types comprising 10% or more of the total revenue have been presented seperately.

2	PRODUCTION COSTS	2019	2018
	Cost of goods sold	-8,885,976	-8,278,974
	Inventory write-downs	-2,052	-3,494

3	DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES	2019	2018
	Amortisation of intangible assets	-39,901	-40,855
	Depreciation of property, plant and equipment	-149,160	-138,680
	Depreciation of lease assets	-117,312	-
	Total depreciation, amortisation and impairment losses	-306,373	-179,535

Amortisations of intangible assets are included in distribution costs with 30 mDKK in 2019 (2018: 29m DKK) and administration costs with 10m DKK in 2019 (2018: 12m DKK). Other depreciations are included in the respective cost types, mainly production and distribution costs.

4	STAFF COSTS	2019	2018
	Wages and salaries	-437,306	-414,521
	Defined contribution pension plans	-25,521	-27,442
	Other social security costs	-45,016	-42,476
	Share-based payments	-3,566	-2,879
	Total staff costs	-511,409	-487,318
	Average number of employees	1,239	1,177
	Remuneration to Executive Board and Board of Directors		
	Wages and salaries	-4,812	-5,010
	Pension	-93	-
	Bonus	-2,236	-578
	Share-based payments	-1,507	-1,286
	Total remuneration to Executive Board and Board of Directors	-8,648	-6,874

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note
4 **STAFF COSTS (continued)**

BONUS SCHEMES
Executive management are covered by bonus schemes regarding achievement of a number of both financial and operational objectives. An amount corresponding up to 5 months of remuneration is paid out in case the objectives are achieved.

Share-based payments
Executive Management and executive committee management in BioMar Group are covered by the parent company Schouw & Co.'s share option programme. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at the time for granting (2019: 510.3 DKK) plus a premium (2019 allocation: 3%) from the date of grant until the date of exercise.
The costs related to the programme are calculated according to "Black & Scholes" and are expensed as staff costs linearly over the period of the option and settled to the parent company.

OUTSTANDING OPTIONS	Executive management	Others	Total	Average exercise price in DKK (1)	Fair value (DKK) per option (2)	Total fair value in DKK (2)	Exercisable from	Exercisable until
Granted in 2016	20,000	9,167	29,167	451	69.65	2,032	March 2019	March 2020
Granted in 2017	20,000	31,500	51,500	672	68.45	3,525	March 2020	March 2021
Granted in 2018	25,000	34,167	59,167	706	58.51	3,462	March 2021	March 2022
Total outstanding options at December 31st 2018	65,000	74,834	139,834			9,019		
Granted in 2019	25,000	40,000	65,000	574	71.47	4,646	March 2022	March 2023
grant)		-9,167	-9,167			-638		
Total outstanding options at December 31st 2019	90,000	105,667	195,667			13,026		

(1) exercised after 4 years (at the latest possible date)
(2) at the date of grant

In 2019 9,167 options were exercised, from the 2016 grants. The options were exercised at an average price of 432.87 DKK.

Fair value assumptions:

	2019 grants	2018 grants	2017 grants	2016 grants
Expected volatility	29.23%	21.10%	23.27%	31.50%
Expected term	48 mo.	48 mo.	48 mo.	48 mo.
Expected dividend per share	13 DKK	12 DKK	10 DKK	8 DKK
Risk-free interest rate	-0.52%	-0.38%	-0.25%	0.10%

The expected volatility is calculated as 12 months' historical volatility based on average prices. If the option holders have not exercised their share options within the specified period, the share options will lapse without any compensation to the holders. Exercise of the share options is contingent on the holder being in continuing employment during the above-mentioned periods. If the holder leaves the company before a share option vests, the holder may in some cases have a right to exercise the share option early during a four-week period following Schouw & Co.'s next stock announcement. In the event of early exercise the number of share options will be reduced proportionally.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note

5 **RESEARCH AND DEVELOPMENT COSTS**

	2019	2018
Incurred research and development costs	-75,262	-67,807
Research and development costs recognised in the income statement	-75,262	-67,807

6 **FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING**

	2019	2018
Fees to EY:		
Statutory audit	-2,484	-2,526
Other assurance engagements	-200	-294
Tax and VAT advisory services	-591	-1,179
Other services	-140	-118
Total fees to EY	-3,415	-4,117
Fees to other auditors:		
Statutory audit	-13	-184
Tax and VAT advisory services	-282	-191
Total fees to other auditors	-295	-375

7 **OTHER OPERATING INCOME AND EXPENSES**

	2019	2018
Profit on the disposal and sale of property, plant and equipment	293	365
Profit biological assets	1,835	21,356
Other operating income	1,210	289
Total other operating income	3,338	22,010
Losses on the disposal and sale of property, plant and equipment	-229	-134
Other operating costs	-39	-26
Total other operating expenses	-268	-160
Total other operating income and expenses, net	3,070	21,850

Profit from biological assets relates to profit from harvest and fair value adjustment of biological assets in the sea.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

8 **INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND JOINT OPERATIONS**

The Group has the following investments in associates and joint ventures, all recognised to the Group's share of the net equity
The Group's equity interests are consistent with its voting rights.

		Equity interest	
Name	**Country and city of incorporation**	**2019**	**2018**
Salmones Austral S.A.	Puerto Montt, Chile	23%	23%
Aquaculture Technology Centre Patagonia S.A.	Lenca, Chile	30%	30%
LetSea AS	Dønna, Norway	33%	33%
LCL Shipping Ltd.	Grangemouth, Scotland	40%	40%
BioMar-Sagun TTK	Söke, Turkey	50%	50%
BioMar Tongwei (Wuxi) Biotech Co., Ltd.	Wuxi, China	50%	50%

Material associates

Financial information for associates that are considered material to the Group adjusted for different accounting practices.

	Salmones Austral S.A.	
	2019	**2018**
Revenue	1,605,347	1,631,951
Result after tax	202,994	222,675
Current assets	1,381,945	1,107,144
Non-current assets	1,510,715	1,471,792
Current liabilities	676,522	521,422
Non-current liabilities	671,041	700,842
Share of profit	46,506	51,015

Immaterial associates and joint ventures

Financial information for associates and joint ventures that individually are considered immaterial to the Group.

	2019	**2018**
Share of profit, associates	2,063	11,761
Share of profit, joint ventures	971	12,539

Carrying amount of investments in associates and joint ventures	**2019**	**2018**
The Group's share of equity in material associates	353,982	310,814
Goodwill regarding material associates	10,848	10,595
The Group's share of equity in individually immaterial associates	54,300	51,170
The Group's share of equity in individually immaterial joint ventures	132,733	133,491
Goodwill regarding immaterial joint ventures	3,256	3,256
Total carrying amount of investments in associates and joint ventures	555,119	509,326
Recognised as investments in associates	419,130	372,579
Recognised as investments in joint ventures	135,989	136,747
Total investments	555,119	509,326

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note
8 **INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND JOINT OPERATIONS (continued)**

Joint operations
In addition to the associates and joint ventures the Group had the following joint operations during 2019:
Pro-rata consolidated enterprises in which BioMar Group holds a 50% equity share; Alitec Pargua S.A. and BioMar Aquacorporation Products S.A.
The investment in both enterprises is a joint arrangement, in which the BioMar Group in cooperation with an external partner shares control of the production capacity in the jointly operated enterprises. As both partners contribute and thus control a proportion of the assets and liabilities the constructions are, in accordance with IFRS 11, classified as joint operations, hence the rule of proportional consolidation applies.
Effective 7th June 2019 BioMar acquired the full ownership of Alitec Pargua S.A. and consequently the classification as joint operation ceased on that date from which the company is accounted for as a subsidiary to the Group.

Financial information for joint operations that individually are considered immaterial to the Group.

	Joint operations	
	2019	**2018**
Share of profit	2,564	4,788

9 **FINANCIAL INCOME**	**2019**	**2018**
Interest income etc.	11,200	6,933
Financial income from group enterprises	1,857	1,187
Exchange rate adjustments	2,920	4,526
Gains/loss on equity divestments	29,021	-
Fair value adjustments of financial assets measured through profit and loss	1,007	383
Total financial income	46,005	13,029

10 **FINANCIAL EXPENSES**	**2019**	**2018**
Interest expenses etc.	-33,816	-22,073
Financial costs to group enterprises	-26,061	-21,865
Interests from lease liabilities	-17,923	-
Exchange rate adjustments	-1,063	-1,366
Fair value adjustments of financial assets measured through profit and loss	-	-2,567
Total financial expenses	-78,863	-47,871

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

11	**TAX ON PROFIT FOR THE YEAR**	**2019**	**2018**
	Tax on profit for the year is specified as follows:		
	Tax on profit for the year	-135,345	-163,448
	Tax on other comprehensive income	137	-741
	Total tax	-135,208	-164,189
	Tax on the profit for the year has been calculated as follows:		
	Current tax	-175,952	-150,184
	Deferred tax	34,773	2,230
	Change in deferred tax due to change in corporate tax rates	1,910	-10,815
	Adjustments of prior periods tax charge	3,924	-4,679
	Total tax recognised in the income statement	-135,345	-163,448
	Specification of tax on the profit for the year:		
	Calculated 22% tax on the profit for the year	-148,707	-126,178
	Adjustment of calculated tax in foreign subsidiaries relative to 22%	-24,554	-30,709
	Tax effect of:		
	Non-deductible costs and non-taxable income	30,086	6,702
	Adjustments from change in corporate tax rates	1,910	-10,815
	Adjustments of prior periods tax charge	3,924	-4,679
	Use of tax assets not previously recognised	1,996	2,231
	Total tax recognised in the income statement	-135,345	-163,448
	Effective tax rate	20.0%	28.5%

Tax on other comprehensive income		**2019**	
	Before tax	Tax	After tax
Exchange rate adjustments of foreign entities	79,802	-	79,802
Value adjustments of hedging instruments	1,352	137	1,489
Other comprehensive income from associates and joint ventures	120	-	120
Total tax on other comprehensive income	81,274	137	81,411

		2018	
	Before tax	Tax	After tax
Exchange rate adjustments of foreign entities	80,894	-	80,894
Value adjustments of hedging instruments	2,326	-741	1,585
Other equity adjustments	-255	-	-255
Other comprehensive income from associates and joint ventures	-2,703	-	-2,703
Total tax on other comprehensive income	80,262	-741	79,521

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note

12 **INTANGIBLE ASSETS**

	2019			
	Goodwill	intangible assets	Assets under development	Total
Cost at January 1st	936,615	485,427	1,349	1,423,391
Exchange rate adjustments	20,713	11,169	-	31,882
Additions	-	1,097	6,633	7,730
Additions from acquisitions	21,809	-	-	21,809
Disposals	-	-	-1,252	-1,252
Cost at December 31st	979,137	497,693	6,730	1,483,560
Amortisation and impairment at January 1st	-	-120,842	-	-120,842
Exchange rate adjustments	-	-2,503	-	-2,503
Amortisation	-	-39,901	-	-39,901
Amortisation and impairment at December 31st	-	-163,246	-	-163,246
Carrying amount at December 31st	979,137	334,447	6,730	1,320,314

	2018			
	Goodwill	intangible assets	Assets under development	Total
Cost at January 1st	895,632	461,511	1,194	1,358,337
Exchange rate adjustments	40,983	20,799	-	61,782
Additions	-	3,124	155	3,279
Transferred/reclassified	-	-7	-	-7
Cost at December 31st	936,615	485,427	1,349	1,423,391
Amortisation and impairment at January 1st	-	-76,480	-	-76,480
Exchange rate adjustments	-	-3,514	-	-3,514
Amortisation	-	-40,855	-	-40,855
Transferred/reclassified	-	7	-	7
Amortisation and impairment at December 31st	-	-120,842	-	-120,842
Carrying amount at December 31st	936,615	364,585	1,349	1,302,549

OTHER INTANGIBLE ASSETS
Other intangible assets are mainly acquired in connection with business combinations and comprise brand, customer contracts and know-how. The identified assets have an expected usefull life between 5 and 20 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note
12 **INTANGIBLE ASSETS (continued)**

GOODWILL
The management of BioMar Group has tested the value in use of the carrying amounts against goodwill in the group companies. In the tests performed, the senior management of the respective companies has estimated the expected free cash flow for a five year budget period for the years 2020-2024. The free cash flow after tax has been applied to a discounted cash flow model (the "value in use" principle) for the purpose of assessing each company's value which subsequently is compared against the carrying amount recognised in the BioMar Group consolidated financial statements. As of December 31st 2019 BioMar Group has recognised goodwill at a total value of 979.1m DKK in 2019 (2018: 936.6m DKK).

The required rate of return is based on a WACC consisting of a 10-year unit bond plus a premium reflecting industry/geography-specific risks, illiquidity premium and capital structure. The rate of growth used to extrapolate company cash flows in the terminal period was fixed at 2%, a rate not expected to exceed the long-term inflation rate.

Goodwill is ascribed to the EMEA Division and to the activities in Chile and Ecuador. BioMar Group operates in an expanding industry driven by global population growth, rising standards of living and sustainable fishery. Market research institutes expect a long-term market growth in feed for fish farming, driven by the increasing global demand for fish, including salmon for 2020-2021, of average 5-8%. Slightly higher growth rates are expected for the Chilean market and in the Emerging Markets Division and lower market growth in the established fish farming markets.
The impairment test assumes an average growth in the tonnage of 6% in EMEA 6% in Chile and 10% in Ecuador in the budget period 2020-2024. The assumed production capacity for the budget period will cover the expected increase in the business activities and no productivity enhancements and cost savings have been assumed for that period. BioMar's feed is mainly based on marine and vegetable raw materials for which a significant part of the price fluctuations are included in the price adjustment mechanism in the sales contracts.

In the budget period 2020-2024 EBIT margins, in line with the 2019 realised, have been applied.

2019	Key assumptions				Sensitivity analysis	
CGU specific assumptions:	Carrying amount of goodwill	Yearly growth in tonnage	WACC after tax	WACC before tax	EBIT allowed decrease	WACC allowed increase
EMEA	80,437	6.2%	6.1%	7.5%	78.5%	22.2pp
Chile Group	298,511	5.8%	10.2%	13.3%	30.0%	3.7pp
Ecuador	600,189	9.8%	13.0%	16.7%	10.4%	1.3pp
	979,137					

The impairment tests made at December 31st 2019 did not result in a write-down of carrying amounts. Sensitivity analyses were performed as part of the test to determine when reduced cash flows or higher WACC would cause impairment write-down. The sensitivity anlyses showed that likely changes in the key assumptions would not result in a recoverable amount lower than the carrying amount of goodwill.

2018	Key assumptions				Sensitivity analysis	
CGU specific assumptions	Carrying amount of goodwill	Yearly growth in tonnage	WACC after tax	WACC before tax	EBIT allowed decrease	WACC allowed increase
EMEA	80,431	6.8%	7.4%	9.3%	71.8%	15.8pp
Chile Group	270,066	3.4%	9.5%	12.3%	25.0%	2.8pp
Ecuador	586,118	7.0%	11.0%	14.1%	8.1%	0.8pp
	936,615					

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

13 **PROPERTY, PLANT AND EQUIPMENT**

2019	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipments	Assets under construction	Total
Cost at January 1st	988,057	1,778,117	160,598	162,735	3,089,507
Exchange rate adjustments	15,568	28,527	2,012	4,363	50,470
Additions	15,355	52,729	11,638	358,246	437,968
Additions from acquisitions	79,945	99,020	3,041	22,968	204,974
Disposals	-	-268	-1,837	-405	-2,510
Disposals from divestments	-37,593	-64,104	-2,621	-11,564	-115,882
Transferred/reclassified	15,265	44,091	8,555	-67,911	-
Cost at December 31st	1,076,597	1,938,112	181,386	468,432	3,664,527
Depreciation at January 1st	-430,627	-1,237,628	-130,150	-	-1,798,405
Exchange rate adjustments	-5,752	-19,869	-1,283	-	-26,904
Reversed depreciations on disposals	-	198	1,198	-	1,396
Depreciation	-35,671	-101,615	-11,874	-	-149,160
Disposals from divestments	12,374	39,554	2,115	-	54,043
Transferred/reclassified	-	-	-	-	-
Depreciation at December 31st	-459,676	-1,319,360	-139,994	-	-1,919,030
Carrying amount at December 31st	616,921	618,752	41,392	468,432	1,745,497

By the end of 2019 BioMar Group has contractual obligations of 73m DKK in 2019 (2018: 280m DKK) regarding purchase of tangible assets, not yet delivered. The contracted assets are mainly regarding completion of the production facility in Tasmania and the production line in BioMar's factory in Denmark.

2.9m DKK interest costs have been capitalised on the construction projects as of December 31st 2019.

2018	Land and buildings	Plant and machinery	Other plant, fixtures and operating equipments	Assets under construction	Total
Cost at January 1st	943,175	1,715,690	155,452	44,005	2,858,322
Exchange rate adjustments	8,746	5,958	175	-1,061	13,818
Additions	33,088	44,186	8,924	137,318	223,516
Disposals	-6	-2,565	-1,607	-81	-4,259
Transferred/reclassified	3,054	14,848	-2,346	-17,446	-1,890
Cost at December 31st	988,057	1,778,117	160,598	162,735	3,089,507
Depreciation at January 1st	-398,406	-1,142,287	-123,336	-	-1,664,029
Exchange rate adjustments	179	-1,493	101	-	-1,213
Reversed depreciations on disposals	5	2,357	1,265	-	3,627
Depreciation	-32,467	-96,124	-10,089	-	-138,680
Transferred/reclassified	62	-81	1,909	-	1,890
Depreciation at December 31st	-430,627	-1,237,628	-130,150	-	-1,798,405
Carrying amount at December 31st	557,430	540,489	30,448	162,735	1,291,102
Of which finance leased assets	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note
14 **RIGHT OF USE ASSETS**

	2019			
	Ships	Land and buildings	Other lease assets	Total
Cost at January 1st	-	-	-	-
Effect at transition to IFRS 16	449,796	137,760	22,002	609,558
Cost at January 1st according to IFRS 16	449,796	137,760	22,002	609,558
Exchange adjustment	5,573	4,875	-100	10,348
Additions	42,792	27,408	14,523	84,723
Disposals	-51,465	-214	-234	-51,913
Re-measure / modification of lease assets	-	-	-103	-103
Cost at December 31st	446,696	169,829	36,088	652,613
Depreciation at January 1st	-	-	-	-
Exchange adjustment	2,065	-175	6	1,896
Depreciation	-82,136	-24,417	-10,759	-117,312
Depreciation and impairment of disposed assets	3,901	40	121	4,062
Depreciation at December 31st	-76,170	-24,552	-10,632	-111,354
Carrying amount at December 31st	**370,526**	**145,277**	**25,456**	**541,259**

Recognised in the profit and loss statement	Service	Small value assets	Short term leases	Total
Expensed in the year	-	273	6,202	6,475

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note		2019	2018
15	**INVENTORIES**		
	Raw materials	941,777	869,288
	Biological assets	60,184	65,888
	Finished goods	522,537	362,157
	Total inventories	1,524,498	1,297,333
	Carrying amount of inventories recognised at fair value less costs to sell	60,184	65,888

Biological assets comprise fish at sea in connection with R&D trial concessions and are according to IAS 41 and IFRS 13 measured at fair value less costs to sell. Biological assets measured at fair value are recognized on level 3 in the fair value hierarchy as valuation is based on factors not derived from observable markets.
The model applied by BioMar Group divides the fish into three weight categories and assumes the following:

Biological assets with an average live weight of more than 4 kg (ready for harvesting) are measured at fair value (net sale price), and biological assets between 1 and 4 kg in average live weight are measured at fair value less costs to sell including a proportionate expected net profit at harvest.

Other biological assets as fry, smolt and fish with an average live weight of less than 1 kg are likewise measured at fair value, but due to the limited biological transformation, hence the limited market and related observable prices, accumulated costs are deemed to be the best approximation of fair value at this biological stage.

Significant assumptions determining fair value of biological assets
The estimate of fair value of biological assets will always be based on uncertain assumptions. Estimates are applied to the following factors; biomass volume, the size distribution, the quality of the biomass and market prices.

	2019	2018
The value of biological assets is comprised of the following:		
Biological assets below 1 kg	-	15,086
Biological assets between 1 and 4 kg	60,184	37,663
Biological assets above 4 kg	-	13,139
Total value of biological assets	60,184	65,888

Total volume of biological assets as per December 31st 2019: 1,723 tons (2018: 1,584 tons).

	2019	2018
Value adjustments of biological assets taken to profit and loss:		
Fair value adjustment of biological assets	652	-5,320
Profit on sale of biological assets	5,660	26,676
Total value adjustments	6,312	21,356

Value adjustments and income arising from biological assets are recognised as other operating income with 1.8m DKK and gross profit with 4.5m DKK.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

16 **RECEIVABLES**

	2019	2018
Trade receivables	2,362,083	2,001,918
Interest-bearing receivables	217,989	250,819
Other receivables	145,863	105,782
Total receivables	2,725,935	2,358,519
Non-current receivables	50,328	44,265
Current receivables	2,675,607	2,314,254
Total	2,725,935	2,358,519

Interest bearing receivables mainly comprise deposits on the parent company's cash pool facility.

Credit risks

The Group's credit risks are primarily related to trade receivables. According to the group policy all significant customer relations are continouosly credit rated. Credit insurances are taken out when deemed commercial rational compared to the credit risk. Of the trade receivables as per December 31st 2019 1,101m DKK (2018: 1,037m DKK) are covered by credit insurance.

As security for the trade receivables, the Group holds collateral as security for a total amount of 254m DKK (2018: 411m DKK). Collaterals primarily relates to securities in assets consisting of biological assets and fish farming equipment.

Provision for expected credit losses	2019	2018
As at January 1st, in accordance with IAS 39		-133,989
Change of accounting policy IFRS 9		-15,093
Provision for expected credit losses according to IFRS 9, as at January 1st	-135,363	-149,082
Exchange rate adjustments	-2,581	5,058
Provision for expected credit losses	-8,930	-865
Realised in the year	788	9,526
As at December 31st	-146,086	-135,363

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note
16 **RECEIVABLES (continued)**

The Group's trade receivables and expected losses are specified as follows:

	Maturity analysis				
2019	Not due	1-30 days	31-90 days	> 91 days	Total
Trade receivables	1,994,456	195,156	100,112	218,445	2,508,169
Impairment	-23,127	-2,674	-7,179	-113,106	-146,086
Trade receivables, net	1,971,329	192,482	92,933	105,339	2,362,083
Proportion of trade receivables expected to be settled					94.2%
Impairment ratio	1.2%	1.4%	7.2%	51.8%	5.8%

	Maturity analysis				
2018	Not due	1-30 days	31-90 days	> 91 days	Total
Trade receivables	1,757,147	152,375	70,160	157,566	2,137,248
Impairment	-20,210	-3,019	-6,796	-105,338	-135,363
Trade receivables, net	1,736,937	149,356	63,364	52,228	2,001,885
Proportion of trade receivables expected to be settled					93.7%
Impairment ratio	1.2%	2.0%	9.7%	66.9%	6.3%

The expected credit-losses and default rates are distributed as follows:

	Maturity analysis								
2019	Not due		1-30 days		31-90 days		> 91 days		Total
High-risk markets	-6,354	1.8%	-809	2.5%	-4,725	10.8%	-43,287	52.2%	-55,175
Medium-risk markets	-15,825	1.5%	-1,802	1.6%	-2,453	4.5%	-68,681	51.6%	-88,761
Low-risk markets	-948	0.2%	-63	0.1%	-1	0.1%	-1,138	48.5%	-2,150
Total expected credit-losses	-23,127		-2,674		-7,179		-113,106		-146,086

The risk assessments are based on a combination of a country and market credit rating and an entity specific risk assessment.
Low risk markets are mainly consisting of entities from the Salmon Division, whereas high risk markets mainly are related to the EMEA Division. Medium risk markets are a combination of entities from all divisions.

	Maturity analysis								
2018	Not due		1-30 days		31-90 days		> 91 days		Total
High-risk markets	-9,469	2.6%	-1,349	7.1%	-4,134	35.7%	-30,983	72.4%	-45,935
Medium-risk markets	-9,726	1.1%	-781	1.1%	-2,660	4.6%	-74,009	64.7%	-87,176
Low-risk markets	-1,015	0.2%	-889	1.5%	-2	0.3%	-346	97.7%	-2,252
Total expected credit-losses	-20,210		-3,019		-6,796		-105,338		-135,363

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note

		2019	2018
17	**INCOME TAX**	**2019**	**2018**
	Income tax January 1st, net	-49,281	-27,643
	Exchange rate adjustments	-2,900	1,389
	Current tax for the year	-175,952	-150,184
	Prior year adjustments	9,181	-4,679
	Corporate income tax paid during the year	152,193	131,836
	Income tax December 31st, net	-66,759	-49,281
	Which is distributed as follows:		
	Income tax receivable	22,483	70,792
	Income tax payable	-89,242	-120,073
	Total income tax	-66,759	-49,281

18	**DEFERRED TAX**	**2019**	**2018**
	Deferred tax January 1st, net	-127,098	-114,563
	Change of accounting policy IFRS 9	-	4,236
	Exchange rate adjustments	-2,592	-7,445
	Adjustment from change in corporate tax rate	1,910	-10,815
	Deferred tax for the year recognised in profit and loss statement	34,773	2,230
	Deferred tax for the year recognised in other operating income	137	-741
	Additions from acquisitions	-32,601	-
	Disposals from divestments	5,449	-
	Deferred tax at December 31st, net	-120,022	-127,098
	Deferred tax is recognised in the balance sheet as follows:		
	Deferred tax asset	44,104	12,439
	Deferred tax liability	-164,126	-139,537
	Deferred tax at December 31st, net	-120,022	-127,098
	Deferred tax pertains to:		
	Intangible assets	-82,025	-93,710
	Property, plant and equipment	-66,245	-45,215
	Current assets	-1,822	-8,977
	Other liabilities	22,911	15,666
	Tax loss carry-forwards	7,159	5,138
	Total deferred tax	-120,022	-127,098

As per December 31st 2019 BioMar Group has unrecognised deferred tax assets of 5m DKK (2018: 6m DKK). Utilisation of the tax assets are not deemed virtually certain.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note
18 **DEFERRED TAX (continued)**

	2019					
	Balance at January 1st	Acquisitions/ divestments	Exchange rate adjustments	Recognised in the profit for the year	Recognised in equity	Balance at December 31st
Intangible assets	-93,710	-	-2,228	13,913	-	-82,025
Property, plant and equipment	-45,215	-29,678	-1,132	9,780	-	-66,245
Other current assets	-8,977	305	234	6,616	-	-1,822
Other liabilities	15,666	2,221	396	4,491	137	22,911
Tax losses	5,138	-	138	1,883	-	7,159
Total changes in deferred tax	-127,098	-27,152	-2,592	36,683	137	-120,022

	2018					
	Balance at January 1st	Change of accounting policy	Exchange rate adjustments	Recognised in the profit for the year	Recognised in equity	Balance at December 31st
Intangible assets	-79,414	-	-4,506	-9,790	-	-93,710
Property, plant and equipment	-40,677	-	-1,922	-2,616	-	-45,215
Other current assets	-8,715	4,236	-847	-3,651	-	-8,977
Other liabilities	11,655	-	-170	4,922	-741	15,666
Tax losses	2,588	-	-	2,550	-	5,138
Total changes in deferred tax	-114,563	4,236	-7,445	-8,585	-741	-127,098

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note

19 **INTEREST BEARING DEBT**

	2019	2018
Payable to affiliates (long-term)	350,000	400,000
Payable to affiliates (short-term)	1,147,401	963,607
Credit institutions (short-term)	518,594	51,223
Leasing debt (long-term)	432,339	-
Leasing debt (short-term)	116,454	-
Total interest bearing debt	2,564,788	1,414,830
Fair value of interest bearing debt	2,564,788	1,414,830

The Group's interest bearing debt is mainly taken out in DKK and NOK.

2019	Balance at January 1st	Cash flows	Acquisitions /Divestment	Exchange rate	Other	Balance at December
Payable to affiliates (long-term)	400,000	-50,000	-	-	-	350,000
Payable to affiliates (short-term)	963,607	191,036	-	-7,242	-	1,147,401
Credit institutions (short-term)	51,223	431,056	33,218	3,097	-	518,594
Leasing debt (long-term)	-	-	-	11,499	420,840	432,339
Leasing debt (short-term)	-	-109,630	-	2,206	223,878	116,454
Total interest-bearing debt	1,414,830	462,462	33,218	9,560	644,718	2,564,788

Short-term interest bearing payables from group enterprises comprise withdrawls on the parent company's cash pool facility. Movements in the category "other" comprise opening balances regarding implementation of the new accounting standard IFRS 16 on leasing as well as additions, disposals and re-measurements occured during the reporting period. For 2019 the Group has paid 128m DKK regarding lease contracts of which 18m DKK is related to interests and 110m DKK related to re-payments of lease debt.

2018	Balance at January 1st	Cash flows	Exchange rate	Balance at December
Payable to affiliates (long-term)	450,000	-50,000	-	400,000
Payable to affiliates (short-term)	719,864	250,103	-6,360	963,607
Credit institutions (short-term)	31,186	18,463	1,574	51,223
Total interest-bearing debt	1,201,050	218,566	-4,786	1,414,830

INTEREST RATE RISKS

Due to the chosen funding of investments and the ongoing operations BioMar Group is exposed to fluctuations in the interest rates. In order to mitigate this risk the Group has taken out fixed rate, long-term debt with a remaining duration of 3 years. Fixed rate loans combined with the in 2019 capitalised leasing debt account for 37% in 2019 (2018: 32%) of the total interest bearing debt. For debt raised on floating terms fluctuations in the interest rates of +/- 100 bps will have a hypothetic impact on the profit for the year and equity of +/- 12.6m DKK in 2019 (2018: +/- 7.5m DKK).

	Re-payment		Interests		Carrying amount	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Maturity profile on interest bearing debt:						
Overdraft (no scheduled re-payment)	1,615,995	964,830	-	-	1,615,995	964,830
Below 1 year	187,972	55,975	21,518	5,975	166,454	50,000
Between 1 and 5 years	720,283	414,111	39,712	14,111	680,571	400,000
Over 5 years	111,419	-	9,651	-	101,768	-
Total	2,635,669	1,434,916	70,881	20,086	2,564,788	1,414,830

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

20	TRADE PAYABLES AND OTHER DEBT	2019	2018
	Trade payables	2,442,474	2,327,867
	Other debt	644,060	224,548
	Total trade payables and other debt	3,086,534	2,552,415

21 **CONTINGENT LIABILITIES AND GUARANTEES**

Contingent liabilities

Pending lawsuits

BioMar Group is currently a party to a small number of legal disputes. Management believes that the results of these legal disputes will not materially impact the Group's financial position other than the receivables and liabilities that have been recognised in the balance sheet as of December 31st 2019.

The Chilean competition authority, Fiscalia Nacional Económica ("FNE"), initiated an investigation of the Chilean fish feed industry in October 2016. As part of the investigation, BioMar Chile SA and other companies were subject to unannounced inspections. Naturally, BioMar Chile has been cooperative, responding to questions and providing documentation to the extent possible. Further to the industry investigation, the FNE indicted four Chilean fish feed producers, including BioMar Chile SA, on December 19th 2019 on charges of concerted practice, claiming that BioMar Chile SA be fined up to 30,000 annual tax units, which at December 31st 2019 corresponded to approximately 24m USD. The charges are based on isolated circumstances related to the Chilean fish feed industry during the 2003-2015 period. At the present time, the FNE has produced only a modest amount of information to support its claim, and the case is in the early stages of a process expected to last from two to four years before it can be concluded.

BioMar Chile does not acknowledge the charges and intends to rebut the charges that it has participated in concerted practices so as to restrict competition in the industry. Based on the Chilean lawyers' opinion in the matter and the information currently available, management believes it is not likely that BioMar will be convicted of participating in concerted practices. Accordingly, no provisions have been recognised at December 31st 2019 concerning claim submitted.

Joint taxation liability

BioMar Group participates in a Danish joint taxation arrangement with Schouw & Co. (CVR no. 63965812) serving as the administration company, and is therefore jointly and severally liable for the corporation tax and also for obligations, if any, to withhold tax on dividends, interests and royalties. The total net liability to the Danish tax authorities is recognised in the annual report of Schouw & Co. Potential corrections to the jointly taxed income and tax at source may result in a higher liability for the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

21 **CONTINGENT LIABILITIES AND GUARANTEES (continued)**

Guarantees

BioMar Group is predominately financed by the resources and credit facilities of the parent company Schouw & Co. The financing from the parent company consists of a credit facility established in 2016 with a banking consortium consisting of Danske Bank, DNB and Nordea. The facility has a limit of 2.1b DKK and is currently drawn down with 1.1b DKK as of 31st of December. In April 2019 there is furthermore issued a Schuldschein-loan in three tranches with a maturity of 5 to 7 years. These loans are issued with a total value of 136m EUR (1,016m DKK).

Schouw & Co. has expanded its cooperation with the global bank HSBC (Hong Kong & Shanghai Banking Corporation) in 2019. Through HSBC, loan facilities have been established in areas where it may be difficult to establish intra-group loans and where foreign subsidiaries have previously used local banks on less attractive terms. Schouw & Co. has established loans and loan facilities with HSBC totaling 509m DKK, where 306m DKK were drawn down at 31st of December.

BioMar Group is like other larger subsidiaries in Schouw & Co. co-guarantor for the credit facilities and Schuldschein loans of the parent company. In total BioMar Group has provided guarantee for loans and loan facilities of 3,625m DKK out of which 2,396m DKK were drawn down at 31st of December.

In addition BioMar Group has provided corporate guarantees of 315m DKK towards banks and other financial partners.

The following assets have been pledged as security to credit institutions (carrying amount):	2019	2018
Land and buildings	-	25,451
Inventories	491,959	479,545
Receivables	319,392	256,463
Total pledged assets	811,351	761,459

22 **CHANGES IN WORKING CAPITAL**	2019	2018
Change in inventories	-170,150	-204,299
Change in receivables	-198,488	-338,007
Change in trade payables and other debt	-34,892	353,712
Total changes in working capital	-403,530	-188,594

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

23	ADJUSTMENT FOR NON-CASH TRANSACTIONS	2019	2018
	Purchase/sale of intangible assets cf. note 12	7,730	3,279
	Amount paid regarding intangible assets	7,730	3,279
	Purchase/sale of property, plant and equipment cf. note 13	437,968	223,516
	Amount paid regarding property, plant and equipment	437,968	223,516
	Incurring financial liabilities	694,281	-
	Of which lease debt	-694,281	-
	Proceeds from borrowings	-	-

24 FINANCIAL RISKS

As a result of the Group's international activities, the Group is influenced by and exposed to a number of different financial risks i.e fluctuations in energy and raw material prices as well as interests, foreign exchange rates and liquidity risks. For the most significant areas Group management has formulated a risk policy, approved by the Board of Directors.

Energy prices

The Group is exposed to changes in energy prices (mainly gas, oil, electricity and environmental taxes) as energy is consumed in the production of aqua feed. Furthermore, the Group is also indirectly exposed as changes in the energy prices are reflected in the transportation costs. Changes in transportation costs are expected to be fully or partially passed on to the trading partners. BioMar Group does not have, and does therefore not actively hedge the risk of fluctuations in energy prices. Probable changes in energy prices are assessed not to have a significant impact on the Group's profit and loss or equity.

Raw material prices

The Group is exposed to changes in raw material prices (mainly sources of protein and different types of oils) used in the production of aqua feed. The Group does not actively hedge these risks as they are covered by update of list prices and incorporation of price adjustment mechanism in sales contracts. Probable changes in raw material prices are assessed not to have a significant impact on the Group's profit and loss or equity.

Liquidity risk/financial resources

The liquidity risk means that BioMar Group may not be able to fulfill its obligations as a result of a failure to release assets or obtain adequate financing. The Group activities are exposed to a relatively high degree of seasonal fluctuations requiring occasional oscillations in the need for liquidity. Historically, the working capital requirements are highest in the 3rd quarter. BioMar Group is predominantly financed by the parent company; partly through medium termed loans up to five years and a business credit through the parent company credit facility from a bank syndicate consisting of Danske Bank, DNB and Nordea. The parent company Schouw & Co. ensures availability of sufficient operating liquidity and credit facilities for the ongoing operations and development.

The Group's interest bearing debt amounts to 2,565m DKK in 2019 (2018: 1,415m DKK), of which 783m DKK in 2019 (2018: 400m DKK) has a remaining loan period of more than one year. Cash and cash equivalents amount to 269m DKK in 2019 (2018: 285m DKK). Additionally, the Group has significant unutilised and comitted loan facilities per December 31st 2019, hence the available financial resources are deemed sufficient for the realisation of the Group's strategy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note
24 **FINANCIAL RISKS (continued)**

	2019				
	Carrying amount	Contractual cash flows	< 1 year	1 - 5 years	> 5 years
Non-derivative financial instruments					
Banks and other credit institutions	518,594	518,594	518,594	-	-
Payable to affiliates	1,497,401	1,512,086	1,153,376	358,710	-
Lease debt	548,793	604,989	131,997	361,573	111,419
Trade payables	2,442,474	2,442,474	2,442,474	-	-
Other debt	628,710	655,695	652,476	3,219	-
Derivatives					
Derivative financial instruments	18,569	18,569	18,569	-	-
Recognised in balance sheet total	5,654,541	5,752,407	4,917,486	723,502	111,419
Service element of lease contracts		-	-	-	-
Contractual obligations to purchase property, plant and equipment		73,621	73,621	-	-
Total		5,826,028	4,991,107	723,502	111,419

BioMar Group is predominantly financed by the parent company through both short- and long term credit facilities.
The credit facilities do not contain financial covenants, that if not complied with will result in discontinuation of the credits.

The available financial ressources are deemed sufficient.

	2018				
	Carrying amount	Contractual cash flows	< 1 year	1 - 5 years	> 5 years
Non-derivative financial instruments					
Banks and other credit institutions	51,223	51,223	51,223	-	-
Payable to affiliates	1,363,607	1,383,693	969,582	414,111	-
Trade payables	2,327,867	2,327,867	2,327,867	-	-
Other debt	534,743	596,734	213,707	383,027	-
Derivatives					
Derivative financial instruments	10,841	10,841	10,841	-	-
Recognised in balance sheet total	4,288,281	4,370,358	3,573,220	797,138	-
Operating lease liabilities		648,415	136,996	354,604	156,815
Contractual obligations to purchase property, plant and equipment		279,758	279,758	-	-
Total		5,298,531	3,989,974	1,151,742	156,815

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note
24 **FINANCIAL RISKS (continued)**

Foreign currency risks
A significant part of the Group's revenue is generated in the same currency as the functional currency for the respective enterprises, hence these are naturally hedged and limiting the foreign currency exposure.
As a main rule, the Group hedges all significant foreign currency risks regarding in- and out going payments in foreign currencies in accordance with the Group's policy for currency risk management.

The sensitivity analysis shows the impact on the income statement and equity from likely changes in exchange rates in main currencies.

			2019			
Currency	Cash and receivables	Financial liabilities (non-derivatives)	Derivatives to hedging of future cash flows	Likely change in exchange rate	Hypothetical effect on the profit for the year	Hypothetical effect on the equity
EUR / DKK	282,345	-250,233	-	+0.4%	100	100
USD / DKK	394,826	-756,327	32,652	+8.2%	717	-21,033
USD / GBP	91,914	-58,200	-88,950	+9.7%	325	-4,447
USD / NOK	467	-301,964	477,106	+10.2%	-2,794	13,971
CLP / USD	6,122	-69,462	-	+10.0%	-4,624	-4,624
NOK / GBP	-	-15,995	42,845	+10.1%	976	2,251
Others	125,760	-259,190	143,654	+3%/+20%	-4,660	858
	901,434	-1,711,371	607,307		-9,960	-12,924

			2018			
Currency	Cash and receivables	Financial liabilities (non-derivatives)	Derivatives to hedging of future cash flows	Likely change in exchange rate	Hypothetical effect on the profit for the year	Hypothetical effect on the equity
EUR / DKK	279,445	-237,587	-	+2%	628	628
USD / DKK	236,805	-517,761	57,967	+5%	1,296	-8,362
USD / GBP	177,249	-75,514	-155,957	+5%	609	-2,033
USD / NOK	34,962	-219,050	306,146	+5%	181	4,577
EUR / NOK	67,225	-229,192	160,762	+5%	-1,321	-45
Others	77,562	-117,615	102,782	+5%/+20%	-1,502	2,313
	873,248	-1,396,719	471,700		-109	-2,922

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note
24 **FINANCIAL RISKS (continued)**

Currency hedging agreements regarding future transactions
Net amounts outstanding for currency hedging agreements at December 31st for the Group, which satisfy the requirements for hedge accounting and which relate to future transactions.

	2019			
Currency	Notional principal	Accumulated capital gain/(loss) recognised in equity	Fair value	Maximum number of months to expiry
EUR	240,265	-1,710	-3,826	5
USD	420,808	4,277	4,046	11
RUB	-61,182	-	-3,617	4
GBP	-3,366	-	-44	2
Others	10,782	-524	-1,790	6
Total	607,307	2,043	-5,231	

	2018			
Currency	Notional principal	Accumulated capital gain/(loss) recognised in equity	Fair value	Maximum number of months to expiry
EUR	190,518	963	4,712	5
USD	208,157	1,640	7,419	11
RUB	-21,268	-	621	2
GBP	-2,192	-	-20	1
Others	96,485	-1,912	-3,310	4
Total	471,700	691	9,422	

Categories of financial instruments	**2019**	**2018**
Securities (fair value hierarchy level 1)	1,808	807
Securities (fair value hierarchy level 3)	954	894
Financial assets measured at fair value through profit and loss	2,762	1,701
Derivative financial assets (fair value hierarchy level 2)	12,968	19,898
Hedging instruments measured at fair value	12,968	19,898
Trade receivables	2,362,083	2,001,918
Other receivables	350,884	336,703
Cash and cash equivalents	269,810	284,398
Financial assets measured at amortised cost	2,982,777	2,623,019
Derivative financial liabilities (fair value hierarchy level 2)	18,569	10,841
Hedging instruments measured at fair value	18,569	10,841
Other long-term liabilities	3,219	321,036
Interest bearing debt	2,564,788	1,414,830
Trade payables and other debt	3,067,965	2,541,574
Financial liabilities measured at amortised cost	5,635,972	4,277,440

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note
25 **ACQUISITIONS**

	Alitec Pargua S.A.	
	2019	**2018**
Specification of acquired net assets at acquisition date		
Intangible assets		-
Property, plant and equipment	204,974	-
Inventories	53,027	-
Receivables	317,337	-
Cash and cash equivalents	11,157	-
Deferred tax	-32,601	-
Trade payables	-305,623	-
Credit institutions	-66,436	-
Other debt	-53	-
Current tax	-	-
Net assets acquired	181,782	-
Goodwill	21,809	-
Fair value of original ownership interest	-90,891	-
Acquisition costs	112,700	-
Contingent consideration	-	-
Of which cash and cash equivalent	-5,579	-
Total cash acquisition costs	107,121	-

Effective 7th June 2019, BioMar acquired the outstanding 50% of the shares in the fish feed factory Alitec Pargua S.A. for a consideration of 113m DKK. Prior to the acquisition, the company was owned and operated in conjunction with AquaChile and classified as a joint operation in accordance with IFRS. The acquisition of the shares marks an important increase of BioMar's production capacity in Chile's strategically important salmon market. Having full ownership of Alitec Pargua S.A. also strengthens BioMar's position in the Chilean market. BioMar is now able to serve a broader customer portfolio and to plan future factory upgrades and expansions for the benefit of a sustainable and innovative aquaculture industry, and to accommodate the growing demand for advanced feed solutions.

In accordance with IFRS, the company has measured all assets and liabilities, whether existing or acquired, at fair value for purchase price allocation purposes. In that connection, the company has identified property, plant and equipment at values that were 80m DKK higher and deferred tax of 22m DKK deriving from that amount. Goodwill has provisionally been calculated at 22m DKK.

The remeasurement of the company's existing 50% ownership interest resulted in an accounting gain of 29m DKK, which is recognised in "financial income".

Assets include trade receivables at a fair value of 317m DKK, of which 253m DKK represents a receivable from BioMar Chile. No provision has been made for losses or claims.

Had Alitec Pargua been acquired effective on 1st January 2019, revenue would have been 58m DKK higher and the full-year profit would have been 2m DKK higher. BioMar incurred total transaction costs of 0.5m DKK in connection with the acquisition.

Effective at 30th June, Alitec Pargua S.A. merged with BioMar Chile S.A., BioMar's other sales and production company in Chile. The merger was made at book values and did not affect the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DKK 1,000)

Note

26 **RELATED PARTY TRANSACTIONS**

Schouw & Co. owns 100% of the shares in BioMar Group A/S.
Members of the Board of Directors, the Executive Management as well as their family members are considered related parties. Furthermore, related parties are companies in which the above-mentioned group of people has significant interests.

Transactions between BioMar Group and the other entities in the Schouw & Co. Group appear below:

	2019	2018
Management fee	-2,175	-2,100
Interest paid	-26,061	-21,865
Interest received	1,857	1,187
At December 31st the Group has the following debt and receivables:		
Receivables from group companies	170,786	208,086
Debt to group companies	-1,497,401	-1,363,607

In addition, related parties also comprise the associates and joint ventures cf. note 8, in which BioMar Group has either significant influence or joint control.

Transactions between BioMar Group and the associates and joint ventures appear below:

	Associates		Joint ventures	
	2019	2018	2019	2018
Sales	314,874	327,301	30,302	18,385
Purchases	79,028	88,276	-	-
Interest received	247	430	-	-
At December 31st the Group has the following debt and receivables:				
Receivables from associates and joint ventures	131,970	132,185	34,571	21,701
Debt to associates and joint ventures	52,288	83,405	663	600

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DKK 1,000)

Note

27 **GROUP STRUCTURE**

Company name	Division	Domicile	BioMar Group's share in %
BioMar Group A/S	-	Aarhus, Denmark	
BioMar A/S	EMEA	Brande, Denmark	100.00
BioMar Spolka z.o.o.	EMEA	Zielona Gora, Poland	100.00
Oy BioMar AB	EMEA	Vanda Helsingfors, Finland	100.00
BioMar AB	EMEA	Malmø, Sweden	100.00
Bio mar OOO, Russia	EMEA	Ropsha, Leningrad, Russia	100.00
BioMar S.A.S.	EMEA	Nersac, France	100.00
BioMar Hellenic S.A.	EMEA	Volos, Greece	100.00
BioMar Iberia S.A.	EMEA	Dueñas, Spain	100.00
BioMar Sagun TTK (Joint venture)	EMEA	Söke, Turkey	50.00
BioMar AS	Salmon	Myre, Norway	100.00
LetSea AS	Salmon	Dønna, Norway	33.33
BioMar Ltd.	Salmon	Grangemouth, Scotland	100.00
LCL Shipping Ltd.	Salmon	Grangemouth, Scotland	40.00
BioMar Pty. Ltd.	Salmon	Hobart, Australia	100.00
BioMar A/S Chile Holding S.A.	Salmon	Puerto Montt, Chile	100.00
BioMar Chile S.A.	Salmon	Puerto Montt, Chile	100.00
Salmones Austral S.A.	Salmon	Puerto Montt, Chile	22.91
Aquaculture Technology Centre Patagonia S.A.	Salmon	Lenca, Chile	30.00
BioMar Aquaculture Corporation S.A.	Emerging Markets	Cañas, Costa Rica	100.00
BioMar Aquacorporation Products S.A. (Joint operation)	Emerging Markets	Cañas, Costa Rica	50.00
Alimentsa S.A.	Emerging Markets	Guayaquil, Ecuador	70.00
BioMar Tongwei (Wuxi) Biotech Co., Ltd. (Joint venture)	Emerging Markets	Wuxi, China	50.00
Zhuhai Haiwei Feed Co., Ltd	Emerging Markets	Zhuhai, China	100.00

28 **NEW FINANCIAL REPORTING REGULATIONS**

As of the date of release of these financial statements, the IASB has issued a number of new and amended financial reporting standards and interpretations which are not mandatory for the BioMar Group in 2019. Approved, not yet effective standards and amendments are implemented when they become mandatory for BioMar Group as per the EU effective dates.

New standards, amendments and interpretations comprise:
- IFRS 17 Insurance contracts
- IFRS 3 Busisness combinations - Amendments to IFRS 3
- IAS 1 Prensetation of Financial Statements and IAS 8 Accounting Policies, Changes in Account Estimates and Errors - Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework - Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.

It is the assessment that neither of the standards nor individually or collectively will have material impact on the financial statements of BioMar Group.

29 **EVENTS AFTER THE BALANCE SHEET DATE**

Apart from events recognised or disclosed in the consolidated financial statements, no material events have occurred after the balance sheet date.

Note 30

Accounting Policies

BioMar Group A/S is a private limited company domiciled in Denmark. The annual report for the period January 1st – December 31st, 2019 comprises both the consolidated accounts for the BioMar Group and its subsidiaries (the Group) and the annual accounts for the parent company, BioMar Group A/S.

The consolidated accounts for BioMar Group A/S are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements pursuant to the Danish Financial Statement Act applying for large class-C entities. The annual report also complies with the International Financial Reporting Standards (IFRS) issued by IASB.

Basic Principles

The annual report is presented in Danish kroner which is the presentation currency for the Group and the functional currency for the parent company. If not stated otherwise all amounts are presented in 1,000 DKK.

The annual report is presented on the basis of historical cost, except for share based remuneration, derivatives, financial instruments, biological assets and contingent consideration in connection with business combinations, which are measured at fair value.

The accounting policies, as stated below, are consistent with those applied last year.

The financial statements for the Parent are presented separately from the consolidated statements.

New and Amended IFRS Standards and Interpretations

BioMar Group applied IFRS 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2019, including IFRIC 23 – uncertainty over income tax, but do not have a significant impact on the consolidated financial statements of BioMar Group. BioMar Group har not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases* and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

BioMar Group adopted IFRS 16 by applying the modified retrospective with the date of initial application of January 1st 2019. BioMar has made use of the relief from restating comparative figures, hence 2018 comparable figures are presented in accordance with the rules in IAS 17.

Note 30

Accounting Policies

The Group has also elected to use the recognition exemptions for lease contracts that, at commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases) and lease contracts for which the underlying asset is of low value (low-value assets). Furthermore, BioMar Group has elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease, hence applied the standard only to contracts that were previously identified as leases when applying IAS 17.

When assessing future lease payments, the Group has elected to apply the practical expedient and treat lease and non-lease components as a single lease component. Variable service components invoiced separately are expensed as operating costs.

When assessing the expected lease term, the Group has identified the non-cancellable lease period also taking extension - and termination options, that are deemed reasonably certain to exercise, into consideration.

A number of property lease contracts are considered infinite meaning that they are automatically renewed on a yearly basis or in force until either party terminate the contract. For these contracts the Group has applied a five year lease-term representing the most certain outcome currently assessed.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is unit, currency and lease term specific. The incremental borrowing rate is based on the Group's existing credit facilities. The average incremental borrowing rate is 3,08% for the Group.

Effect from adopting IFRS 16

By adopting IFRS 16 the Group has recognised right-of-use assets of 610m DKK and a lease obligation of 610m DKK, hence the effect on equity is zero. The value is mainly arising from ships and land and buildings.

Operational leases as per December 31st, 2018 (IAS 17)	**583.345**
Discounted with a different maturity profile	31.658
Short term and low value assets	-4.709
Other adjustments	-736
Lease liability recognised January 1st, 2019 (IFRS 16)	**609.558**

Note 30

Accounting Policies

The consolidated financial statement

The consolidated financial statements comprise BioMar Group A/S and the subsidiaries controlled by BioMar Group. Control is achieved by directly or indirectly holding or having the disposal of more than 50% of the voting rights or otherwise exercising a controlling influence over the relevant enterprise.

Entities in which the Group exercises significant influence but not control are classified as associates. Significant influence is generally achieved by directly or indirectly holding or controlling 20% or more, but less than 50%, of the voting rights.

Factors used to determine whether or not BioMar Group has control include de facto control and potential voting rights exercisable at the balance sheet date.

Joint arrangements are activities or companies in which the Group has joint control through collaborative agreements with one or more parties. Joint control implies that unanimous decisions on the relevant activities are required by the parties sharing the controlling influence. Joint arrangements are classified either as joint ventures or joint operations. Joint operations refer to activities where the parties have direct rights to assets and liabilities, whereas joint ventures are activities for which the parties only have the rights to the net assets.

The consolidated financial statements have been prepared by aggregating the financial statements of the parent company, the individual subsidiaries and joint arrangements prepared in accordance with the Group's accounting policies. Intra-group income and expenses, shareholdings, dividends, balances and realised and unrealised gains on transactions between the consolidated entities are eliminated. Unrealised gains on transactions with associates and joint ventures are eliminated proportionate to the Group's share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that no impairment has occurred.

Business combinations

Newly acquired or established entities are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not adjusted to reflect acquisitions. Sold or liquidated entities are consolidated until the date of sale or liquidation. Discontinued operations are separately presented.

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

Acquisition date is the date from which BioMar Group gains actual control of the acquired entity.

Note 30

Accounting Policies

Any excess of the consideration paid for the business over the fair value of the acquired assets, liabilities and contingent liabilities, is recognised as goodwill under intangible assets. Goodwill is not amortised but is annually tested for impairment. The first impairment test is performed before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units that will subsequently form the basis for the future impairment tests. Goodwill and fair value adjustments in connection with acquisition of a foreign entity with a different functional currency than the presentation currency of BioMar Group are treated as assets and liabilities belonging to the foreign entity and converted to the entity's functional currency with the rate of the transaction date. Negative discrepancies, negative goodwill, is recognised in the income statement at the acquisition date.

For put-options issued as part of the consideration for business combinations, put-options received by non-controlling shareholders are considered to be exercised at the take-over date (anticipated acquisition).

The non-controlling interest is reversed, and a liability is recognised at fair value on initial recognition and the difference is adjusted under equity. Fair value is determined as the present value of the exercise price of the option. The option is subsequently measured at amortised cost corresponding to the discounted value of the expected future cash flows. Value adjustments are recognised directly in equity. Dividend payments related to the put-option are considered a financial expense and recognised in the income statement.

Any gains or losses on the disposal of subsidiaries, associates and joint ventures are stated as the difference between the sales price or the proceeds from the winding-up and the carrying amount of net assets, including goodwill, at the date of disposal and the related cost for selling or winding-up.

Foreign currency translation

A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currency are translated at the exchange rate prevailing on the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of actual payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date. The difference between the exchange rate prevailing at the balance sheet date and the rate from the date when the receivable or payable arose or the exchange rate applied in the most recent annual report is recognised in the income statement under financial income or expenses.

Note 30

Accounting Policies

On consolidation of entities with functional currency different from Danish kroner (DKK), the income statements are translated at the exchange rates prevailing at the transaction date and the balance sheets are translated at the exchange rates prevailing at the balance sheet date.

The average exchange rate for each individual month is used as the transaction date exchange rate in case of no significant differences. Exchange rate differences arising from the translation of the opening equity of such entities at the exchange rate prevailing at the balance sheet date and on the translation of the income statements from the exchange rates prevailing at the transaction date to the exchange rate at the balance sheet date are recognised in other comprehensive income in the exchange rate adjustment reserve under equity.

Derivative financial instruments

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

Changes in the fair value of the derivative financial instruments that effectively hedge the value of a recognised asset or liability are recognised in the income statement together with any changes in the value of the hedged asset or liability. Hedging of future cash flows according to contracts, except exchange rate hedging, are treated as hedging of the fair value of a recognised asset or liability.

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

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

Some contracts imply conditions corresponding to derivative financial instruments. Such integrated financial instruments are recognised separately and are regularly measured to fair value, in case they deviate significantly from the respective contract unless the total contract is recognised and regularly measured at fair value.

Note 30

Accounting Policies

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods, which primarily relates to aqua feed, is recognised in the income statement if transfer of the risk to the customer has taken place before year-end and if the income can be reliably measured. The performance obligations in the contracts are to deliver aqua feed to the customers and each delivery is considered a separate performance obligation as each delivery is distinct. Due to the business model composition and types of sales contracts variable components and the related consideration are considered immaterial.

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

Production costs

Production costs corresponding to the year's revenue include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leasing, amortisation and impairment of intangible assets, depreciation and impairment of production equipment and impairment of inventory.

Distribution costs

Distribution costs comprise expenses incurred in connection with the distribution of goods sold during the year and in connection with sales campaigns etc. launched during the year. Included are also costs for sales and logistic staff, advertising and exhibitions costs as well as depreciation/amortisation.

Administrative costs

Administrative costs comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses and depreciation and impairment. Administrative expenses also include impairment on trade receivables.

Other operating income and expenses

Other operating income and expenses comprise activities secondary to the primary activities of the entities and consist of the following:

- Gains or losses on the disposal of intangible assets and property, plant and equipment.
- Share of profit or loss of fish farming research activities including fair value adjustment of biological assets.

Note 30

Accounting Policies

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

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

Result from Subsidiaries, Associates and Joint Ventures

Subsidiaries, associates and joint ventures are recognised in the income statement at the proportionate share of the profit or loss and after elimination of the proportionate share of intra-group gains or losses.

Financial Income and Expenses

Financial income and expenses include interest and capital gains and losses on transactions in foreign currency and impairment losses on securities. Also included are amortisation of financial assets and liabilities, including lease assets, surcharges and refunds under the on-account tax scheme and changes in fair value of derivative financial instruments that do not qualify as hedge accounting.

Interest expenses relating to the construction of non-current assets are recognised as part of the cost of the asset.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grants are related to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Taxation

BioMar Group is taxed jointly with the parent company’s other Danish subsidiaries. The current Danish income tax liability is allocated among the companies of the tax pool in proportion to their taxable income. Companies that utilise tax losses from other companies pay a joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses utilised. Companies whose tax losses are utilised by other companies receive joint tax contribution from the parent company corresponding to the tax value of the utilised losses (full absorption). The jointly taxed companies pay tax under the Danish on-account tax scheme.

Note 30

Accounting Policies

Balance sheet

Goodwill

On initial recognition goodwill is recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. The determination of cash-generating units is based on the management structure and the internal financial management.

Other intangible assets

Other intangible assets (e.g. software solutions) and intangible assets acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment. Intangible assets are amortised on a straight-line basis over the expected useful life of the assets: 5-20 years.

Intangible assets with indefinite useful lives are not amortised but are subject to yearly impairment tests.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is ready for use. Cost is increased by the present value of estimated liabilities for the removal and disposal of the asset and restoration of the site where the asset was used. The total cost is de-composed for separate depreciations if the useful lives of the single components are deemed significant different.

Subsequent costs, such as the cost of replacing components of property, plant and equipment, are included in the asset's carrying amount when deemed likely that it will result in economic benefits. The replaced components are no longer recognised in the balance sheet and the carrying amount is transferred to the income statement. All other ordinary repair and maintenance costs are recognised in the income statement when incurred.

Note 30

Accounting Policies

Property, plant and equipment are depreciated on a straight-line basis over the expected useful-lives of the asset/component, which are expected to be as follows:

- Buildings 20-30 years
- Plant and machinery 8-15 years
- Other fixtures and fittings, tools and equipment 4-10 years
- Land are not depreciated

The basis for the depreciations is calculated with due considerations to the asset's scrap value, reduced by any impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount depreciations are ceased.

In case of changes to the depreciation period or residual value the effect on depreciations going forward is recognised as a change of accounting estimates.

Depreciations are recognised in the income statement as production, distribution or administrative costs.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use-assets; the Group recognises right-of-use assets at the commencement date of the lease. Initially right-of-use assets are measured at the present value of the future lease payment plus the cost of obligations to refurbish the assets. Payments mainly consist of fixed payment and is adjusted for any remeasurement of lease liabilities. The leased assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows;

- Ships 2-15 years
- Land and buildings 2-40 years
- Other lease assets 2-6 years

Right-of-use assets are tested for impairment whenever there is an indication that the asset may be impaired.

BioMar Group's lease portfolio covers mainly ships and land and buildings.

Note 30

Accounting Policies

Lease liabilities; at the commencement date of the lease, the Group recognise lease liabilities measured at the present value of lease payment to be made over the lease term. The lease payments include fixed payments. In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is reduced for the lease payments made and the carrying amount of the lease liability is re-measured if there is a modification, a change in the lease payments or a change in the assessment of an option to either extend or terminate the contract. The Group's lease liabilities are included in interest bearing debt (see note 19).

Right-of use assets and lease liabilities are presented separately in the financial statement.

Short-term leases and leases of low value assets; the Group applies the recognition exemption to its short-term (lease term of less than 12 months that do not contain a purchase option) and low value asset leases. Lease payments on these contracts are recognised as expenses on a straight-line basis over the lease term.

Investments in Associates and Joint Ventures

Investments in associates and joint ventures are measured in the balance sheet at the proportionate share of the companies' net asset value (net equity method) calculated in accordance with the Group's accounting policies with deductions or addition of the proportionate share of unrealised intra-group gains or losses and with addition of the carrying amount of goodwill. Impairment test is performed when there is objective evidence of impairment.

Non-current Asset Impairment Test

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, initially before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill has been allocated and is written down over the income statement, as a separate line item, to the lower of the recoverable amount and the carrying amount. The recoverable amount is generally calculated as the present value of the future net cash flows expected to be derived from the business or activity (cash-generating unit) to which the goodwill relates.

Deferred tax assets are assessed on a yearly basis and are only recognised in case it's deemed likely that they will be utilised.

The carrying amount of other non-current assets are tested annually to determine whether there are any indications of impairment. If such indication exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less expected costs to sell and the value in use.

Note 30

Accounting Policies

A write-down is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Write-downs are recognised in the income statement as production or distribution costs or as administrative expense.

Impairment write-downs of goodwill are not reversed. Impairment of other assets is reversed to the extend changes have occurred to the assumptions and estimates leading to the impairment. Impairment is only reversed to the extend the new carrying amount of an asset does not exceed the carrying amount the asset would have had net of depreciation, had the asset not been impaired.

Inventories

Inventories are measured at cost in accordance with the FIFO-method. Where the net-realisable value is lower than the cost, inventories are written down to this lower cost.

The cost of goods for resale, raw materials and consumables comprises the purchase price and delivery costs.

The cost of finished goods and work in progress comprise the cost of raw materials, consumables, direct labour and indirect production costs. Indirect production costs include indirect materials and labour as well as maintenance of and depreciation and impairment of the machines, factory buildings and equipment used in the manufacturing process as well as factory management and administrative expenses.

The net realisable value of inventories is calculated as the selling price less costs of conversion and costs incurred to execute the sale, and is determined in consideration of marketability, obsolescence and movements in the expected selling price.

Biological inventories are recognised at fair value less estimated selling costs. Gains and losses occurring on the recognition of biological assets at fair value less estimated selling costs are recognised in other operating income

Receivables

Receivables are measured at amortised cost less allowance for lifetime expected credit losses.

Provisions for impairment losses are calculated in accordance with the simplified expected credit-loss model, after which the total expected loss is immediately recognised in the income statement at the same time as the receivable is recognised in the balance sheet taking the total expected loss into consideration.

Expected credit-losses are calculated based on the expected default rate, determined per geographical location. The default rate is based on historic default rates adjusted for the effect of expected changes in relevant parameters.

Note 30

Accounting Policies

Securities

Security holdings which do not enable the Group to exercise control or a significant influence are measured at fair value.

Value adjustments of listed securities for which changes in fair value are regularly monitored, are recognised under financial items in the income statement when they occur.

Unlisted securities, for which the fair value is not regularly monitored, are classified as available for sale. The securities are measured at fair value and unrealised value adjustments are recognised directly in other comprehensive income, except for impairment losses which are recognised in the income statement under financial items. On realisation, the accumulated value adjustment recognised in other comprehensive income is reclassified as financials in the income statement.

Share Holders' Equity

Dividend

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

Exchange Adjustment Reserve

The exchange adjustment reserve in the consolidated financial statement comprise exchange differences arising from the translation of the financial statement of foreign enterprises from their functional currency into Danish kroner including exchange differences on financial instruments considered to be part of the investment or as hedging of the net investment.

On full or partly realisation of the net investment exchange rate adjustments are recognised in the income statement.

Hedge Transaction Reserve

The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that met the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised.

Note 30

Accounting Policies

Employee Benefits

Executive Management and senior managers in BioMar Group are covered by the parent company Schouw & Co.'s share option programme. The costs related to the programme are calculated according to "Black & Scholes" and are expensed as staff costs linearly over the period of the option and settled to the parent company.

Pension Obligations

BioMar Group has set up pension plans and similar with the majority of the Group's employees. Liabilities relating to defined contribution plans are recognised in the income statement in the period in which the benefits vest, and payments due are recognised in the balance sheet under other payables.

BioMar Group does not have defined benefit plans.

Tax and Other Liabilities

Payable and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Uncertain tax positions are assessed individually, either as a probable weighted average of possible scenarios or as the most probable scenario considering the approach that better predicts the resolution of the uncertainty, and recognised if it is probable than an amount will be paid or received.

Deferred tax is measured in accordance with the balance sheet liability method on all timing differences between the carrying amount and the tax base of the assets and liabilities. However, no deferred tax is recognised on timing differences regarding non-deductible goodwill and other items for which timing differences have arisen at the acquisition date without affecting the financial results or taxable income. In case the tax value can be measured according to multiple tax schemes, the deferred tax is measured on the basis of the management's planned utilisation, respective settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the expected value of their utilisation either as a set-off against tax on future income or as a set-off against tax liabilities within the same legal tax entity or jurisdiction.

Note 30

Accounting Policies

Deferred tax adjustments are made regarding eliminations of unrealised intercompany gains and losses. Deferred tax is measured based on the tax rules and rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Financial Liabilities

Debt to credit institutions is recognised at the raising of a loan at fair value less transaction costs. Debt relating to a put option for the purchase of non-controlling interests is initially measured at fair value. In subsequent periods, financial liabilities are measured at amortised costs, applying the “effective interest method” to the effect that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Cash Flow Statement

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

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

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

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of companies and operations and the acquisition and disposal of intangible assets, property, plant and equipment as well as the purchase and sale of securities not recognised as under cash and cash equivalent. Dividends from associates are included in cash flows from investing activities.

Cash flows from financing activities include payments to and from shareholders and related expenses as well as the raising of loans, re-payments of interest bearing debt and the purchase and sale of treasury shares.

Cash and cash equivalents include cash at bank and in hand as well as securities with a maturity of less than three months at the time of acquisition that can immediately be converted into cash and that involve insignificant risk of value fluctuations.

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

Note 30

Accounting Policies

Key Figures Glossary

EBITDA

Profit before interest, tax, depreciation and amortisation.

EBIT (Operating profit)

Profit before interest and tax.

EBIT-margin

Profit before interest and tax (EBIT) as a percentage of revenue.

Return on equity

Profit for the year as a percentage of the average equity.

Solvency ratio

Total assets as a percentage of equity.

EBITA

Profit before interest, tax and amortisations.

ROIC

(Return on invested capital excl. goodwill)

EBITA as a percentage of average invested capital.

Note 31

Significant Accounting Judgments and Estimates

Estimation Uncertainty

In preparing the financial statements, management makes a number of assessments, estimates and assumptions necessary for calculating the carrying amount of certain assets and liabilities. The estimates and assumptions applied are based on factors such as historical experience and other factors that management consider reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Due to the risks and uncertainties the Group is subject to, actual outcome may deviate from the estimates made. It may be necessary to revise previous estimates as a result of changes to the assumptions on which such estimates were based or due to new information or subsequent events. The notes provide information on bases and assumptions, on the future and other estimation uncertainties at the balance sheet date where there is a considerable risk of changes that may lead to significant adjustment of the carrying amount of assets and liabilities within the next financial year.

Judgments and estimates, deemed significant for the financial reporting are mainly related to impairment of trade receivables and goodwill. See further below.

Receivables

The allowance for expected credit losses for trade receivables is based on historical credit loss experience combined with forward-looking information on macroeconomic factors impacting the industry hence the credit risk. The expected loss rates are updated at every reporting date.

Impairment of goodwill

At the yearly impairment test of goodwill, or if indications of impairment, judgments are applied to assess to which extend the cash generating units, that the goodwill is related to, are able to generate sufficient positive cash flows in the future to support the carrying amount of goodwill and the other net assets in the respective entities.

The impairment test and the particular sensitive circumstances relating to this is described in note 12 regarding intangible assets.

Tax

As the Group operates across many different countries, the calculation of the Group’s total tax charge in the income statement inherently involves a degree of estimation and judgment. Tax and transfer pricing disputes with authorities in various countries may occur and management judgment is applied to assess to possible outcome of such disputes.

Parent Company Financial Statements

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(DKK 1,000)

Note	INCOME STATEMENT	2019	2018
1	Revenue	1,318,500	950,820
4	Cost of sales	-1,255,723	-888,916
	Gross profit	**62,777**	**61,904**
	Other operating income and expenses, net	-	170
2.3	Distribution costs	-671	-810
2,3,5	Administration costs	-77,961	-70,896
	Operating profit (EBIT)	**-15,855**	**-9,632**
	Share of profit after tax, subsidiaries	548,717	406,911
9	Share of profit after tax, joint ventures	971	12,539
6	Financial income	2,373	1,806
7	Financial expenses	-12,875	-12,175
	Profit before tax	**523,331**	**399,449**
8	Tax on profit for the year	5,764	3,896
	Profit for the year	**529,095**	**403,345**
	Other comprehensive income		
	Items that have been or may subsequently be reclassified to the income statement;		
	Exchange rate adjustments, foreign entities	71,502	65,451
	Other value adjustments in subsidiaries and joint ventures	1,605	-1,291
	Other comprehensive income after tax	**73,107**	**64,160**
	Total comprehensive income	**602,202**	**467,505**

BALANCE SHEET AT DECEMBER 31st
(DKK 1,000)

Note	ASSETS	2019	2018
	Other intangible assets	291	729
	Assets under development	5,132	1,349
10	Intangible assets	5,423	2,078
	Land and buildings	244	319
	Other plant, fixtures and operating equipment	45	69
	Assets under construction	-	-
11	Property, plant and equipment	289	388
	Investments i subsidiaries	3,617,262	3,269,828
9	Investments in joint ventures	135,989	136,747
12	Right of use assets	9,570	-
18	Deferred tax	252	417
14	Receivables	9,346	11,426
	Other non-current assets	3,772,419	3,418,418
	Total non-current assets	**3,778,131**	**3,420,884**
14	Receivables	656,256	488,470
17	Income tax	1,509	971
	Prepayments	2,574	3,456
	Cash and cash equivalents	57	72
	Total current assets	**660,396**	**492,969**
	Total assets	**4,438,527**	**3,913,853**

Note	EQUITY AND LIABILITIES	2019	2018
	Share capital	250,000	250,000
	Reserve for net revaluation according to the equity method	1,688,290	1,340,856
	Retained earnings	620,036	665,268
	Proposed dividend	300,000	300,000
	Total equity	**2,858,326**	**2,556,124**
13	Interest bearing debt	355,468	400,000
	Total non-current liabilities	355,468	400,000
13	Interest bearing debt	724,821	558,110
15	Trade payables and other debt	499,912	399,619
	Total current liabilities	1,224,733	957,729
	Total liabilities	**1,580,201**	**1,357,729**
	Total equity and liabilities	**4,438,527**	**3,913,853**

Notes without reference:
19 Financial risks
20 Contingent liabilities and guarantees
21 Related party transactions
22 Accounting policies

STATEMENT OF CHANGES IN EQUITY
(DKK 1,000)

	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend	Total equity
Equity at December 31st 2017	**250,000**	**1,287,015**	**562,461**	**300,000**	**2,399,476**
Change of accounting policy IFRS 9		-10,857			-10,857
Restated equity at January 1st 2018	**250,000**	**1,276,158**	**562,461**	**300,000**	**2,388,619**
Comprehensive income in 2018					
Profit for the year		-10,711	114,056	300,000	403,345
Other comprehensive income					
Exchange rate adjustments of foreign entities		73,997	-8,546		65,451
Other valuation adjustments in foreign entities		1,412	-2,703		-1,291
Tax on other comprehensive income					-
Other comprehensive income	-	75,409	-11,249	-	64,160
Comprehensive income	-	64,698	102,807	300,000	467,505
Transactions with shareholders:					
Dividend distributed				-300,000	-300,000
Transactions with shareholders	-	-	-	-300,000	-300,000
Equity at December 31st 2018	**250,000**	**1,340,856**	**665,268**	**300,000**	**2,556,124**
Equity at January 1st 2019	**250,000**	**1,340,856**	**665,268**	**300,000**	**2,556,124**
Profit for the year		272,598	-43,503	300,000	529,095
Other comprehensive income					
Exchange rate adjustments of foreign entities		73,346	-1,844		71,502
Other valuation adjustments in foreign entities		1,490	115		1,605
Tax on other comprehensive income					-
Other comprehensive income	-	74,836	-1,729	-	73,107
Comprehensive income	-	347,434	-45,232	300,000	602,202
Transactions with shareholders:					
Dividend distributed				-300,000	-300,000
Transactions with shareholders	-	-	-	-300,000	-300,000
Equity at December 31st 2019	**250,000**	**1,688,290**	**620,036**	**300,000**	**2,858,326**

Proposed dividend per share amounts to 3,000 DKK in 2019 (3,000 DKK in 2018).

CASH FLOW STATEMENT

(DKK 1,000)

Note		2019	2018
	Profit before tax	523,331	399,449
	Adjustment for non-cash items:		
2	Depreciations and impairment losses	4,697	2,109
	Other operating items, net	117	-170
	Share of profit after tax in subsidiaries	-548,717	-406,911
9	Share of profit after tax in joint ventures	-971	-12,539
6	Financial income	-2,373	-1,806
7	Financial expenses	12,875	12,175
	Cash flow from operations before changes in working capital	-11,041	-7,693
16	Changes in working capital	-66,611	-21,996
	Cash flow from operations	-77,652	-29,689
	Interest received	1,998	1,515
	Interest paid	-12,875	-12,157
	Cash flow from ordinary activities	-88,529	-40,331
17	Income tax received	5,391	10,888
	Cash flow from operating activities	**-83,138**	**-29,443**
10	Purchase of intangible assets	-5,035	-1,528
	Sale of intangible fixed assets	1,252	-
11	Purchase of property, plant and equipment	-	-404
	Sale of property, plant and equipment	-	170
	Capital contribution in subsidiaries	-	-56,981
	Dividend from subsidiaries	276,119	417,622
	Repayment of loans	2,337	2,299
	Sales of securities	-	153
	Cash flow from investing activities	**274,673**	**361,331**
	Re-payment of long-term liabilities/proceeds from borrowings	-50,000	-50,000
	Re-payment of lease debt	-4,087	-
	Increase (re-payment) of intra-group balances	162,537	18,031
	Dividend distributed	-300,000	-300,000
	Cash flow from financing activities	**-191,550**	**-331,969**
	Cash flow for the year	-15	-81
	Cash and cash equivalents at January 1st	72	153
	Cash and cash equivalents at December 31st	**57**	**72**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(DKK 1,000)

Note

1 **REVENUE**

	2019	2018
Products	1,247,789	882,301
Services	70,711	68,519
Total revenue	1,318,500	950,820

2 **DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES**

	2019	2018
Amortisation of intangible assets	-438	-1,811
Depreciation of property, plant and equipment	-99	-298
Depreciation of lease assets	-4,160	-
losses	-4,697	-2,109

Amortisations of intangible assets are included in administration costs with 0.4m DKK (2018: 1.8m DKK). Other depreciations are included in the respective cost types, mainly administration costs.

3 **STAFF COSTS**

	2019	2018
Wages and salaries	-39,471	-35,945
Defined contribution pension plans	-2,024	-1,945
Other social security costs	-167	-145
Share-based payments	-3,565	-2,879
Total staff costs	-45,227	-40,914
Average number of employees	26	24
Remuneration to Executive Board and Board of Directors		
Wages and salaries	-4,812	-5,010
Pension	-93	-
Bonus	-2,236	-578
Share-based payments	-1,507	-1,286
Total remuneration to Excecutive Board and Board of Directors	-8,648	-6,874

For more information on salaries, pensions and share-based payment to the Executive Management of BioMar Group, see note 3 to the consolidated financial statement.

4 **COST OF SALES**

	2019	2018
Cost of goods sold	-1,245,062	-882,300
Research and development costs recognised in the income statement	-10,661	-6,616
Total cost of sales	-1,255,723	-888,916

5 **FEES TO AUDITORS APPOINTED AT THE ANNUAL GENERAL MEETING**

	2019	2018
Fees to EY:		
Statutory audit	-618	-600
Tax and VAT advisory services	-	-122
Other services	-4	-54
Total fees to EY	-622	-776

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(DKK 1,000)

Note

6 **FINANCIAL INCOME**

	2019	2018
Interest income etc.	365	-
Financial income from group enterprises	1,633	1,515
Exchange rate adjustments	375	291
Total financial income	2,373	1,806

7 **FINANCIAL EXPENSES**

	2019	2018
Interest expenses etc.	-27	-35
Financial costs to group enterprises	-12,668	-12,122
Interest expenses leasing	-180	-
Fair value adjustments of financial assets measured through profit and loss	-	-18
Total financial expenses	-12,875	-12,175

8 **TAX ON PROFIT FOR THE YEAR**

	2019	2018
Tax on profit for the year is specified as follows:		
Tax on profit for the year	5,764	3,896
Total tax	5,764	3,896
Tax on the profit for the year has been calculated as follows:		
Current tax	5,909	3,871
Deferred tax	-165	25
Adjustments of prior periods tax charge	20	-
Total tax recognised in the income statement	5,764	3,896
Specification of tax on the profit for the year:		
Calculated 22% tax on the profit for the year	-115,133	-87,879
Tax effect of:		
Non-deductible costs and non-taxable income	120,897	91,775
Total tax recognised in the income statement	5,764	3,896
Effective tax rate	-1.1%	-1.0%

Tax on other comprehensive income

	2019		
	Before tax	Tax	After tax
Exchange rate adjustments, foreign entities	71,502	-	71,502
Other value adjustments in subsidiaries and joint ventures	1,605	-	1,605
Total tax on other comprehensive income	73,107	-	73,107

	2018		
	Before tax	Tax	After tax
Exchange rate adjustments, foreign entities	65,451	-	65,451
Other value adjustments in subsidiaries and joint ventures	-1,291	-	-1,291
Total tax on other comprehensive income	64,160	-	64,160

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
(DKK 1,000)

Note
9 **INVESTMENTS IN JOINT VENTURES**

Below is an overview of the parent company's investments in joint ventures, all recognised to the parent company's share of the net equity. The Group's equity interests are consistent with it's voting rights.

Name	Country and city of incorporation	2019	2018
BioMar-Sagun TTK	Söke, Turkey	50%	50%
BioMar Tongwei (Wuxi) Biotech Co., Ltd.	Wuxi, China	50%	50%

	2019	2018
Share of profit, joint ventures	971	12,539
The Group's share of equity in individually immaterial joint ventures	132,733	133,491
Goodwill regarding immaterial joint ventures	3,256	3,256
Carrying amount of investments in joint ventures	135,989	136,747

10 **INTANGIBLE ASSETS**

	2019		
	intangible assets	Assets under development	Total
Cost at January 1st	6,488	1,349	7,837
Additions	-	5,035	5,035
Disposals	-	-1,252	-1,252
Cost at December 31st	6,488	5,132	11,620
Amortisation and impairment at January 1st	-5,759	-	-5,759
Amortisation	-438	-	-438
Amortisation and impairment at December 31st	-6,197	-	-6,197
Carrying amount at December 31st	**291**	**5,132**	**5,423**

	2018		
	intangible assets	Assets under development	Total
Cost at January 1st	5,115	1,194	6,309
Additions	1,373	155	1,528
Cost at December 31st	6,488	1,349	7,837
Amortisation and impairment at January 1st	-3,948	-	-3,948
Amortisation	-1,811	-	-1,811
Amortisation and impairment at December 31st	-5,759	-	-5,759
Carrying amount at December 31st	**729**	**1,349**	**2,078**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
(DKK 1,000)

Note

11 **PROPERTY, PLANT AND EQUIPMENT**

2019	Land and buildings	Other plant, fixtures and operating equipments	Assets under construction	Total
Cost at January 1st	1,682	2,459	-	4,141
Cost at December 31st	1,682	2,459	-	4,141
Depreciation at January 1st	-1,363	-2,390	-	-3,753
Depreciation	-75	-24	-	-99
Depreciation at December 31st	-1,438	-2,414	-	-3,852
Carrying amount at December 31st	**244**	**45**	**-**	**289**

2018	Land and buildings	Other plant, fixtures and operating equipments	Assets under construction	Total
Cost at January 1st	1,306	2,958	43	4,307
Additions	147	71	186	404
Disposals	-	-570	-	-570
Transferred	229	-	-229	-
Cost at December 31st	1,682	2,459	-	4,141
Depreciation at January 1st	-1,306	-2,719	-	-4,025
Reversed depreciations on disposals	-	570	-	570
Depreciation	-57	-241	-	-298
Depreciation at December 31st	-1,363	-2,390	-	-3,753
Carrying amount at December 31st	**319**	**69**	**-**	**388**
Of which finance leased assets	-	-	-	-

12 **RIGHT OF USE ASSETS**

2019	Land and buildings	Other lease assets	Total
Cost at January 1st	-	-	-
Effect at transition to IFRS 16	8,649	4,795	13,444
Cost at January 1st according to IFRS 16	8,649	4,795	13,444
Additions	-	215	215
Re-measure / modification of lease assets	-	71	71
Cost at December 31st	8,649	5,081	13,730
Depreciation at January 1st	-	-	-
Depreciation	-1,730	-2,430	-4,160
Depreciation at December 31st	-1,730	-2,430	-4,160
Carrying amount at December 31st	**6,919**	**2,651**	**9,570**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(DKK 1,000)

Note

13 **INTEREST BEARING DEBT**

	2019	2018
Payable to affiliates (long-term)	350,000	400,000
Payable to affiliates (short-term)	720,647	558,110
Leasing debt (long-term)	5,468	-
Leasing debt (short-term)	4,174	-
Total interest bearing debt	1,080,289	958,110
Fair value of interest bearing debt	1,080,289	958,110

2019	Balance at January 1st	Cash flows	Other	December 31st
Payable to affiliates (long-term)	400,000	-50,000	-	350,000
Payable to affiliates (short-term)	558,110	162,537	-	720,647
Leasing debt (long-term)	-	-	5,468	5,468
Leasing debt (short-term)	-	-4,087	8,261	4,174
Total interest-bearing assets and liabilities	958,110	108,450	13,729	1,080,289

Biomar Grop A/S' interest bearing debt is mainly taken out in DKK. Movements in the category "other" comprise opening balances regarding implementation of the new accounting standard IFRS 16 on leasing as well as additions, disposals and re-measurements occured during the reporting period. For 2019 the company has paid 4.3m DKK regarding lease contracts of which 0.2m DKK is related to interests and 4.1m DKK related to re-payments of lease debt.

2018	Balance at January 1st	Cash flows	Other	December 31st
Payable to affiliates (long-term)	450,000	-50,000	-	400,000
Payable to affiliates (short-term)	540,079	18,031	-	558,110
Total interest-bearing assets and liabilities	990,079	-31,969	-	958,110

INTEREST RATE RISKS

Due to the chosen funding of investments and the ongoing operations BioMar Group A/S is exposed to fluctuations in the interest rates. In order to mitigate this risk the company has taken out fixed rate, long-term debt with a duration of three years. Fixed rate loans account for 38% in 2019 (2018: 47%) of the total interest bearing debt. For debt raised on floating terms fluctuations in the interest rates of +/- 100 bps will have a hypothetic impact on the profit for the year and equity of +/- 5.2m DKK in 2019 (2018: +/- 3.9m DKK).

Maturity profile on interest bearing debt:

	Re-payment		Interests		Carrying amount	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
		-				
Overdraft (without scheduled re-payment)	670,647	508,110	-	-	670,647	508,110
Below 1 year	60,273	55,975	6,099	5,975	54,174	50,000
Between 1 and 5 years	364,286	414,111	8,852	14,111	355,434	400,000
Over 5 years	34	-	-	-	34	-
Total	1,095,240	978,196	14,951	20,086	1,080,289	958,110

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(DKK 1,000)

Note

Note		2019	2018
14	**RECEIVABLES**	**2019**	**2018**
	Trade receivables	609,283	428,186
	Interest-bearing receivables	26,320	41,224
	Other receivables	29,999	30,486
	Total receivables	665,602	499,896
	Non-current receivables	9,346	11,426
	Current receivables	656,256	488,470
	Total	665,602	499,896

Credit risks

The parent company's credit risk relates primarily to receivables from subsidiaries.

Note		2019	2018
15	**TRADE PAYABLES AND OTHER DEBT**	**2019**	**2018**
	Trade payables	474,979	383,980
	Payables to group enterprises	14,963	10,525
	Other debt	9,970	5,114
	Total trade payables and other debt	499,912	399,619

Note		2019	2018
16	**CHANGES IN WORKING CAPITAL**	**2019**	**2018**
	Change in receivables	-166,904	-77,681
	Change in trade payables and other debt	100,293	55,685
	Total changes in working capital	-66,611	-21,996

Note		2019	2018
17	**INCOME TAX**	**2019**	**2018**
	Income tax January 1st, net	971	7,988
	Current tax for the year	5,909	3,871
	Prior year adjustments	20	-
	Corporate income tax received during the year	-5,391	-10,888
	Income tax December 31st, net	1,509	971

Note		2019	2018
18	**DEFERRED TAX**	**2019**	**2018**
	Deferred tax January 1st	417	392
	Deferred tax for the year recognised in profit and loss statement	-165	25
	Deferred tax at December 31st, net	252	417
	Deferred tax pertains to:		
	Intangible assets	-64	-160
	Property, plant and equipment	316	398
	Other liabilities	-	179
	Total deferred tax at December 31st	252	417

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(DKK 1,000)

Note

19 **FINANCIAL RISKS**

The sensitivity analysis shows the impact on the income statement and equity from likely changes in exchange rates in main currencies.

	2019					
Currency	Cash and receivables	Financial liabilities (non-derivatives)	Derivatives to hedging of future cash flows	Likely change in exchange rate	Hypothetical effect on the profit for the year	Hypothetical effect on the equity
EUR / DKK	243,668	-218,449	-	+0.4%	79	79
USD / DKK	394,826	-344,960	-21,697	+8.2%	1,802	1,802
Others	21,648	-2,972	-14,333	+6%/9%	274	274
	660,142	-566,381	-36,030		2,155	2,155

	2018					
Currency	Cash and receivables	Financial liabilities (non-derivatives)	Derivatives to hedging of future cash flows	Likely change in exchange rate	Hypothetical effect on the profit for the year	Hypothetical effect on the equity
EUR / DKK	241,494	-203,574	-	+2%	592	592
USD / DKK	223,666	-178,951	-23,470	+5%	829	829
Others	8,262	-1,984	-	+5%	245	245
	473,422	-384,509	-23,470		1,666	1,666

Currency hedging agreements regarding future transactions

Net amounts outstanding for currency hedging agreements at December 31st for BioMar Group A/S, which satisfy the requirements for hedge accounting and which relate to future transactions.

	2019				2018			
Currency	Notional principal	Accumulated capital gain/(loss) recognised in equity	Fair value	Maximum number of months to expiry	Notional principal	Accumulated capital gain/(loss) recognised in equity	Fair value	Maximum number of months to expiry
USD	-21,697	-	160	11	-23,470	-	12	12
CNY	-14,333	-	12	6	-	-	-	
	-36,030	-	172		**-23,470**	**-**	**12**	

Categories of financial instruments	**2019**	**2018**
Derivative financial assets (fair value hierarchy level 2)	172	12
Hedging instruments measured at fair value	172	12
Receivables	665,430	499,884
Cash and cash equivalents	57	72
Financial assets measured at amortised cost	665,487	499,956
Interest bearing debt	1,080,289	958,110
Trade payables and other debt	499,912	399,619
Financial liabilities measured at amortised cost	1,580,201	1,357,729

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
(DKK 1,000)

Note
20 **CONTINGENT LIABILITIES AND GUARANTEES**

Guarantees
BioMar Group A/S is predominately financed by the resources and credit facilities of the parent company Schouw & Co. The financing from the parent company consists of a credit facility established in 2016 with a banking consortium consisting of Danske Bank, DNB and Nordea. The facility has a limit of 2.1b DKK and is currently drawn down with 1.1b DKK as of 31st of December. In April 2019 there is furthermore issued a Schuldschein-loan in three tranches with a maturity of 5 to 7 years. These loans are issued with a total value of 136m EUR (1,016m DKK).

Schouw & Co. has expanded its cooperation with the global bank HSBC (Hong Kong & Shanghai Banking Corporation) in 2019. Through HSBC, loan facilities have been established in areas where it may be difficult to establish intra-group loans and where foreign subsidiaries have previously used local banks on less attractive terms. Schouw & Co. has established loans and loan facilities with HSBC totaling 509m DKK, where 306m DKK were drawn down at 31st of December.

BioMar Group A/S is like other larger subsidiaries in Schouw & Co. co-guarantor for the credit facilities and Schuldschein loans of the parent company. In total loans and loan facilities of 3,625m DKK out of which 2,396m DKK were drawn down at 31st of December have been guaranteed.

In addition BioMar Group has provided corporate guarantees of 315m DKK towards banks and other financial partners.

Contingent liabilities
Pending lawsuits
BioMar Group A/S is not directly part of any pending legal disputes. Further reference is made to the comments in the consolidated financial statements

Joint taxation liability
BioMar Group A/S participates in a Danish joint taxation arrangement with Schouw & Co. (cvr.no 63965812) serving as the administration company, and is therefore jointly and severally liable for the corporation tax and also for obligations, if any, to withhold tax on dividend, interests and royalties. The total net liability to the Danish tax authorities is recognised in the annual report of Schouw & Co. Potential corrections to the jointly taxed income and tax at source may result in a higher liability for the Group.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
(DKK 1,000)

21 RELATED PARTY TRANSACTIONS

Schouw & Co. owns 100% of the shares in BioMar Group A/S.
Members of the Board of Directors, the Executive Management as well as their family members are considered related parties. Furthermore, related parties are companies in which the above-mentioned group of people has significant interests.

Transactions between BioMar Group and the other entities in the Schouw & Co. Group appear below;

	2019	2018
Revenue	1,247,789	882,301
Management fee	57,929	56,166
Management fee	-2,175	-2,100
Interest paid	-12,668	-12,122
Interest received	1,633	1,515
At December 31st the company has the following debt and receivables:		
Receivables from group companies	605,667	450,253
Debt to group companies	-1,084,967	-968,035

Related parties also comprise the joint ventures in which BioMar has control or significant influence.

	Joint ventures	
At December 31st the company has the following debt and receivables:	2019	2018
Receivables from joint ventures	29,936	19,157
Payables to joint ventures	-643	-600

Note 22

Accounting Policies

BioMar Group A/S is a private limited company domiciled in Denmark.

General reference is made to the description of accounting policies provided in the consolidated financial statements. Matters particular to the parent company are described in the following.

BioMar Group A/S has implemented the standards and interpretations which are effective from January 1st 2019. The parent company accounting policies are consistent with those applied last year.

Investments in Subsidiaries and Joint Ventures

The proportionate share of the profit or loss from subsidiaries and joint ventures after tax and after elimination of the proportionate share of intra-group gains or losses is recognised in the income statement.

Investments in subsidiaries and joint ventures are, at first recognition, measured at cost and subsequently at the proportionate share of the companies' net assets calculated in accordance with the parent company's accounting policies with deductions or addition of the proportionate share of unrealised intra-group gains or losses and with addition of goodwill calculated according to the acquisition method.

Investments in entities with negative net assets are recognised at DKK nil, and receivables and loans from the entities, if any, are written down corresponding to the parent company's share of the negative net assets to the extend the amount is deemed irrecoverable. In case the negative accounting values of the net assets exceeds the receivable amounts the remaining amount is recognised as a liability in case the parent company has a judicial or actual obligation to cover the negative balance.

The net revaluations of investments in subsidiaries are transferred to the designated reserve under equity in case the carrying amount exceeds the acquisition price. Recently acquired or established companies are recognised in the financial statement from the date of acquisition. Sold or liquidated companies are likewise recognised until the date of the sale or liquidation.

Share Holders' Equity

Dividend

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

Reserve for net revaluation according to the equity method

Net revaluations of subsidiaries and joint ventures are recognised under equity as reserve for net revaluations to the extent that the carrying value exceeds the cost price of the investment.

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