

Thornico A/S

Havnegade 36, DK-5000 Odense

Annual Report for 2020

CVR No 15 96 02 05

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 14 June 2021



Thor Stadil
Dirigent
Chairman

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Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Thornico A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2020.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense **28** June 2021

Executive Board



Christian Nicholas
Rosenkrantz Stadil

Supervisory Board



Thor Stadil



Kirsten Malling Stadil



Christian Nicholas
Rosenkrantz Stadil

Independent Auditor's Report

To the Shareholders of Thornico A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thornico A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The consolidated Financial Statements and the parent financial statements are prepared in accordance with 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 2020, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the consolidated financial statements and parent 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 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 Consolidated Financial Statements and Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern for 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 consolidated financial statements and parent financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 Entity'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 consolidated financial statements and parent 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 Entity to cease to continue as a going concern
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent financial statements, including the disclosures, and whether the consolidated financial statements and parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.


In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Odense, 28 June 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56


Gert Rasmussen
State Authorised Public Accountant
Identification No: mne35430

Company Information

The Company

Thornico A/S
Havnegade 36
DK-5000 Odense C

Telephone: +45 65 48 02 00

CVR No: 15 96 02 05

Financial period: 1 January - 31 December

Financial year: 29th financial year

Municipality of reg. office: Odense

Supervisory Board

Thor Stadil
Christian Nicholas Rosenkrantz Stadil
Kirsten Malling Stadil

Executive Board

Christian Nicholas Rosenkrantz Stadil

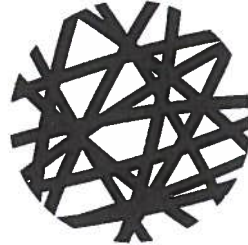
Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Tværkajen 5
5100 Odense C

Consolidated financial statements

The company is included in the group annual report of the Parent Company Thornico Holding A/S, Denmark (smallest and largest group).

Group Chart



THORNICO

GROUP STRUCTURE



FOOD

CONTROLLING INTEREST

Egg and cheese processing, trading and biotech



FOOD TECHNOLOGY

CONTROLLING INTEREST

Food processing machinery and meditech



SPORT & FASHION

CONTROLLING INTEREST

Footwear and apparel design and manufacturing



REAL ESTATE

CONTROLLING INTEREST

Real estate ownership and letting



SHIPPING

CONTROLLING INTEREST

Ship owning, management and brokering, etc.



PACKAGING

CONTROLLING INTEREST

Egg and fruit packaging solutions



VENTURE

NON-CONTROLLING INTEREST

Co-founder, seed, pre-seed and minority investor

* 50-80% ownership

Financial Highlights of the Group

	2020	2019	2018	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	8.575.274	9.211.750	8.393.609	7.556.182	7.456.946
Gross profit	2.215.605	2.179.468	1.800.003	1.731.359	1.766.805
EBITDA	931.394	901.969	659.550	610.251	747.270
Profit/loss before financial income and expenses	748.174	529.053	345.218	461.882	245.130
Net financials	-43.126	-15.744	-37.449	-137.209	-139.360
Net profit/loss for the year	535.575	421.560	224.240	253.724	34.010
Balance sheet					
Balance sheet total	7.093.249	6.755.875	6.696.722	6.322.594	6.483.709
Equity	2.657.681	2.412.202	2.072.778	2.056.831	1.940.254
Investment in property, plant and equipment	403.967	474.348	372.759	310.595	824.700
Cash flows					
Cash flows from:					
- operating activities	751.717	381.155	356.689	178.429	492.321
- investing activities	-718.106	-197.138	-352.041	-81.989	-680.136
- financing activities	175.881	-207.496	9.740	-195.473	242.213
Changes for the year in cash and cash equivalents	209.492	-23.479	14.388	-99.033	54.398
Number of employees	4.335	4.035	3.928	3.907	3.820

Financial Highlights of the Group

	2020	2019	2018	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	25,8%	23,7%	21,4%	22,9%	23,7%
Profit margin	8,7%	5,7%	4,1%	6,1%	3,3%
Return on assets	10,5%	7,8%	5,2%	7,3%	3,8%
Solvency ratio	37,5%	35,7%	31,0%	32,5%	29,9%
Return on equity	20,2%	17,5%	10,8%	12,3%	1,8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management Commentary

Main activities

The Group's activities comprise food ingredients, food technology and packaging, sport and fashion, real estate and shipping in global markets, primarily via wholly owned subsidiaries.

The Parent company's activity comprises investments in subsidiaries.

Development in activities and financials

The Annual Report for the Group shows consolidated sales of DKK 8,575,274k. Consolidated EBIT is DKK 748,174k compared to DKK 529,053k in 2019, an increase of DKK 219,121k. This is the highest Group result realised to date and in line with the strategic plans for the Group.

2020 was an extraordinary year in which the Covid-19 pandemic influenced the Group's activities both negatively and positively.

The Group's activities within food technology were influenced negatively as lock downs impacted customers in the food service industry, however, these activities still showed positive results. The Group's activities within food ingredients showed positive results in line with expectations despite the challenging situation for the food service industry, whereas activities within the packaging industry showed record-breaking results due to unprecedented strong demand for egg packaging.

The Group's activities within sport and fashion were influenced negatively by temporary closures of wholesale and retail shops as close down of sports in general due to lock downs for much of the year in major markets. Results were further impacted negatively by a reconstruction of the Turkish franchise setup due to an increased market risk locally, related to the pandemic. On the other hand, the Group's ECOM sales have increased significantly.

The Group's real estate activities were for the main part in line with budgets.

The Group's shipping activities saw significant changes in the year as a part of these activities were sold in a management buy-out, and another part was closed down. 2021 shows promise in the continuing business which focuses on an asset light strategy. The consolidated results for the shipping group were positively influenced by special items in the amount of DKK 126,767k.

The past year and follow-up on development expectations from last year

At the date of the Annual Report for 2019 Management expected results for 2020 to be at a lower level than for 2019. Instead, EBIT has increased by DKK 219,121k compared to 2019 as Covid-19 did not have the expected negative overall impact on the Group.

Expected development

Covid-19 is not expected to have a significant impact on the overall results of the Group for 2021, and positive EBIT in the range of DKK 700k – 750k. is expected for the year.

Particular risks

Currency risks

Due to the global nature of all activities in the Group, the Group is exposed to currency transaction risks and currency translation risks.

Transaction risk is generally hedged as concerns the packaging activities. This is done in accordance with the foreign exchange policy for these activities. For the Group's other activities, hedging is handled within the Thornico Group through balancing of income and expenses in the currencies relevant for these activities.

Translation risks are mainly associated with the translation into DKK of earnings and net assets in foreign subsidiaries. Translation risks are not hedged.

Capital resources

Via its positive earnings and development, the Group has sound and adequate capital resources available for new investments and growth.

Business risks

The spreading of the Group's investments is well balanced between the different main areas, see our comments in the above paragraph Main activities. The Group's intention is to improve its market position in the individual areas. The Group is market leading in several areas within foods, and the Group intends to achieve a more dominant role in other areas within the respective industries.

Research and development

The Group incurs material expenses for both research and development to create a basis for the future positive financial development. The Group places great importance in recruiting and retaining competent and highly specialised employees in order to maintain a leading position within all its business activities.

Subsequent events

In January, 2021, a Group company announced that the company had settled an international Property rights dispute. Under the settlement agreement, the company will receive DKK 78 million, which amount will be recognised in the Group's Q1 2021 revenue and operating profit.

In January 2021, a Group company acquired all the shares in a leading Russian manufacturer of moulded fibre packaging for eggs. The purchase price was DKK 116 million in cash.

Report on Corporate Social Responsibility, cf. Section 99 a of the Danish Financial Statements Act and Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act

Reference is made to the following link to the Group's CSR report including the Group's policy on gender equality at:

<http://www.thornico.com/Company-Karma>

Accounting Policies

Basis of Preparation

The Annual Report of Thornico A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The parent company and the group have implemented amendments to the Danish Financial Statements Act, which came into force on 1 January 2020. The changes have not affected the parent company's or the group's net income, assets, liabilities or equity. The changes have only added new fair value reserves to the equity.

The Consolidated Financial Statements for 2020 are presented in DKK thousands whereas the Parent Company Financial Statements are presented in DKK.

Recognition and measurement

The Annual Report has been prepared under the historical cost method.

Revenues are recognised in the income statement as earned including value adjustments of financial assets and liabilities. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner are used as the measurement currency. All other currencies are regarded as foreign currencies.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Thornico A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends, and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities have been adjusted to fair value (the purchase method). Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life. Any remaining negative differences are immediately recognised in the income statement.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

In the consolidated financial statements amortisation of goodwill is allocated to the functions to which goodwill is related.

Minority interests

Minority interests form part of the consolidated equity. In the proposed distribution of profit, the net profit or loss of the year is allocated to minority interests and to equity belonging to the parent company.

Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests, where the Group retains a controlling interest in the subsidiary, the purchase price is recognised directly on equity.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company. The remaining lease obligation is capitalised

and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Segment information is given on the basis of business areas. The segment allocation is in accordance with the company's internal reporting and areas of responsibility. Revenues have been reported for the following business areas: Food ingredients, food technology and packaging, real estate, sport & fashion, and shipping. The revenue of each business area has in turn been allocated geographically.

Other operating income

Other operating income comprises revenue from other operating activities which are not related to the principal activities of the company.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for administration, sale, distribution, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Fair value evaluation of investment property

Fair value evaluation of investment property comprises adjustments for the financial year of investment properties at fair value.

Income from investments in group enterprises and associates

The item "Income from investments in group enterprises and associates" in the income statement includes the proportionate share of the profit for the year less goodwill amortisation and elimination of internal profits or losses

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish subsidiaries. The Danish tax is allocated to the jointly taxed Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas. The amortisation period is usually 20 years for strategically acquired companies with a strong market position.

Other intangible assets

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover production, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 years.

Patents, licences and trademarks are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents, licences and trademarks are amortised over the remaining patent period or a shorter useful life. The periods of amortisation are 3-20 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and

equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	10-50 years
Ships	25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-8 years

Estimated useful lives and residual values are reassessed annually.

Investment property

Investment properties are initially measured at cost. Subsequently, investment properties are measured to fair value. Fair value adjustments are measured in income statement.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion it has not been possible this year to determine fair value through market information, and, consequently, valuation has been determined by using a return-based model.

The fair value of investment properties has been determined at 31 December 2020 for each property by using a return-based model. The calculations are based on property budgets for the upcoming year, adjusted for movements, which are caused by isolated events.

The expected cash flow is multiplied with an individually determined rate of return. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet, by which the fair value emerge.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are

assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in group enterprises and associates

Investments in group enterprises and associates are measured at fair value through equity if the investments are held as part of the Company's investment portfolio. Other investments held with a view to operating the enterprises in question as part of the Company's business object are measured at net asset value.

The items "Investments in group enterprises" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Parent Company with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

Associates and group enterprises with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

The total net revaluation of investments in associates and group enterprises is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition.

Other fixed asset investments

Other fixed asset investments consist of long term receivables, etc.

Inventories

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory building and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in costs.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments recognised under "Current Assets" comprise expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily converted into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Pension obligations

Pension obligations comprise defined benefit plans where the Group has an obligation to pay a specific benefit (e.g. retirement pension in the form of a fixed proportion of the exit salary).

For defined benefit plans, annual actuarial calculations are made of the present value of future benefits payable under the pension plan. The present value is calculated based on assumptions about future developments in variables such as salary levels and interest, inflation and mortality rates. The present value is only calculated for benefits earned by the employees through their employment with the group to date.

The actuarial calculation of present value less the fair value of any plan assets is recognised in the balance sheet as pension obligations. The pension costs for the year, based on actuarial estimates and financial forecasts at the beginning of the year, are recognised in profit or loss. The difference between the forecast development in pension assets and liabilities and the realised values is called actuarial gains or losses and is recognised in equity statement.

If a pension plan constitutes a net asset, the asset is recognised only to the extent that it equals the value of future repayments under the plan or it leads to a reduction of future contributions to the plan.

Other provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the

Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment and fixed asset investments as well as dividend received from non-consolidated subsidiaries and associates.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand". The cash flow statement cannot be immediately derived from the published financial records.

Explanation of financial ratios

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	=	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit for the year} \times 100}{\text{Equity at year end}}$

Consolidated Income Statement 1 January-31 December

	Note	2020 DKK '000	2019 DKK '000
Revenue	2	8.575.274	9.211.750
Other operating income	3	29.419	8.235
Expenses for raw materials and consumables		-3.994.543	-4.731.039
Other external expenses	4	-2.394.545	-2.309.478
Gross profit		2.215.605	2.179.468
Staff expenses	5	-1.284.211	-1.277.499
EBITDA		931.394	901.969
Fair value evaluation of investment property	12	70.216	12.364
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-253.436	-385.280
Profit/loss before financial income and expenses		748.174	529.053
Income from investments in associates after tax	7	-145	1.665
Financial income	8	192.837	140.831
Financial expenses	9	-235.818	-158.240
Profit/loss before tax		705.048	513.309
Tax on profit/loss for the year	10	-169.473	-91.749
Net profit/loss for the year	25	535.575	421.560

Consolidated Balance Sheet at 31 December

Assets

	Note	2020 DKK '000	2019 DKK '000
Acquired rights	11	92.684	66.597
Completed development projects	11	85.158	46.752
Goodwill	11	215.309	184.667
Intangible assets		393.151	298.016
Land and buildings	12	740.964	706.987
Plant and machinery	12	897.086	878.095
Other fixtures, fittings, tools and equipment	12	98.586	90.259
Investment Property	12	1.001.212	933.199
Ships	12	45.514	196.096
Property, plant and equipment in progress	12	230.586	99.155
Property, plant and equipment		3.013.948	2.903.791
Investments in associates	13	65.140	56.043
Other fixed asset investments	14	21.414	23.404
Fixed asset investments		86.554	79.447
Fixed assets		3.493.653	3.281.254

Consolidated Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2020</u> DKK '000	<u>2019</u> DKK '000
Inventories	15	1.279.512	1.148.104
Trade receivables		1.279.200	1.479.970
Receivables from group companies		7.920	5.788
Receivables from associates		4.972	15.549
Receivable corporation tax		19.473	1.536
Deferred tax asset	16	110.036	98.000
Other receivables		301.772	343.048
Prepayments	17	72.644	68.051
Receivables		1.796.017	2.011.942
Cash and cash equivalents		524.067	314.575
Current assets		3.599.596	3.474.621
Assets		7.093.249	6.755.875

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2020 DKK '000	2019 DKK '000
Share capital		1.000	1.000
Reserve for development expenditure		85.158	46.752
Hedging reserve		6.544	2.542
Translation reserve		-245.349	0
Retained earnings		2.431.153	2.138.289
Proposed dividend for the year		20.000	20.000
		<hr/>	<hr/>
Equity excl. minority interests		2.298.506	2.208.583
Minority interests		359.175	203.619
		<hr/>	<hr/>
Equity		2.657.681	2.412.202
Provision for deferred tax	16	205.228	154.097
Pension obligations	18	35.200	32.200
Other provisions	19	175.309	40.107
		<hr/>	<hr/>
Provisions		415.737	226.404

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2020 DKK '000	2019 DKK '000
Mortgage debt	21	299.112	161.896
Credit institutions	22	984.286	818.282
Other payables	23	52.651	104.014
Long-term debt	20	1.336.049	1.084.192
Mortgage debt	21	16.986	91.856
Credit institutions	22	1.079.049	1.238.285
Trade payables		854.570	1.019.601
Payables to group companies		39.327	69.146
Payables to associates		8.017	15.199
Corporation tax		67.593	42.756
Other payables	23	581.657	520.885
Deferred income	24	36.583	35.349
Short-term debt		2.683.782	3.033.077
Debt		4.019.831	4.117.269
Liabilities and equity		7.093.249	6.755.875
Events after the balance sheet date	1		
Proposed distribution of profit	25		
Contingent liabilities and other financial obligations	26		
Related parties and ownership	27		

Statement of changes in consolidated Equity

	Share capital	Reserve for development expenditure	Hedging reserve	Translation reserve	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 31 December 2020	1.000	0	0	0	2.187.583	20.000	2.208.583	203.619	2.412.202
Transfers, reserves, previous years		46.752	2.542	0	-49.294	0	0	0	0
Adjusted equity at 1 January 2020	1.000	46.752	2.542	0	2.138.289	20.000	2.208.583	203.619	2.412.202
Net profit/loss for the year	0	0	0	0	333.478	20.000	353.478	182.097	535.575
Actuarial gain/loss on defined benefit plans	0	0	0	0	-2.967	0	-2.967	-1.333	-4.300
Tax	0	0	0	13.078	759	0	13.837	341	14.178
Exchange adjustments, foreign enterprises	0	0	0	-258.427	0	0	-258.427	-27.347	-285.774
Value adjustment of hedging instruments	0	0	4.002	0	0	0	4.002	1.798	5.800
Transfers, reserves	0	38.406	0	0	-38.406	0	0	0	0
Dividends paid	0	0	0	0	0	-20.000	-20.000	0	-20.000
Equity at 31 December 2020	1.000	85.158	6.544	-245.349	2.431.153	20.000	2.298.506	359.175	2.657.681

Consolidated Cash Flow Statement

	Note	2020 DKK '000	2019 DKK '000
Net profit/loss for the year		535.575	421.560
Adjustments	28	395.819	409.018
Change in working capital	29	-5.963	-296.930
Cash flows from operating activities before financial income and expenses		925.431	533.648
Financial income		192.837	140.831
Financial expenses		-235.818	-158.240
Income taxes received/paid		-130.733	-135.084
Cash flows from operating activities		751.717	381.155
Purchase of intangible assets		-180.824	-35.475
Purchase of property, plant and equipment		-403.967	-474.348
Acquisition of subsidiaries		-137.878	0
Purchase of financial assets		-8.204	2.475
Sale of property, plant and equipment		12.767	310.210
Cash flows from investing activities		-718.106	-197.138

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2020</u> DKK '000	<u>2019</u> DKK '000
Raising/repayment of mortgage loans		62.346	31.981
Raising/repayment of loans from credit institutions		133.535	-219.477
Dividends paid		-20.000	-20.000
Cash flows from financing activities		<u>175.881</u>	<u>-207.496</u>
Changes in cash and cash equivalents		209.492	-23.479
Cash and cash equivalents at 1 January		314.575	338.054
Cash and cash equivalents at 31 December		<u>524.067</u>	<u>314.575</u>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		524.067	314.575
Cash and cash equivalents at 31 December		<u>524.067</u>	<u>314.575</u>

Notes to the Consolidated Annual Report

1 Events after the balance sheet date

In January 2021, a Group company announced that the company had settled an international property rights dispute. Under the settlement agreement, the company will receive DKK 78 million, which amount will be recognised in the Group's Q1 2021 revenue and operating profit.

In January 2021, a Group company acquired all the shares in a leading Russian manufacturer of moulded fibre packaging for eggs. The purchase consideration was DKK 116 million in cash.

2 Revenue

	EMEA	Americas	Asia	Other countries	Global	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Business segments:						
Food ingredients	528 890	31 524	806 956	50 808		1 418 178
Food Technology and Packaging	1 621 800	932 900	46 693	0	876 092	3 477 485
Sport & Fashion	1 347 842	0	0	0	0	1 347 842
Real Estate	43 955	0	0	0	0	43 955
Shipping	0	0	0	0	2 287 814	2 287 814
Total revenue 2020	3.542.487	964.424	853.649	50.808	3.163.906	8.575.274

3 Other income on operations

	2020	2019
	DKK '000	DKK '000
COVID-19 compensation, fixed costs	4.894	0
COVID-19 compensation, salaries	24.525	0
Other income	0	8.235
	29.419	8.235

4 Fee to shareholder appointed auditor

Fee to shareholder appointed auditor has not been specified in accordance with section 96 (3) item 1 of the Danish Financial Statements Act.

Notes to the Consolidated Annual Report

	2020 DKK '000	2019 DKK '000
5 Staff expenses		
Salaries	-1.120.309	-1.118.641
Pensions	-82.654	-81.378
Other social security expenses	-81.248	-77.480
	<u>-1.284.211</u>	<u>-1.277.499</u>
Including remuneration to Executive and Supervisory Boards	<u>-1.471</u>	<u>-1.800</u>
Average number of employees	<u>4.335</u>	<u>4.035</u>
6 Amortisation, depreciation and impairment of property, plant and equipment and intangible assets		
Intangible assets	-45.268	-31.653
Buildings	-38.555	-30.505
Ships	-5.975	-149.308
Plant and machinery	-137.852	-133.465
Other fixtures, fittings, tools and equipment	-30.775	-22.147
Profit/loss on disposals of the year	4.989	-18.202
	<u>-253.436</u>	<u>-385.280</u>
7 Income from investments in associates after tax		
Share of profit or loss in associates	-145	1.665
	<u>-145</u>	<u>1.665</u>

Notes to the Consolidated Annual Report

	<u>2020</u> DKK '000	<u>2019</u> DKK '000
8 Financial income		
Exchange adjustments	52.587	27.778
Financial income from group entities	136	0
Financial gain on closing of activities *)	126.767	0
Other financial income	13.347	113.053
	<u>192.837</u>	<u>140.831</u>
*) Financial gain on closing of activities is considered a special item.		
9 Financial expenses		
Exchange adjustments	-174.230	-67.476
Financial expense to group entities	-1.354	-1.021
Other financial expenses	-60.234	-89.743
	<u>-235.818</u>	<u>-158.240</u>
10 Tax on profit/loss for the year		
Current tax for the year	-137.633	-144.678
Deferred tax for the year	-29.156	1.413
Adjustment concerning previous years	-2.684	51.516
Total tax for the year	<u>-169.473</u>	<u>-91.749</u>

Notes to the Consolidated Annual Report

	Acquired rights	Completed development projects	Goodwill
	DKK '000	DKK '000	DKK '000
11 Intangible assets			
Cost at 1 January	119.534	114.816	279.104
Exchange adjustment, beginning of year	2.001	-198	-11.788
Additions on acquisition of subsidiaries	20.527	0	48.300
Additions for the year	39.392	61.022	11.583
Disposals for the year	-7.362	-5.627	-963
Cost at 31 December	<u>174.092</u>	<u>170.013</u>	<u>326.236</u>
Impairment losses and amortisation at 1 January	-52.937	-68.064	-94.437
Exchange adjustment, beginning of year	-3.774	-32	-830
Additions on acquisition of subsidiaries	-18.732	0	0
Impairment losses and amortisation for the year	-10.314	-19.294	-15.660
Impairment losses and amortisation on assets sold	4.349	2.535	0
Impairment losses and amortisation at 31 December	<u>-81.408</u>	<u>-84.855</u>	<u>-110.927</u>
Carrying amount at 31 December	<u>92.684</u>	<u>85.158</u>	<u>215.309</u>
Amortised over	<u>3-20 years</u>	<u>3-5 years</u>	<u>20 years</u>

Management is of the opinion that the chosen depreciation period is in accordance with the value of the acquired companies in view of the profitability and expectations concerning the future development of each of these companies.

Notes to the Consolidated Annual Report

12 Property, plant and equipment

	Land and buildings	Plant and machinery	Oth. fixtures, fittings, tools and equipment	Property, plant and equipment in progress
	DKK 'ooo	DKK 'ooo	DKK 'ooo	DKK 'ooo
Cost at 1 January 2020	1.263.131	2.904.059	327.908	99.155
Exchange adjustment, beg.	-81.859	-240.581	-5.743	
Additions on acquisition of subsidiaries	37.300	100.162	11.418	
Additions during the year	88.000	131.414	42.078	131.431
Disposals during the year	-7.054	-48.578	-19.972	
Cost at 31 December 2020	1.299.518	2.846.476	355.689	230.586
Impairment losses and depreciation at 1 January 2020	-556.144	-2.025.964	-237.649	0
Exchange adjustment, beg.	35.715	171.364	1.661	0
Additions on acquisition of subsidiaries	-896	-1.700	-7.089	
Depreciation for the year	-38.555	-137.852	-30.775	0
Impairment losses and depreciation on assets sold	1.326	44.762	16.749	0
Impairment losses and depreciation at 31. december 2020	-558.554	-1.949.390	-257.103	0
Carrying amount at 31. december 2020	740.964	897.086	98.586	230.586
Depreciated over	10-50 years	5-10 years	3-8 years	

Notes to the Consolidated Annual Report

12 Property, plant and equipment (continued)

	Investment property DKK '000
Cost at 1 January 2020	523.256
Exchange adjustment, beg.	-1.312
Additions during the year	42
	<hr/>
Cost at 31 December 2020	521.986
	<hr/>
Fair value evaluation at 1. January 2020	409.943
Exchange adjustment, beg.	-933
Fair value evaluation for the year	70.216
	<hr/>
Fair value evaluation at 31. December 2020	479.226
	<hr/>
Carrying amount at 31 December	1.001.212

Sensitivity in determination of fair value of investment properties

In assessing the fair market value at 31 December, 2020 the required rate of return has been determined individually for each property. The properties have been valued on the basis of a required rate of return between 4,05% and 8,00%. Market and rental income have been taken into account in connection with the valuation of the Group's properties.

The average required rate of return is determined at 4,30%.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in average required rate of return	-0,50%	Basis	0,50%
Rate of return	3,80%	4,30%	4,80%
Fair value	1.132.289	1.001.212	897.446
Change in fair value	131.077	0	-103.766

Notes to the Consolidated Annual Report

12 Property, plant and equipment (continued)

	Ships DKK '000
Cost at 1 January 2020	412.816
Exchange adjustment, beg.	-38.239
Disposals during the year	-228.826
	<hr/>
Cost at 31 December 2020	145.751
	<hr/>
Impairment losses and depreciation at 1 January 2020	-216.720
Exchange adjustment, beg.	20.075
Depreciation for the year	-5.975
Impairment losses and depreciation on assets sold	102.383
	<hr/>
Impairment losses and depreciation at 31 December 2020	-100.237
	<hr/>
Carrying amount at 31. December 2020	45.514
	<hr/>
Carrying amount of leased assets included above	45.514
	<hr/>
Depreciated over	25 years
	<hr/>

Notes to the Consolidated Annual Report

	2020 <u>DKK '000</u>	2019 <u>DKK '000</u>
13 Investments in associates		
Cost at 1 January	24.539	24.539
Exchange adjustment, beginning of year	31	0
Additions during the year	8.204	0
Disposals during the year	-250	0
Cost at 31 December	<u>32.524</u>	<u>24.539</u>
Valuation adjustments at 1 January	31.504	32.559
Exchange adjustment, beginning of year	218	-2.720
Net profit/loss for the year	-145	1.665
Impairment losses and depreciation, disposals	1.039	0
Revaluations at 31 December	<u>32.616</u>	<u>31.504</u>
Carrying amount at 31 December	<u>65.140</u>	<u>56.043</u>

Specification of investments in associates:

<u>Name:</u>	<u>Registered office</u>	<u>Share of ownership and votes</u>
K/S Generatorvej 4	Odense	40%
DanFiber A/S	Allerød	32%
Nikro s.r.o.	Slovakiet	50%
Ovotrack BV	Netherlands	50%

Notes to the Consolidated Annual Report

	2020 <u>DKK '000</u>	2019 <u>DKK '000</u>
14 Other fixed asset investments		
Cost at 1 January	25.334	25.334
Disposals during the year	-1.190	0
Cost at 31 December	<u>24.144</u>	<u>25.334</u>
Valuation adjustments at 1 January	-1.930	-510
Net profit/loss for the year	1.659	-1.420
Other adjustment for the year	-2.459	0
Revaluations at 31 December	<u>-2.730</u>	<u>-1.930</u>
Carrying amount at 31 December	<u>21.414</u>	<u>23.404</u>
15 Inventories		
Raw materials and consumables	366.293	272.145
Work in progress	75.779	76.056
Finished goods and goods for resale	822.589	781.768
Prepayments	14.851	18.135
	<u>1.279.512</u>	<u>1.148.104</u>

Notes to the Consolidated Annual Report

	2020	2019
	DKK '000	DKK '000
16 Provision for deferred tax		
Provision for deferred tax at 1 January	56.097	57.534
Amounts recognized in the income statement for the year	29.156	-1.413
Amounts recognised in equity for the year	9.939	-24
Provision for deferred tax at 31 December	95.192	56.097
Deferred tax asset	-110.036	-98.000
Provision for deferred tax	205.228	154.097
Provision for deferred tax at 31 December	95.192	56.097

Provision for deferred tax consists mainly of temporary differences between the carrying amount and the tax base of tangible fixed assets, provisions and other items. Tax loss carry-forwards and other negative differences have been set off against provisions for deferred tax. Deferred tax assets have been set off against provisions in the same legal tax entity and jurisdiction.

The valuation of deferred tax has been performed on the basis of the expectations for future earnings set by the executive board. The executive board expects a continuous stream of positive earnings the next five years, which will use the positive deferred tax.

	2020	2019
17 Prepayments		
Prepayments at 1 January	68.050	65.398
Amounts for the year	4.594	2.652
Prepayments at 31 December	72.644	68.050

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

18 Pension obligations		
Pension obligations at 1 January	32.200	31.700
Amounts for the year	3.000	500
Pension obligations at 31 December	35.200	32.200

Pension obligations comprise defined benefit plans where the Group has an obligation to pay a specific benefit (e.g. retirement pension in the form of a fixed proportion of the exit salary). Under these plans the group carries the risk in relation to future developments in interest rates, inflation, mortality, etc.

Notes to the Consolidated Annual Report

	2020 DKK '000	2019 DKK '000
19 Other provisions		
Other provisions at 1 January	40.107	42.070
Amounts for the year	135.202	-1.963
Other provisions at 31 December	175.309	40.107

Other provisions comprise obligations concerning warranty commitments and legal disputes.

20 Debt

Payments falling due within one year are stated under short-term debt.

Other debt is recognised in long-term debt.

	2020 DKK '000	2019 DKK '000
21 Mortgage loans		
After 5 years	227.520	121.513
Between 1 and 5 years	71.592	40.383
Long-term part	299.112	161.896
Within 1 year	16.986	91.856
	316.098	253.752

Notes to the Consolidated Annual Report

	2020 DKK '000	2019 DKK '000
22 Credit institutions		
After 5 years	0	0
Between 1 and 5 years	984.286	818.282
Long-term part	984.286	818.282
Within 1 year	1.079.049	1.238.285
	2.063.335	2.056.567
23 Other payables		
After 5 years	0	28.884
Between 1 and 5 years	52.651	75.130
Long-term part	52.651	104.014
Within 1 year	581.657	520.885
	634.308	624.899
24 Deferred income		
Deferred income consists of ongoing voyages at 31. December.		
25 Proposed distribution of profit		
Proposed dividend for the year	20.000	20.000
Minority interests' share of net profit/loss of subsidiaries	182.097	52.792
Retained earnings	333.478	348.768
	535.575	421.560

Notes to the Consolidated Annual Report

26 Contingent liabilities and other financial obligations

Security

The following has been placed as security for foreign loans and other bank loans:

- Mortgage deed registered to the owner, DKK 1 million.

The following assets have been placed as security for mortgage debt:

- Mortgage deeds in the amount of DKK 316 million in property valued at 405 million.
- Indemnity letter covering security for DKK 45 million in land and buildings.
- Indemnity letter covering security for DKK 78 million in machinery and equipment.

As part of its ordinary activities, the Group has issued guarantees concerning deliveries, refunds received, letter of credit obligations, current credits, etc.

As part of its shipping activities the Shipping Group made purchase and guarantee commitments to banks, financial institutions and shipping companies which amount to approx. DKK 50 million (2019: 363 million).

Rental and lease obligations

Rental and lease obligations of the group amount to DKK 252 million.

Contingent liabilities

As part of its ordinary activities, the Group has entered into sponsorship contracts.

In autumn 2019, the Brazilian tax authorities raised a claim of BRL 56 million, corresponding to DKK 66 million, against a subsidiary's company in Brazil concerning non-payment of industrial products tax (IPI) on sales of the company's products in 2015 and 2016. Based on judicial practice and statements from its legal advisers, the subsidiary is of the opinion that the company's products are not liable to IPI tax and accordingly considers the claim to be unjustified and therefore disputes the claim. The subsidiary does not expect the claim to materially affect the company's financial position, results of operations or cash flows.

The Group has received a claim in the amount of DKK 100 million in relation to the shipping Group. Management considers the claim unjustified and therefore disputes the claim. The Group does not expect the claim to materially affect the financial position of the Group.

The Group is party to a limited number of other disputes. In management's opinion these disputes will not significantly affect the financial position of the Group.

Contingent liabilities in relation to jointly taxed income.

Thornico A/S is jointly taxed with its Danish group related companies.

The company thus has secondary liability with respect to income taxes etc. and any obligations to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the company held directly or indirectly by the ultimate parent.

Notes to the Consolidated Annual Report

27 Related parties and ownership

	Basis
Controlling interest	
Thornico Holding A/S, Odense	Controlling shareholder
Christian Nicholas Rosenkrantz Stadil, non-public address	Ultimate owner
Other related parties	
Supervisory and Executive Boards	Management control

In accordance with the Danish Financial Statements Act the company has chosen to only disclose transactions that have not been completed under normal market conditions. Management believes that all related party transactions take place on market terms.

Notes to the Consolidated Annual Report

	2020	2019
	DKK '000	DKK '000
28 Cash flow statement - adjustments		
Financial income	-192.837	-140.831
Financial expenses	235.818	158.240
Depreciation and impairment losses, incl. gain and loss on sale	253.436	385.280
Exchange adjustment fixed assets	0	-71.391
Fair value evaluation of investment property	-70.216	-12.364
Income on investments in associates	145	-1.665
Income tax in income statement	169.473	91.749
	395.819	409.018
29 Cash flow statement - change of working capital		
Change in inventories	-158.998	-56.291
Change in receivables	200.029	-108.800
Change in other provisions	138.202	-1.463
Exchange regulation, equity	-71.526	-32.748
Change in suppliers etc	-113.670	-54.394
Fair value adjustment of hedging instruments in the year	0	-43.234
	-5.963	-296.930

Parent Company Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Fee income		7.536.429	7.219.692
Staff expenses	1	-6.340.175	-5.626.355
Other external expenses		-3.291.867	-3.784.301
EBITDA		-2.095.613	-2.190.964
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets		-12.000.000	-12.000.000
Profit/loss before financial income and expenses		-14.095.613	-14.190.964
Income from investments in group enterprises	2	398.490.099	416.935.828
Financial income	3	1.116.462	6.274.754
Financial expenses	4	-44.855.751	-54.883.650
Profit/loss before tax		340.655.197	354.135.968
Tax on profit/loss for the year, income	5	12.822.399	14.631.703
Net profit/loss for the year	10	353.477.596	368.767.671

Parent Company Balance Sheet at 31 December

Assets

	Note	2020 DKK	2019 DKK
Intangible fixed assets	6	96.000.000	108.000.000
Intangible assets		96.000.000	108.000.000
Tangible fixed assets	7	800.000	500.000
Other tangible assets		800.000	500.000
Investments in group enterprises	2	2.516.934.631	2.521.643.577
Fixed asset investments		2.516.934.631	2.521.643.577
Fixed assets		2.613.734.631	2.630.143.577
Receivables from group enterprises		146.237.496	40.997.109
Receivable corporation tax		16.513.551	14.062.922
Receivables		162.751.047	55.060.031
Cash and cash equivalents		4.887.471	7.821.009
Current assets		167.638.518	62.881.040
Assets		2.781.373.149	2.693.024.617

Parent Company Balance Sheet at 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		1.000.000	1.000.000
Reserve for revaluation under the equity method		2.001.862.010	1.497.358.499
Retained earnings		275.643.598	690.224.501
Proposed dividend for the year		20.000.000	20.000.000
Equity		2.298.505.608	2.208.583.000
Provisions for deferred tax	8	6.034.286	2.027.027
Provisions		6.034.286	2.027.027
Payables to group enterprises	9	52.456.758	83.342.130
Long-term debt		52.456.758	83.342.130
Bank loans		79.995.824	200.556.027
Payables to group enterprises		320.179.336	172.129.837
Other payables		24.201.338	26.386.596
Short-term debt		424.376.498	399.072.460
Debt		476.833.256	482.414.590
Liabilities and equity		2.781.373.149	2.693.024.617
Proposed distribution of profit	10		
Security/Continent liabilities	11		
Related parties and ownership	12		

Statement of changes in Equity for Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2020	1.000.000	1.497.358.499	690.224.501	20.000.000	2.208.583.000
Dividends paid	0	0	0	-20.000.000	-20.000.000
Exchange adjustments, foreign enterprises	0	-242.236.356	0	0	-242.236.356
Other equity transactions	0	15.530.200	-16.848.832	0	-1.318.632
Dividends received	0	-50.000.000	50.000.000	0	0
Net profit/loss for the year	0	781.209.667	-447.732.071	20.000.000	353.477.596
Equity					
31. December 2020	1.000.000	2.001.862.010	275.643.598	20.000.000	2.298.505.608

Notes to the Parent Company Annual Report

	<u>2020</u>	<u>2019</u>
1 Staff		
Salaries	-5.457.867	-5.005.637
Pensions	-826.346	-564.185
Other social security expenses	-55.962	-56.533
	<u>-6.340.175</u>	<u>-5.626.355</u>
Incl. remuneration to Executive and Supervisory Boards	<u>1.157.268</u>	<u>1.479.440</u>
Average number of employees	<u>8</u>	<u>7</u>
2 Investments in group enterprises		
Cost at 1 January	449.388.985	447.888.985
Additions during the year	614.500	1.500.000
Cost at 31 December	<u>450.003.485</u>	<u>449.388.985</u>
Revaluation at 1 January	1.552.459.999	1.883.307.827
Net profit/loss for the year after tax	398.490.099	416.935.828
Exchange	-242.236.356	-31.182.861
Dividend	-50.000.000	-100.000.000
Other equity transactions	317.665.668	-616.600.795
Revaluation at 31 December	<u>1.976.379.410</u>	<u>1.552.459.999</u>
Carrying amount at 31 December	<u>2.426.382.895</u>	<u>2.001.848.984</u>

Notes to the Parent Company Annual Report

	<u>2020</u>	<u>2019</u>
2 Investments in group enterprises (continued)		
The carrying amount is specified as follows in the balance sheet:		
Fixed asset investments	2.516.934.631	2.521.643.577
Set off against receivables	-90.551.736	-519.794.593
	<u>2.426.382.895</u>	<u>2.001.848.984</u>
The carrying amount at 31 December is specified as follows:		
Carrying amount at 1 January	2.001.848.984	2.331.196.812
Additions, cost	614.500	1.500.000
Net profit/loss for the year after tax	398.490.099	416.935.828
Distribution of dividend	-50.000.000	-100.000.000
Fair value adjustment of hedging	-80.584.100	55.101.500
Offset against receivables	394.247.768	0
Other equity transactions	4.002.000	-671.702.295
Exchange adjustments	-242.236.356	-31.182.861
Carrying amount at 31 December	<u>2.426.382.895</u>	<u>2.001.848.984</u>

Notes to the Parent Company Annual Report

Specification of investments in group enterprises:

Name:	Registered office	Share of ownership and votes
Thornico Food & Food Technology Group A/S	Denmark	100%
Lactosan A/S	Denmark	100%
Lactosan Japan Ltd,	Japan	100%
Lactosan Holdings Ltd.	UK	100%
Lactosan-Sanovo UK	UK	100%
Lactosan UK	UK	100%
Intereggs Ltd	UK	100%
Lactosan Uruguay S.A.	Uruguay	100%
Deltanir S.A.	Uruguay	100%
Lactosan Russia Ltd,	Russia	100%
Lactosan China Ltd,	China	100%
Sanovo Technology A/S	Denmark	100%
Sanovo Technology USA Inc.	USA	100%
Sanovo Technology Japan Ltd.	Japan	100%
Sanovo Technology Italia S.r.l.	Italy	100%
Ramé-Hart Inc.	USA	100%
Staalkat Beheer B.V.	Netherlands	100%
Sanovo Technology Netherlands B.V.	Netherlands	100%
Sanovo Process Solutions A/S	Denmark	100%
Sanovo Technology Robotics A/S	Denmark	100%
Sanovo Technology Asia	China	100%
Sanovo Technology Mexico	Mexico	100%
Sanovo Technology Biosecurity A/S	Denmark	100%
Sanovo Logistic ApS	Denmark	100%
Sanovo Technology Brazil	Brazil	100%
Investeringsselskabet af 1. september Aps	Denmark	100%
Foodcraft Equipment Co., Inc.	USA	100%
Foodcraft Inc.	USA	100%
Sanovo Capital A/S	Denmark	100%
Sanovo Technology Process A/S	Denmark	100%
Shanghai Sanovo Machinery Technology Co. Ltd.	Kina	100%
Sanovo Plastic Logistics ApS	Denmar	100%
Danish Ovo Investment ApS	Denmark	100%
El Dorado C.A.	Venezuela	100%
Productos Danimex C.A.	Venezuela	70%
West-Star Foods BV	Netherlands	100%
Dominium II	Denmark	100%
Derivados del Huevo S.A.	Spain	100%
Danovo Aps	Denmark	100%
China Egg Products Aps	Denmark	100%
Ovodan Foods (China) Ltd	China	90%
Taiyo Foods Tianjin Ltd	China	90%
Guangdong Ovodan Foods	China	90%
Ovodan Egg Co. Ltd	China	100%
Ovodan Europe ApS	Denmark	100%
Ovodan Egg Products UK Ltd	UK	100%
Ovodan Foods A/S	Denmark	100%
Ovodan International A/S	Denmark	100%
Ovodan Biotech A/S	Denmark	100%

Notes to the Parent Company Annual Report

Specification of investments in group enterprises:

Name:	Registered office	Share of ownership and votes
Ovodan Germany ApS	Denmark	100%
Sanovo Pharmtech GmbH	Germany	100%
Ovodan Eiprodukte GmbH & Co. K.G.	Germany	100%
Eiproduktegesellschaft Ovodan Eiprodukte GmbH	Germany	100%
Sanovo Greenpack K/S	Denmark	100%
Martech Aps	Denmark	100%
Sanovo Packaging Denmark ApS	Denmark	100%
Sanovo Egg Packaging Chuzhou	China	100%
Brødrene Hartmann A/S	Denmark	68%
Hartmann Canada Inc.	Canada	68%
Hartmann Dominion Inc.	Canada	68%
Hartmann d.o.o.	Serbia	68%
Hartmann Finance A/S	Denmark	68%
Hartmann France S.a.r.l.,	Denmark	68%
Hartmann Hungary Kft.	Hungary	68%
Hartmann Italiana S.r.l.	Italy	68%
Hartmann Mai Ltd.	Israel	68%
Hartmann Papirna Ambalaza d.o.o.	Croatia	68%
Hartmann Polska Sp.z.o.o.	Poland	68%
Hartmann (UK) Ltd.	UK	68%
Hartmann USA Inc.	USA	68%
Hartmann US Inc.	USA	68%
Hartmann-Varkaus Oy	Finland	68%
Mohan Paper Mouldings Private Ltd.	India	68%
Mohan Fibre Products Ltd.	India	68%
Hartmann Verpackung AG	Switzerland	68%
Molarsa Chile SPA	Chile	68%
Moldeados Argentinos S.A.I.C.M.	Argentina	68%
Projects A/S	Denmark	68%
Sanovo Greenpack Argentina S.A.	Argentina	68%
Sanovo Greenpack Embalagens do Brasil Ltda	Brazil	68%
Mätfoods A/S	Denmark	100%
Siangpack Sdn. Bhd.	Malaysia	75%
Thornico IT A/S	Denmark	74%
I3 Ibero S.A.	Spain	100%
Dominium K/S	Denmark	100%
West-Star Italy A/S	Denmark	100%
Emery LLC	USA	100%
Thornico building K/S	Denmark	100%
West-Star Management BV	Netherlands	100%
West-Star Aps	Denmark	100%
Stanico A/S	Denmark	100%
Stanico South A/S	Denmark	100%
Jonstrupvej 117-119 Aps	Denmark	100%
Red Swan Aps	Denmark	100%
West-Star International A/S	Denmark	100%
West-Star Holland A/S	Denmark	100%
West-Star Real Estate A/S	Netherlands	100%

Notes to the Parent Company Annual Report

Specification of investments in group enterprises:

Name:	<u>Registered office</u>	<u>Share of ownership and votes</u>
Hummel Holding A/S	Denmark	100%
Hummel A/S	Denmark	100%
Ultra Bright Ltd.	Hong Kong	100%
Hummel International A/S	Denmark	100%
Bee Sport Aps	Denmark	100%
Hummel Bodh Gaya Aps	Denmark	100%
Hummel North America Aps	Denmark	100%
Hummel Sport & Leisure Warenhandelsgesellschaft mbH	Germany	100%
Hummel UK Ltd.	UK	100%
Hummel Sweden AB	Sverige	100%
Bumblebee ApS	Denmark	100%
Hummel France	France	100%
Akbulut Tekstil Sanayi Ve Ticaret S.S.	Turkey	75%
Hummel Iberical Sport & Fashion	Spain	51%
Performance Group Scandinavia A/S	Denmark	100%
Markon A/S	Denmark	51%
Hummel India Private Ltd.	India	100%
Hummel North America, Inc.	USA	100%
Cella Logistik GmbH	Germany	100%
Bee Sport GmbH	Germany	100%
Havnegade Capital Aps	Denmark	100%
Thorco Projects A/S	Denmark	100%
Thorco Capital III ApS	Denmark	100%
Thorco USA Ltd.	USA	75%
Thorco Shipping Germany GmbH	Germany	60%
Thorco Shipping Brazil	Brazil	60%
TS Lease Corp Ltd.	Panama	100%
Cargo Captains A/S	Denmark	100%
Thorco Svendborg ApS	Denmark	100%
Thorco Galaxy Aps	Denmark	100%
Thorco Africa Holding A/S	Denmark	100%
Komplementaranpartsselskabet Thor Ship II	Denmark	100%
Komplementaranpartsselskabet Thor Ship III	Denmark	100%

Notes to the Parent Company Annual Report

	2020	2019
3 Financial income		
Interest income, group enterprises	1.116.462	6.274.754
	1.116.462	6.274.754
4 Financial expenses		
Interest, group enterprises	-7.954.468	-14.469.207
Interest, others	-321.020	-326.631
Interest, bank	-3.175.605	-4.854.171
Loss, foreign exchange	-33.404.658	-35.233.641
	-44.855.751	-54.883.650
5 Tax on profit/loss for the year		
Tax on profit/loss for the year is specified as follows:		
Adjustment conc. previous years, Parent	100.469	819.327
Provision for the year for deferred tax	-4.007.259	-466.183
Tax on taxable income, Parent	16.729.188	14.278.559
	12.822.399	14.631.703
No corporation tax has been paid in the financial year.		

Notes to the Parent Company Annual Report

	2020	2019
6 Intangible fixed assets		
Cost at 1 January	120.000.000	120.000.000
Additions during the year	0	0
Cost at 31 December	<u>120.000.000</u>	<u>120.000.000</u>
Depreciation at 1 January	-12.000.000	0
Depreciation for the year	-12.000.000	-12.000.000
Revaluation at 31 December	<u>-24.000.000</u>	<u>-12.000.000</u>
Carrying amount at 31 December	<u>96.000.000</u>	<u>108.000.000</u>
7 Other tangible fixed assets		
Cost at 1 January	500.000	0
Additions during the year	300.000	500.000
Cost at 31 December	<u>800.000</u>	<u>500.000</u>
8 Provisions for deferred tax		
Provision for deferred tax at 1 January	2.027.027	1.560.844
Amounts recognized in the income statement for the year	4.007.259	466.183
Provision for deferred tax at 31 December	<u>6.034.286</u>	<u>2.027.027</u>
9 Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	52.456.758	83.342.130
	<u>52.456.758</u>	<u>83.342.130</u>

Notes to the Parent Company Annual Report

	<u>2020</u>	<u>2019</u>
10 Proposed distribution of profit		
Proposed dividend for the year	20.000.000	20.000.000
Reserve for net revaluation under the equity method	781.209.667	416.935.828
Retained earnings	-447.732.071	-68.168.157
	<u>353.477.596</u>	<u>368.767.671</u>

11 Security/Contingent liabilities

The company guarantees debts and guarantees of group enterprises of DKK 454,107k.

Contingent liabilities in relation to jointly taxed income.

Thornico A/S is jointly taxed with its Danish group related companies.

The company thus has secondary liability with respect to income taxes etc. and any obligations to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the company held directly or indirectly by the ultimate parent.

12 Related parties and ownership

Controlling interest

Thornico Holding A/S, Odense

Christian Nicholas Rosenkrantz Stadil, non-public address

Basis

Controlling shareholder

Ultimate owner

Other related parties

Supervisory and Executive Boards

Management control

In accordance with the Danish Financial Statements Act the company has chosen to only disclose transactions that have not been completed under normal market conditions. Management believes that all related party transactions take place on market terms.