

Thornico Holding A/S

Havnegade 36, DK-5000 Odense

Annual Report for 2019

CVR No 35 25 80 00

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26 June 2020

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 Holding A/S for the financial year 1 January – 31 December 2019.

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 2019 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2019.

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

Odense, 26 June 2020

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 Holding A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thornico Holding A/S for the financial year 1 January - 31 December 2019, 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 2019, 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 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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, 26 June 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Gert Rasmussen
State Authorised Public Accountant
Identification No: mne35430

Company Information

The Company

Thornico Holding A/S
Havnegade 36
DK-5000 Odense C

Telephone: +45 65 48 02 00

CVR No: 35 25 80 00

Financial period: 1 January - 31 December

Financial year: 7th 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

Group Chart



THORNICO

GROUP STRUCTURE



FOOD

CONTROLLING INTEREST

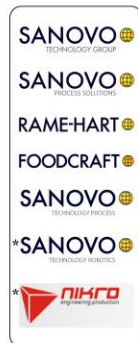
Egg and cheese processing, trading and biotech



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

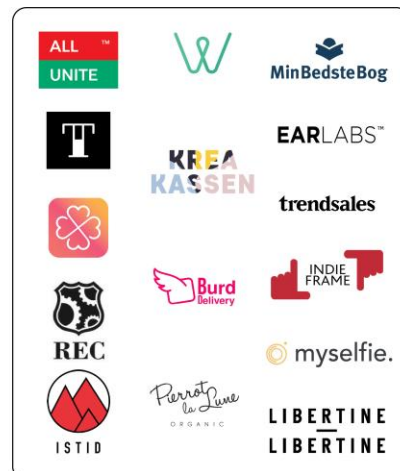
Egg and fruit packaging solutions



VENTURE

NON-CONTROLLING INTEREST

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



* 50- 80% ownership

Financial Highlights of the Group

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	9.211.750	8.393.614	7.556.329	7.457.410	6.362.792
Gross profit	2.179.341	1.799.341	1.731.492	1.767.184	1.950.969
EBITDA	901.542	658.580	609.940	644.853	776.381
Profit/loss before financial income and expenses	528.626	344.248	461.571	245.123	449.639
Net financials	-13.226	-28.276	-137.456	-139.368	-153.583
Net profit/loss for the year	429.971	239.421	252.372	33.820	182.193
Balance sheet					
Balance sheet total	6.767.460	6.706.297	6.341.199	6.494.971	6.111.455
Equity	2.451.961	2.104.126	2.072.998	1.957.816	2.026.518
Investment in property, plant and equipment	474.348	372.759	310.595	824.700	384.130
Cash flows					
Cash flows from:					
- operating activities	381.398	356.668	181.804	492.425	-7.594
- investing activities	-197.138	-352.041	-85.368	-680.136	-342.250
- financing activities	-207.496	9.740	-195.473	242.213	444.108
Changes for the year in cash and cash equivalents	-23.236	14.367	-99.037	54.502	94.264
Number of employees	4.036	3.929	3.907	3.820	3.468

Financial Highlights of the Group

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	23,7%	21,4%	22,9%	23,7%	30,7%
Profit margin	5,7%	4,1%	6,1%	3,3%	7,1%
Return on assets	7,8%	5,1%	7,3%	3,8%	7,4%
Solvency ratio	36,2%	31,4%	32,7%	30,1%	33,2%
Return on equity	17,5%	11,4%	12,2%	1,7%	9,0%

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 activity

The Parent company's activity comprises investments in other companies primarily wholly owned subsidiaries within food ingredients, food technology and packaging, sport and fashion, real estate and shipping.

Development in activities and financial circumstances

The Annual Report for the Group shows consolidated sales of DKK 9,211,750 k. Consolidated EBITDA is DKK 901,542k compared to DKK 658,580k in 2018, an increase of DKK 242.962k. This is considered satisfactory, and in line with the strategic plans for the Group.

Capital resources

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

Special risks

The Group faces no special risks other than ordinary commercial risks. Part of the Group's loan facilities are in foreign currency. No material negative deviations are expected in this connection.

Strategy and objectives

The spreading of the Group's investments seems well balanced between the different main areas, see our comments in the above paragraph Main activity. 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 still recruits and retains competent employees, who currently receive in-house training.

Environment

Efforts are being made to diminish the Group's impact on both the internal and external environment through environmental counter measures.

Management Commentary

Subsequent events

In Management's opinion no events materially affecting the Group's operations for 2019 have occurred during the period 31 December 2019 and up to date.

The current Covid-19 situation is expected to have a negative impact on the overall results of the Group for 2020, however, it is not possible to assess the implications with any accuracy at the date of the balance sheet. Not all business sectors in Thornico are affected negatively, and a positive result, although at a lower level than for 2019, is expected for 2020.

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

In the Annual Report for 2018 Management expected improved results for 2019 compared to 2018. This expectation has been met with an increase in EBITDA for the Group of DKK 242,419k.

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/Company-Karma-Report>

Accounting Policies

Basis of Preparation

The Annual Report of Thornico Holding A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies remain unchanged and are in accordance with the accounting policies applied in previous years. The Consolidated Financial Statements for 2019 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 Holding 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 2019 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.

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.

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

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Equity at year end}}$$

Consolidated Income Statement 1 January-31 December

	Note	2019 DKK '000	2018 DKK '000
Revenue	2	9.211.750	8.393.614
Other operating income		8.235	9.938
Expenses for raw materials and consumables		-4.731.039	-4.344.975
Other external expenses	3	-2.309.605	-2.259.236
Gross profit		2.179.341	1.799.341
Staff expenses	4	-1.277.799	-1.140.761
EBITDA		901.542	658.580
Fair value evaluation of investment property	11	12.364	1.012
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	5	-385.280	-315.344
Profit/loss before financial income and expenses		528.626	344.248
Income from investments in associates after tax	6	1.665	7.658
Financial income	7	143.854	151.341
Financial expenses	8	-158.745	-187.275
Profit/loss before tax		515.400	315.972
Tax on profit/loss for the year	9	-85.429	-76.551
Net profit/loss for the year		429.971	239.421

Consolidated Balance Sheet at 31 December

Assets

	Note	2019 DKK '000	2018 DKK '000
Goodwill	10	184.667	188.235
Other intangible assets	10	118.431	86.842
Intangible assets		303.098	275.077
Land and buildings	11	701.905	654.567
Plant and machinery	11	878.095	781.398
Other fixtures, fittings, tools and equipment	11	90.289	92.861
Investment Property	11	933.199	872.731
Ships	11	196.096	518.582
Property, plant and equipment in progress	11	99.155	74.286
Property, plant and equipment		2.898.739	2.994.425
Investments in associates	12	56.043	57.098
Other fixed asset investments	13	40.022	38.816
Fixed asset investments		96.065	95.914
Fixed assets		3.297.902	3.365.416

Consolidated Balance Sheet at 31 December

Assets

	Note	2019 DKK '000	2018 DKK '000
Inventories	14	1.148.104	1.091.813
Trade receivables		1.479.981	1.413.589
Receivables from associates		15.549	4.110
Receivable corporation tax		1.536	1.405
Deferred tax asset	15	98.000	110.450
Other receivables		411.491	381.381
Receivables		2.006.557	1.910.935
Cash and cash equivalents		314.897	338.133
Current assets		3.469.558	3.340.881
Assets		6.767.460	6.706.297

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2019 DKK '000	2018 DKK '000
Share capital		5.000	5.000
Retained earnings		2.223.342	1.904.696
Proposed dividend for the year		20.000	20.000
		<hr/>	<hr/>
Equity excl. minority interests		2.248.342	1.929.696
Minority interests		203.619	174.430
		<hr/>	<hr/>
Equity		2.451.961	2.104.126
Provision for deferred tax	15	154.097	167.984
Other provisions	16	72.307	73.770
		<hr/>	<hr/>
Provisions		226.404	241.754

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2019 DKK '000	2018 DKK '000
Mortgage debt	18	161.896	206.928
Credit institutions	19	818.282	1.007.020
Other payables	20	104.014	120.472
Long-term debt	17	1.084.192	1.334.420
Mortgage debt	18	91.856	14.843
Credit institutions	19	1.238.285	1.269.024
Trade payables		1.019.601	1.133.871
Payables to associates		15.199	9.644
Corporation tax		39.063	74.077
Other payables	20	565.550	524.538
Deferred income	21	35.349	0
Short-term debt		3.004.903	3.025.997
Debt		4.089.095	4.360.417
Liabilities and equity		6.767.460	6.706.297
Events after the balance sheet date	1		
Proposed distribution of profit	22		
Contingent liabilities and other financial obligations	23		
Related parties and ownership	24		

Statement of changes in consolidated Equity

	Share capital	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
Equity at 1 January 2019	5.000	1.904.696	20.000	1.929.696	174.430	2.104.126
Correction previous years		-18.966		-18.966	-6.322	(25.288)
Adjusted equity at 1 January 2018	5.000	1.885.730	20.000	1.910.730	168.108	2.078.838
Dividends	0	0	-20.000	-20.000	0	-20.000
Other equity movements	0	7.496	0	7.496	-15.689	-8.193
Tax on other equity movements	0	4.093	0	4.093	0	4.093
Exchange adjustments, foreign enterprises	0	-31.156	0	-31.156	-1.592	-32.748
Net profit/loss for the year	0	357.179	20.000	377.179	52.792	429.971
Equity at 31 December 2019	5.000	2.223.342	20.000	2.248.342	203.619	2.451.961

Consolidated Cash Flow Statement

	Note	2019 DKK '000	2018 DKK '000
Net profit/loss for the year		429.971	239.421
Adjustments	25	400.161	398.372
Change in working capital	26	-309.380	-264.342
Cash flows from operating activities before financial income and expenses		520.752	373.451
Financial income		141.414	151.341
Financial expenses		-158.745	-187.275
Income taxes received/paid		-122.023	19.151
Cash flows from operating activities		381.398	356.668
Purchase of intangible assets		-35.475	-60.303
Purchase of property, plant and equipment		-474.348	-372.759
Purchase of financial assets		2.475	-12.455
Sale of property, plant and equipment		310.210	93.476
Cash flows from investing activities		-197.138	-352.041

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2019</u>	<u>2018</u>
		DKK '000	DKK '000
Raising/repayment of mortgage loans		31.981	-33.726
Raising/repayment of loans from credit institutions		-219.477	63.466
Dividends paid		-20.000	-20.000
Cash flows from financing activities		-207.496	9.740
Changes in cash and cash equivalents		-23.236	14.367
Cash and cash equivalents at 1 January		338.133	323.766
Cash and cash equivalents at 31 December		314.897	338.133
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		314.897	338.133
Cash and cash equivalents at 31 December		314.897	338.133

Notes to the Consolidated Annual Report

1 Events after the balance sheet date

The current Covid-19 situation is expected to have a negative impact on the overall results of the Group for 2020, however, it is not possible to assess the implications with any accuracy at the date of the balance sheet. Not all business sectors in Thornico are affected negatively.

A positive result, although at a lower level than for 2019, is expected for 2020.

2 Revenue

	Europe	Americas	Asia	Other countries	Global	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<u>Business segments:</u>						
Food ingredients	547.697	66.714	817.856	53.321	0	1.485.588
Food Technology and Packaging	1.405.800	950.600	39.838	0	1.067.349	3.463.587
Sport & Fashion	0	0	0	0	0	1.361.363 *)
Real Estate	48.442	0	0	0	0	48.442
Shipping	0	0	0	0	2.852.770	2.852.770
Total revenue 2019	2.001.939	1.017.314	857.694	53.321	3.920.119	9.211.750

*) For competitive reasons segment information is not presented in respect of the geographical distribution of revenue in the business segment Sport & Fashion with reference to section 96 of the Danish Financial Statements Act.

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
3 Fee to shareholder appointed auditor		
<i>Fee to Deloitte</i>		
<i>Statutory audit</i>	4.245	4.785
<i>Tax and VAT related services</i>	114	189
<i>Other services</i>	1.014	1.716
	5.373	6.690
<i>Fee to PriceWaterhouseCoopers</i>		
<i>Statutory audit</i>	1.128	2.227
<i>Tax and VAT related services</i>	52	193
<i>Other services</i>	343	832
	1.523	3.252
<i>Fee to other auditors</i>		
<i>Statutory audit</i>	2.176	2.192
<i>Tax and VAT related services</i>	139	144
<i>Other services</i>	426	462
	2.741	2.798
<i>Total fee to auditors</i>		
<i>Statutory audit</i>	7.549	9.204
<i>Tax and VAT related services</i>	305	526
<i>Other services</i>	1.783	3.010
	9.637	12.740

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
4 Staff expenses		
Salaries	-1.118.941	-993.501
Pensions	-81.378	-76.696
Other social security expenses	-77.480	-70.564
	-1.277.799	-1.140.761
Including remuneration to Executive and Supervisory Boards	-2.040	-1.790
Average number of employees	4.036	-3.929
5 Amortisation, depreciation and impairment of property, plant and equipment and intangible assets		
Patents, goodwill and finished development projects	-31.653	-25.611
Buildings	-30.505	-35.159
Ships	-149.308	-95.182
Plant and machinery	-151.667	-136.354
Other fixtures, fittings, tools and equipment	-22.147	-23.038
	-385.280	-315.344
6 Income from investments in associates after tax		
Share of profit in associates	1.665	7.658
	1.665	7.658

Notes to the Consolidated Annual Report

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
7 Financial income		
Exchange adjustmens	27.778	44.359
Other financial income	116.076	106.982
	<u>143.854</u>	<u>151.341</u>
8 Financial expenses		
Exchange adjustments	-67.476	-87.568
Other financial expenses	-91.269	-99.707
	<u>-158.745</u>	<u>-187.275</u>
9 Tax on profit/loss for the year		
Current tax for the year	-144.699	-108.979
Deferred tax for the year	1.413	28.145
Adjustment concerning previous years	57.857	4.283
Total tax for the year	<u>-85.429</u>	<u>-76.551</u>

Notes to the Consolidated Annual Report

	Goodwill	Other intangible assts
	<u>DKK '000</u>	<u>DKK '000</u>
10 Intangible assets		
Cost at 1 January	266.368	213.783
Exchange adjustment, beginning of year	-900	12.054
Additions for the year	13.636	21.839
Disposals for the year	0	0
Cost at 31 December	<u>279.104</u>	<u>247.676</u>
Impairment losses and amortisation at 1 January	-78.133	-126.941
Exchange adjustment, beginning of year	991	-495
Impairment losses and amortisation for the year	-17.295	-14.358
Impairment losses and amortisation on assets sold	0	12.549
Impairment losses and amortisation at 31 December	<u>-94.437</u>	<u>-129.245</u>
Carrying amount at 31 December	<u>184.667</u>	<u>118.431</u>
Amortised over	<u>20 years</u>	<u>3-20 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

11 Property, plant and equipment

	Land and buildings	Plant and machinery	Oth. fixtures, fittings, tools and equipment	Property, plant and equipment in progress
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January 2019	1.190.839	2.650.359	322.506	74.286
Exchange adjustment, beg.	7.509	7.758	-1.356	0
Additions during the year	83.587	298.533	19.439	99.155
Disposals during the year	-32.130	-52.591	-12.651	-74.286
Cost at 31 December 2019	<u>1.249.805</u>	<u>2.904.059</u>	<u>327.938</u>	<u>99.155</u>
Impairment losses and depreciation at 1 January 2019	-536.272	-1.868.961	-229.645	0
Exchange adjustment, beg.	-1.122	-18.265	2.721	0
Depreciation for the year	-30.505	-133.465	-22.147	0
Impairment losses and depreciation on assets sold	19.999	-5.273	11.422	0
Impairment losses and depreciation at 31. december 2019	<u>-547.900</u>	<u>-2.025.964</u>	<u>-237.649</u>	<u>0</u>
Carrying amount at 31. december 2019	<u>701.905</u>	<u>878.095</u>	<u>90.289</u>	<u>99.155</u>
Depreciated over	<u>10-50 years</u>	<u>5-10 years</u>	<u>3-8 years</u>	

Notes to the Consolidated Annual Report

11 Property, plant and equipment (continued)

	Investment property DKK '000
Cost at 1 January 2019	459.194
Transfer	15.958
Exchange adjustment, beg.	184
Additions during the year	47.920
	<hr/>
Cost at 31 December 2019	523.256
	<hr/>
Fair value evaluation at 1. Januar 2019	413.537
Transfer	-15.958
Exchange adjustment, beg.	0
Fair value evaluation for the year	12.364
	<hr/>
Fair value evaluation at 31. December 2019	409.943
	<hr/>
Carrying amount at 31 December	933.199

Sensitivity in determination of fair value of investment properties

In assessing the fair market value at 31 December, 2019 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 4,49% 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 4,91%.

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	4,41%	4,91%	5,41%
Fair value	967.799	933.199	904.649

Notes to the Consolidated Annual Report

Change in fair value	34.600	0	-28.550
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Notes to the Consolidated Annual Report

11 Property, plant and equipment (continued)

	Ships DKK '000
Cost at 1 January 2019	824.207
Exchange adjustment, beg.	74.431
Additions during the year	0
Disposals during the year	-485.822
	<hr/>
Cost at 31 December 2019	412.816
	<hr/>
Impairment losses and depreciation at 1 January 2019	-305.625
Exchange adjustment, beg.	-8.623
Depreciation for the year	-149.308
Impairment losses and depreciation on assets sold	246.836
	<hr/>
Impairment losses and depreciation at 31 December 2019	-216.720
	<hr/>
Carrying amount at 31. December 2019	196.096
	<hr/>
Carrying amount of leased assets included above	54.594
	<hr/>
Depreciated over	25 years
	<hr/>

Notes to the Consolidated Annual Report

12 Property, plant and equipment (continued)

Management assesses annually the carrying value of the vessels in order to determine whether there are any indications of impairment in excess of the amount provided for by normal depreciations. If there is an indication that the carrying amount of an asset may exceed the expected future cash flows from the asset, an impairment test is conducted. The recoverable amount of the asset is determined as the higher of the net selling price and the value-in-use. The net selling price is determined based on independent broker valuations obtained by Management.

Consequently an extraordinary depreciation of the vessel values has been implemented in 2019 accounts.

In 2020, after the date of the balance sheet, two ships which were part of the fleet at 31 December 2019 have been disposed of with no Profit & loss effect for the Group.

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
12 Investments in associates		
Cost at 1 January	24.539	43.016
Exchange adjustment, beginning of year	0	26
Additions during the year	0	250
Disposals during the year	0	-18.753
Cost at 31 December	<u>24.539</u>	<u>24.539</u>
Valuation adjustments at 1 January	32.559	10.228
Exchange adjustment, beginning of year	-2.720	-32
Net profit/loss for the year	1.665	7.658
Impairment losses and depreciation, disposals	0	14.705
Revaluations at 31 December	<u>31.504</u>	<u>32.559</u>
Carrying amount at 31 December	<u>56.043</u>	<u>57.098</u>

Specification of investments in associates:

Name:	Registered office	Company capital DKK'000	Share of ownership and votes
K/S Generatorvej 4	Odense	1.900	40%
DanFiber A/S	Allerød	1.000	32%
Nikro s.r.o.	Slovakiet	25.754	50%

Notes to the Consolidated Annual Report

	2019 <u>DKK '000</u>	2018 <u>DKK '000</u>
13 Other fixed asset investments		
Cost at 1 January	39.326	8.565
Additions during the year	712	16.769
Cost at 31 December	<u>40.038</u>	<u>25.334</u>
Valuation adjustments at 1 January	-510	0
Net profit/loss for the year	494	-510
Revaluations at 31 December	<u>-16</u>	<u>-510</u>
Carrying amount at 31 December	<u>40.022</u>	<u>24.824</u>
14 Inventories		
Raw materials and consumables	272.145	239.407
Work in progress	76.056	40.234
Finished goods and goods for resale	781.768	812.172
Prepayments	18.135	0
	<u>1.148.104</u>	<u>1.091.813</u>

Notes to the Consolidated Annual Report

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
15 Provision for deferred tax		
Provision for deferred tax at 1 January	57.534	89.190
Amounts recognized in the income statement for the year	-1.413	-28.145
Amounts recognised in equity for the year	-24	-3.511
	<u>56.097</u>	<u>57.534</u>
Provision for deferred tax at 31 December		
Deferred tax asset	-98.000	-110.450
Provision for deferred tax	154.097	167.984
	<u>56.097</u>	<u>57.534</u>
Provision for deferred tax at 31 December		

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.

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
16 Other provisions		
Other provisions at 1 January	73.770	100.774
Amounts for the year	-1.463	-27.004
Other provisions at 31 December	72.307	73.770

Other provisions comprise pension obligations concerning defined benefit plans and warranty commitments.

17 Debt

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

Other debt is recognised in long-term debt.

	2019 DKK '000	2018 DKK '000
18 Mortgage loans		
After 5 years	121.513	95.861
Between 1 and 5 years	40.383	111.067
Long-term part	161.896	206.928
Within 1 year	91.856	14.843
	253.752	221.771

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
19 Credit institutions		
After 5 years	0	0
Between 1 and 5 years	818.282	1.007.020
Long-term part	818.282	1.007.020
Within 1 year	1.238.285	1.269.024
	2.056.567	2.276.044
20 Other payables		
After 5 years	28.884	39.071
Between 1 and 5 years	75.130	81.401
Long-term part	104.014	120.472
Within 1 year	565.550	524.538
	669.564	645.010
21 Deferred income		
Deferred income consists of ongoing voyages at 31. December.		
22 Proposed distribution of profit		
Proposed dividend for the year	20.000	20.000
Minority interests' share of net profit/loss of subsidiaries	52.792	-17.065
Retained earnings	357.179	236.486
	429.971	239.421

Notes to the Consolidated Annual Report

23 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 251 million in property valued at 1,081 million.

Mortgage loan in the amount of DKK 82 million is secured by first-priority pledge of all rental income of the property, insurance revenues and shares of the borrower.

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

Rental and lease obligations

Rental and lease obligations of the group amount to DKK 131 million.

Contingent liabilities

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

A subsidiary in the group is party to a dispute with district heating company Tønder Fjernvarme as to the pricing of district heating supplied by the subsidiary's combined heat and power plant. The matter concerns the years 2003-2015.

The matter was settled out of court in November 2019. The settlement is subject to approval by the Danish Utility Regulator.

Management of the subsidiary expects the Danish Utility Regulator to approve the settlement, which will not affect the group's result, but will have a positive cash flow effect in 2020.

In autumn 2019, the Brazilian tax authorities raised a claim of BRL 56 million, corresponding to DKK 93 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 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.

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income etc.

Notes to the Consolidated Annual Report

23 Contingent liabilities and other financial obligations (continued)

Shipping Group

Securities mentioned in this section are contingent liabilities of the Shipping Group:

Vessels with a carrying amount of DKK 196 million (2018: 519 million) have been placed as security with bankers.

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 363 million. (2018: 400 million)

Lease obligations, Shipping Group

The Shipping Group have entered into an agreement on lease of vessels on a time charter basis for expiry in the financial year 2025. The total obligation amounts to DKK 270 million at 31 December 2018 (2018: DKK 688 million).

The Shipping Group has entered into agreements for chartering ships on Time Charter basis to maturity during the year 2020. The aggregate net lease obligations amounts to DKK 191 million.

24 Related parties and ownership

	Basis
Controlling interest	
Christian Nicholas Rosenkrantz Stadil	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

	2019 DKK '000	2018 DKK '000
25 Cash flow statement - adjustments		
Financial income	-143.854	-151.341
Financial expenses	158.745	187.275
Depreciation and impairment losses, incl. gain and loss on sale	385.280	315.344
Exchange adjustment fixed assets	-71.402	-27.765
Fair value evaluation of investment property	-12.364	-1.012
Income on investments in associates	-1.665	-7.658
Income tax in income statement	85.421	83.529
	400.161	398.372
26 Cash flow statement - change of working capital		
Change in inventories	-56.291	-47.456
Change in receivables	-107.941	-233.052
Change in other provisions	-1.463	-27.004
Exchange regulation, equity	-32.748	-115.946
Change in suppliers etc	-67.703	262.427
Fair value adjustment of hedging instruments in the year	-43.234	-81.215
	-309.380	-242.246

Parent Company Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Other external expenses		-77.500	-64.924
Profit/loss before financial income and expenses		-77.500	-64.924
Income from investments in group enterprises	2	370.411.527	231.396.897
Financial income	3	1.021.429	510.825
Financial expenses	4	-394.674	-298.219
Profit/loss before tax		370.960.782	231.544.579
Tax on profit/loss for the year, income	5	6.218.673	6.761.415
Net profit/loss for the year		377.179.455	238.305.994

Parent Company Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Investments in group enterprises	1	2.219.936.381	2.574.717.012
Fixed asset investments		<u>2.219.936.381</u>	<u>2.574.717.012</u>
Fixed assets		<u>2.219.936.381</u>	<u>2.574.717.012</u>
Receivables from group enterprises		69.145.875	41.389.223
Receivable corporation tax		3.581.164	10.346.097
Receivables		<u>72.727.039</u>	<u>51.735.320</u>
Cash and cash equivalents		<u>322.188</u>	<u>94.768</u>
Current assets		<u>73.049.227</u>	<u>51.830.088</u>
Assets		<u>2.292.985.608</u>	<u>2.626.547.100</u>

Parent Company Balance Sheet at 31 December

Liabilities and equity

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Share capital		5.000.000	5.000.000
Reserve for revaluation under the equity method		799.762.090	1.134.542.721
Retained earnings		1.423.579.298	1.436.811.370
Proposed dividend for the year		20.000.000	20.000.000
Equity		<u>2.248.341.388</u>	<u>2.596.354.091</u>
Other payables		44.644.220	30.193.009
Short-term debt		<u>44.644.220</u>	<u>30.193.009</u>
Debt		<u>44.644.220</u>	<u>30.193.009</u>
Liabilities and equity		<u>2.292.985.608</u>	<u>2.626.547.100</u>
Proposed distribution of profit	6		
Security/Continent liabilities	7		
Related parties and ownership	8		

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 2019	5.000.000	1.134.542.721	1.436.811.370	20.000.000	2.596.354.091
Dividends	0	0	0	(20.000.000)	(20.000.000)
Exchange regulations	0	(31.155.752)	0	0	(31.155.752)
Adjustment for the year	0	(674.036.406)	0	0	(674.036.406)
Net profit/loss for the year	0	370.411.527	(13.232.072)	20.000.000	377.179.455
Equity					
31. December 2019	5.000.000	799.762.090	1.423.579.298	20.000.000	2.248.341.388

Notes to the Parent Company Annual Report

	2019	2018
1 Staff		
The company has no employees.		
Management is employed in the parent company and a management fee is paid to the parent company for this service.		
2 Investments in group enterprises		
Cost at 1 January	1.218.177.788	1.218.177.788
Cost at 31 December	1.218.177.788	1.218.177.788
Revaluation at 1 January	1.356.539.224	1.688.017.581
Revaluation for the year	-334.780.631	-311.478.357
Dividend	-20.000.000	-20.000.000
Revaluation at 31 December	1.001.758.593	1.356.539.224
Carrying amount at 31 December	2.219.936.381	2.574.717.012
The carrying amount is specified as follows in the balance sheet:		
Fixed asset investments	2.219.936.381	2.574.717.012
	2.219.936.381	2.574.717.012
The carrying amount at 31 December is specified as follows:		
Carrying amount at 1 January	2.574.717.012	2.906.195.369
Net profit/loss for the year after tax	370.411.527	231.396.897
Distribution of dividend	-20.000.000	-20.000.000
Fair value adjustment, other	-674.036.406	0
Exchange adjustments	-31.155.752	-542.875.254
Carrying amount at 31 December	2.219.936.381	2.574.717.012

Notes to the Parent Company Annual Report

2 Investments in group enterprises (continued)

Specification of investments in group enterprises:

Name:	Registered office	Share of ownership and votes
Thornico A/S	Denmark	100%
Mount Baldy A/S	Denmark	100%
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 Asia	China	100%
Sanovo Technology Mexico	Mexico	100%
Sanovo Technology Pharma A/S	Denmark	100%
Sanovo Technology Logistics 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%

Notes to the Parent Company Annual Report

2 Investments in group enterprises (continued)

Specification of investments in group enterprises:

Name:	<u>Registered office</u>	<u>Share of ownership and votes</u>
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%
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%
China Egg Packaging ApS	Denmark	100%
Sanovo Egg Packaging Chuzhou	China	100%
Brødrene Hartmann A/S	Denmark	69%
Hartmann Canada Inc.	Canada	69%
Hartmann Dominion Inc.	Canada	69%
Hartmann d.o.o.	Serbia	69%
Hartmann Finance A/S	Denmark	69%
Hartmann France S.a.r.l.,	Denmark	69%
Hartmann Hungary Kft.	Hungary	69%
Hartmann Italiana S.r.l.	Italy	69%
Hartmann Mai Ltd.	Israel	69%
Hartmann Papirna Ambalaza d.o.o.	Croatia	69%
Hartmann Polska Sp.z.o.o.	Poland	69%
Hartmann (UK) Ltd.	UK	69%
Hartmann USA Inc.	USA	69%
Hartmann US Inc.	USA	69%
Hartmann-Varkaus Oy	Finland	69%
Hartmann Verpackung AG	Switzerland	69%
Molarsa Chile SPA	Chile	69%
Moldeados Argentinos S.A.I.C.M.	Argentina	69%
Projects A/S	Denmark	69%
Sanovo Greenpack Argentina S.A.	Argentina	69%
Sanovo Greenpack Embalagens do Brasil Ltda	Brazil	69%
Mätfoods A/S	Denmark	100%
Siangpack Sdn. Bhd., 74%	Malaysia	100%
Thornico IT A/S	Denmark	100%
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%
Jonstrupvej 117-119 Aps	Denmark	100%

Notes to the Parent Company Annual Report

2 Investments in group enterprises (continued)

Specification of investments in group enterprises:

Name:	<u>Registered office</u>	<u>Share of ownership and votes</u>
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%
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%
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%
Akbulut Tekstil Sanayi Ve Ticaret S.S.	Turkey	75%
Hummel Iberical Sport & Fashion	Spain	51%
Hummel India Private Ltd.	India	100%
Hummel North America, Inc.	USA	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%
Trithorn Bulk A/S	Denmark	100%
Trithorn Bulk Schwitserland	Switzerland	100%
Trithorn Bulk Norge	Norway	100%

In addition to the above, the Group comprises of 8 companies without activities.

Notes to the Parent Company Annual Report

	2019	2018
3 Financial income		
Interest income, group enterprises	1.021.429	510.825
	1.021.429	510.825
4 Financial expenses		
Interest others	-392.605	-296.726
Interest, bank	-1.069	0
Interest, sundry	-1.000	-1.044
	-394.674	-297.770
5 Tax on profit/loss for the year		
Tax on profit/loss for the year is specified as follows:		
Adjustment conc. previous years, Parent	6.339.509	6.805.318
Tax on taxable income, Parent	-120.836	-43.903
	6.218.673	6.761.415
No corporation tax has been paid in the financial year.		
6 Proposed distribution of profit		
Proposed dividend for the year	20.000.000	20.000.000
Reserve for net revaluation under the equity method	370.411.527	-10.599.606
Retained earnings	-13.232.072	228.905.600
	377.179.455	238.305.994

Notes to the Parent Company Annual Report

7 Security/Contingent liabilities

Contingent liabilities in relation to jointly taxed income.

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income etc.

8 Related parties and ownership

	<u>Basis</u>
Controlling interest	
Christian Nicholas Rosenkrantz Stadil	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.