

**Thornico Food &
Food Technology Group A/S**
Havnegade 36, DK-5000 Odense

Annual Report for 2020

CVR No 37 75 09 13

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 18 June 2021


Thor Stach
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 Food & Food Technology Group 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, 18 June 2021

Executive Board



Christian Nicholas
Rosenkrantz Stadil

Supervisory Board



Thor Stadil



Ronald Lambertus Maria
Bourwens



Christian Nicholas
Rosenkrantz Stadil

Independent Auditor's Report

To the Shareholders of Thornico Food & Food Technology Group A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thornico Food & Food Technology Group 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, 18 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 Food & Food Technology Group A/S
Havnegade 36
DK-5000 Odense C

Telephone: +45 65 48 02 00

CVR No: 37 75 09 13

Financial period: 1 January - 31 December

Municipality of reg. office: Odense

Supervisory Board

Thor Stadil
Christian Nicholas Rosenkrantz Stadil
Ronald Lambertus Maria Bouwens

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 A/S, Denmark (smallest group) and of Thornico Holding A/S, Denmark (largest group).

Group Chart

THORNICO

FOOD & FOOD TECHNOLOGY



FOOD

CONTROLLING INTEREST

Egg and cheese processing, trading and biotech

- Lactosan
- OVODAN
RELIABLE EGG SOLUTIONS
- OVODAN
International as
- OVODAN
FOODS AS
- OVODAN
Egsolutions GmbH GERMANY
- OVODAN
EGG PRODUCTS UK LTD
- OVODAN
BIOTECH
- OVODAN
- PRODUCTOS
SANINEX S.A.
- MÄT



FOOD TECHNOLOGY

CONTROLLING INTEREST

Food processing machinery and meditech

- SANOVO
TECHNOLOGY GROUP
- SANOVO
PROCESS SOLUTIONS
- RAME-HART
- FOODCRAFT
- SANOVO
TECHNOLOGY PROCESS
- SANOVO
TECHNOLOGY ROBOTICS
- SANOVO
BIOSECURITY
- OVOTRACK
- NIKRO
ENTERPRISE SOLUTIONS



PACKAGING

CONTROLLING INTEREST

Egg and fruit packaging solutions

- HARTMANN
- SANOVO 森沃
PACKAGING CHINA
- SIANPACK
A Company of the THORNICO Group

* 50-80% ownership

Financial Highlights of the Group

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	4.895.663	4.951.500	4.516.632	4.242.798	4.544.431
Gross profit	1.878.046	1.677.239	1.504.539	1.731.359	1.766.805
EBITDA	861.823	659.095	557.105	380.876	538.400
Profit/loss before financial income and expenses (EBIT)	633.304	448.822	357.051	461.882	245.130
Net financials	-125.903	-21.538	-20.203	-137.209	-139.360
Net profit/loss for the year	366.864	327.569	242.259	210.341	394.338
Balance sheet					
Balance sheet total	4.521.876	3.974.637	3.670.600	3.748.075	4.236.159
Equity	1.961.036	1.777.464	1.559.976	1.602.456	1.783.005
Investment in property, plant and equipment, including new subsidiaries	502.968	378.378	310.423	310.595	824.700
Cash flows					
Cash flows from:					
- operating activities	571.101	461.988	735.466	178.429	492.321
- investing activities	-677.569	-370.969	-272.111	-81.989	-680.136
- financing activities	240.256	-86.815	-472.285	-195.473	242.213
Changes for the year in cash and cash equivalents	133.788	4.204	-8.930	-99.033	54.398
Number of employees	3.368	3.214	3.203	3.146	3.142

Financial Highlights of the Group

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	38,4%	33,9%	33,3%	40,8%	38,9%
Profit margin	12,9%	9,1%	7,9%	10,9%	5,4%
Return on assets	14,0%	11,3%	9,7%	12,3%	5,8%
Solvency ratio	43,4%	44,7%	42,5%	42,8%	42,1%
Return on equity	18,7%	18,4%	15,5%	13,1%	22,1%

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 in global markets, primarily via wholly owned subsidiaries.

The parent company's activities comprise investments in subsidiaries and real estate.

Development in activities and finance

The Annual Report for the Group shows consolidated sales of DKK 4,895,663k. Consolidated EBIT is DKK 633,547k compared to DKK 448,822k in 2019, an increase of DKK 184,725k. This is considered satisfactory, 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 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 184,725k 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 550k – 650k. 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 activities within food ingredients and food technology, 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 consideration 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 Food & Food Technology Group 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 accounting policies remain unchanged and are in accordance with the accounting policies applied in previous years. The Parent Company and the consolidated Financial Statements for 2020 are presented in DKK thousands.

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 Food & Food Technology Group 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. 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.

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

On initial recognition, goodwill is recognised at cost in the balance sheet. 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:

Property: 30 years

Plant and equipment: 3-10 years

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.

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 'ooo	2019 DKK 'ooo
Revenue	2	4.895.663	4.951.500
Other income on operations	3	14.074	0
Expenses for raw materials and consumables		-2.216.816	-2.527.282
Other external expenses	4	-814.875	-746.979
Gross profit		1.878.046	1.677.239
Staff expenses	5	-1.016.223	-1.018.144
EBITDA		861.823	659.095
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-228.519	-210.273
Profit/loss before financial income and expenses		633.304	448.822
Income from investments in associates after tax	7	-3.158	1.312
Financial income	8	28.755	36.912
Financial expenses	9	-151.500	-59.762
Profit/loss before tax		507.401	427.284
Tax on profit/loss for the year	10	-140.537	-99.715
Net profit/loss for the year		366.864	327.569

Consolidated Balance Sheet at 31 December

Assets

	Note	2020 DKK '000	2019 DKK '000
Acquired rights	11	89.431	63.095
Completed development projects	11	73.553	31.712
Goodwill	11	150.810	118.060
		<hr/>	<hr/>
Intangible assets		313.794	212.867
		<hr/>	<hr/>
Land and buildings	12	666.115	637.066
Plant and machinery	12	896.344	878.095
Other fixtures, fittings, tools and equipment	12	63.513	58.401
Property, plant and equipment in progress	12	230.586	99.155
		<hr/>	<hr/>
Property, plant and equipment		1.856.558	1.672.717
		<hr/>	<hr/>
Investments in associates	13	32.891	25.866
Other fixed asset investments	14	12.409	12.190
		<hr/>	<hr/>
Fixed asset investments		45.300	80.335
		<hr/>	<hr/>
Fixed assets		2.215.652	1.965.919
		<hr/>	<hr/>

Consolidated Balance Sheet at 31 December

Assets

	Note	2020 DKK '000	2019 DKK '000
Inventories	15	772.507	643.610
Trade receivables		766.094	830.996
Receivables from group companies		102.956	76.167
Receivables from associates		4.500	15.549
Receivable corporation tax		18.892	0
Deferred tax assets	16	54.960	42.279
Other receivables		192.418	205.963
Prepayments	17	39.926	17.604
Receivables		1.179.746	1.146.279
Cash and cash equivalents		353.971	218.829
Current assets		2.306.224	2.008.718
Assets		4.521.876	3.974.637

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2020 DKK '000	2019 DKK '000
Share capital		59.900	59.900
Reserve for development expenditure		73.553	31.712
Hedging reserve		1.460	-2.542
Translation reserve		-95.827	0
Retained earnings		1.530.691	1.346.317
Proposed dividend for the year		50.000	50.000
		<hr/>	<hr/>
Equity excl. minority interests		1.619.777	1.485.387
Minority interests		341.259	292.077
		<hr/>	<hr/>
Equity		1.961.036	1.777.464
Provision for deferred tax	16	49.133	9.319
Pension obligations	18	35.200	32.200
Other provisions	19	20.968	72.307
		<hr/>	<hr/>
Provisions		105.301	81.626

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2020 DKK '000	2019 DKK '000
Mortgage debt	21	196.378	52.741
Credit institutions	22	689.400	619.751
Other payables	23	4.373	22.814
Long-term debt	20	890.151	695.306
Mortgage debt	21	10.705	3.414
Credit institutions	22	594.184	548.180
Trade payables		443.092	380.465
Payables to group companies		1.216	12.814
Payables to associates		7.412	15.044
Corporation tax		54.554	38.394
Other payables	23	454.225	421.930
Short-term debt		1.565.388	1.420.241
Debt		2.455.539	2.115.547
Liabilities and equity		4.521.876	3.974.637
Proposed distribution of profit	24		
Contingent liabilities and other financial obligations	25		
Related parties and ownership	26		

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 1 January 2020	59.900	0	0	0	1.375.487	50.000	1.485.387	292.077	1.777.464
Transfers, reserves, previous years	0	31.712	-2.542	0	-29.170	0	0	0	0
Net profit/loss for the year	59.900	31.712	-2.542	0	1.346.317	50.000	1.485.387	292.077	1.777.464
Actuarial gain/loss on defined benefit plans	0	0	0	0	228.423	50.000	278.423	88.441	366.864
Tax	0	0	0	0	759	0	759	341	1.100
Exchange adjustments, foreign enterprises	0	0	0	-95.827	0	0	-95.827	-40.065	-135.892
Value adjustment of hedging instruments	0	0	4.002	0	0	0	4.002	1.798	5.800
Transfers, reserves	0	41.841	0	0	-41.841	0	0	0	0
Dividend paid	0	0	0	0	0	-50.000	-50.000	0	-50.000
Equity at 31 December 2020	59.900	73.553	1.460	-95.827	1.530.691	50.000	1.619.777	341.259	1.961.036

Consolidated Cash Flow Statement

	Note	2020 DKK '000	2019 DKK '000
Net profit/loss for the year		366.864	327.569
Adjustments	27	494.959	331.526
Change in working capital	28	-28.959	-69.193
Cash flows from operating activities before financial income and expenses		832.864	589.902
Financial income		28.755	36.912
Financial expenses		-151.500	-59.762
Income taxes paid/received		-139.018	-105.064
Cash flows from operating activities		571.101	461.988
Purchase of intangible assets		-174.311	-10.886
Purchase of property, plant and equipment		-365.090	-378.378
Acquisition of subsidiaries		-137.878	0
Sale of property, plant and equipment		-290	18.295
Cash flows from investing activities		-677.569	-370.969

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		DKK '000	DKK '000
Raising/repayment provisions incl. badwill		23.675	-800
Raising/repayment of mortgage loans		150.928	-4.722
Raising/repayment of loans from credit institutions		115.653	38.702
Dividends paid		-50.000	-119.995
		<hr/>	<hr/>
Cash flows from financing activities		240.256	-86.815
		<hr/>	<hr/>
Changes in cash and cash equivalents		133.788	4.204
		<hr/>	<hr/>
Cash and cash equivalents at 1 January		218.829	210.695
Exchange adjustments, beginning of year		1.354	3.930
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		353.971	218.829
		<hr/>	<hr/>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		353.971	218.829
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		353.971	218.829
		<hr/>	<hr/>

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

	Europe	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
Total revenue 2020	2.150.690	964.424	853.649	50.808	876.092	4.895.663

3 Other income on operations

	2020	2019
	DKK '000	DKK '000
COVID-19 compensation, fixed costs	2.941	0
COVID-19 compensation, salaries	11.133	0
	14.074	0

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.

5 Staff expenses

Salaries	-891.453	-896.088
Pensions	-70.797	-69.907
Other social security expenses	-53.973	-52.149
	-1.016.223	-1.018.144
Including remuneration to Executive and Supervisory Boards	-200	-200
Average number of employees	3.368	3.214

Notes to the Consolidated Annual Report

	2020 DKK '000	2019 DKK '000
6	Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	
	-34.315	-20.456
	-193.561	-190.440
	-643	5.844
	-228.519	-205.052
7	Income from investments in associates before tax	
	-3.158	1.312
	-3.158	1.312
8	Financial income	
	16.635	17.127
	4.536	11.517
	7.584	8.268
	28.755	36.912
9	Financial expenses	
	-124.485	-25.918
	-27.015	-33.844
	-151.500	-59.762
10	Tax on profit/loss for the year	
	-118.725	-102.963
	-20.293	-2.867
	-1.519	6.109
	0	6
	-140.537	-99.715

Notes to the Consolidated Annual Report

	Acquired rights	Completed development projects	Goodwill
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
11 Intangible assets			
Cost at 1 January	81.454	80.396	196.433
Exchange adjustment	2.001	-198	-11.788
Additions on acquisition of subsidiaries	17.000	0	48.300
Additions for the year	39.263	56.040	6.659
Disposals for the year	<u>-5.652</u>	<u>0</u>	<u>0</u>
Cost at 31 December	<u>134.066</u>	<u>136.238</u>	<u>239.604</u>
Impairment losses and amortisation at 1 January	-18.359	-48.684	-78.373
Exchange adjustment	-3.300	24	94
Additions on acquisition of subsidiaries	-16.267	0	0
Impairment losses and amortisation for the year	-9.775	-14.025	-10.515
Impairment losses and amortisation on assets sold	<u>3.066</u>	<u>0</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>-44.635</u>	<u>-62.685</u>	<u>-88.794</u>
Carrying amount at 31 December	<u>89.431</u>	<u>73.553</u>	<u>150.810</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
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Cost at 1 January 2020	1.196.279	2.904.059	252.695	99.155
Exchange adjustment	-81.859	-240.581	-15.743	
Additions on acquisition of subs	37.300	100.162	416	
Additions during the year	76.318	130.672	26.669	131.431
Disposals during the year	<u>-1.224</u>	<u>-48.578</u>	<u>-6.174</u>	
Cost at 31 December 2020	<u>1.226.814</u>	<u>2.845.734</u>	<u>257.863</u>	<u>230.586</u>
Revaluation at 1 January 2020	<u>2.435</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revaluation at 31. December 2020	<u>2.435</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Consolidated Annual Report

12 Property, plant and equipment (continued)

	Land and buildings	Plant and machinery	Oth. fixtures, fittings, tools and equipment	Property, plant and equipment in progress
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Impairment losses and depreciation at 1 January 2020	-561.648	-2.025.964	-194.294	0
Exchange adjustment	35.715	171.364	6.515	0
Additions on acquisition of subs	-896	-1.700	-2.255	
Depreciation for the year	-36.529	-137.852	-19.180	0
Impairment losses and depreciation on assets sold	<u>224</u>	<u>44.762</u>	<u>14.864</u>	<u>0</u>
Impairment losses and depreciation at 31. december 2020	<u>-563.134</u>	<u>-1.949.390</u>	<u>-194.350</u>	<u>0</u>
Carrying amount at 31. december 2020	<u>666.115</u>	<u>896.344</u>	<u>63.513</u>	<u>230.586</u>
Depreciated over	<u>10-50 years</u>	<u>5-10 years</u>	<u>3-8 years</u>	

Notes to the Consolidated Annual Report

	2020 <u>DKK '000</u>	2019 <u>DKK '000</u>
13 Investments in associates		
Cost at 1 January	23.779	23.779
Net effect from merger and acquisition	-250	0
Additions during the year	<u>8.204</u>	<u>0</u>
Cost at 31 December	<u>31.733</u>	<u>23.779</u>
Valuation adjustments at 1 January	2.087	3.494
Exchange adjustment, beginning of year	218	-2.719
Net effect from merger and acquisition	2.011	0
Net profit/loss for the year	<u>-3.158</u>	<u>1.312</u>
Revaluations at 31 December	<u>1.158</u>	<u>2.087</u>
Carrying amount at 31 December	<u>32.891</u>	<u>25.866</u>

Specification of investments in associates:

Name:	Registered office	Share of ownership and votes
DanFiber A/S	Allerød, Denmark	32%
Nikro s.r.o.	Slovakia	50%
Ovo Track BV	Netherlands	50%

Notes to the Consolidated Annual Report

	2020 DKK '000	2019 DKK '000
14 Other fixed asset investments		
Cost at 1 January	12.190	12.190
Disposals during the year	-1.440	0
Cost at 31 December	<u>10.750</u>	<u>12.190</u>
Valuation adjustments at 1 January	0	-1.440
Net profit/loss for the year	1.659	1.440
Revaluations at 31 December	<u>1.659</u>	<u>0</u>
Carrying amount at 31 December	<u>12.409</u>	<u>12.190</u>
15 Inventories		
Raw materials and consumables	366.293	272.144
Work in progress	75.779	76.056
Finished goods and goods for resale	<u>330.435</u>	<u>295.409</u>
	<u>772.507</u>	<u>643.609</u>
16 Provision for deferred tax		
Provision for deferred tax at 1 January	-32.960	-34.288
Amounts recognized in the income statement for the year	20.293	2.867
Amounts recognised in equity for the year	6.840	-1.539
Provision for deferred tax at 31 December	<u>-5.827</u>	<u>-32.960</u>

Notes to the Consolidated Annual Report

	2020 DKK '000	2019 DKK '000
16 Provision for deferred tax (continued)		
Deferred tax asset	-54.960	-42.279
Provision for deferred tax	49.133	9.319
Provision for deferred tax at 31 December	-5.827	-32.960

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 DKK '000	2019 DKK '000
17 Prepayments		
Prepayments at 1 January	17.604	22.800
Amounts for the year	22.322	-5.196
Prepayments at 31 December	39.926	17.604
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.

19 Other provisions		
Other provisions at 1 January	40.107	33.932
Amounts for the year	-19.139	6.175
Other provisions at 31 December	20.968	40.107

Other provisions comprise obligations concerning warranty commitments.

Notes to the Consolidated Annual Report

20 Debt

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

Other debt is recognised in long-term debt.

	<u>2020</u> DKK '000	<u>2019</u> DKK '000
21 Mortgage loans		
After 5 years	149.929	39.045
Between 1 and 5 years	<u>46.449</u>	<u>13.696</u>
Long-term part	196.378	52.741
Within 1 year	<u>10.705</u>	<u>3.414</u>
	<u>207.083</u>	<u>56.155</u>
22 Credit institutions		
After 5 years	0	0
Between 1 and 5 years	<u>689.400</u>	<u>619.751</u>
Long-term part	689.400	619.751
Within 1 year	<u>594.184</u>	<u>548.180</u>
	<u>1.283.584</u>	<u>1.167.931</u>
23 Other payables		
After 5 years	0	0
Between 1 and 5 years	<u>4.373</u>	<u>22.814</u>
Long-term part	4.373	22.814
Within 1 year	<u>454.225</u>	<u>421.930</u>
	<u>458.598</u>	<u>444.744</u>

Notes to the Consolidated Annual Report

	2020 DKK '000	2019 DKK '000
24 Proposed distribution of profit		
Proposed dividend for the year	50.000	50.000
Minority interests' share of net profit/loss of subsidiaries	88.441	50.259
Retained earnings	228.423	227.310
	<u>366.864</u>	<u>327.569</u>

25 Contingent liabilities and other financial obligations

Security

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

Mortgage deeds in the amount of DKK 207 million in property valued at 153 million.
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.

Rental and lease obligations

Rental and lease obligations of the group amount to DKK 68 million.

Contingent liabilities

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 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 Food & Food Technology Group 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

26 Related parties and ownership

	Basis
Controlling interest	
Thornico A/S, Odense	Controlling shareholder
Thornico Holding A/S, Odense	Shareholder of 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.

27 Group relations

Ovodan Eiprodukte GmbH & Co. KG, Zeven/Germany, which is a subsidiary of the company and fully consolidated in the consolidated financial statements, made use of the exemption pursuant to Section 264b of the German Commercial Code (HGB).

	2020 DKK '000	2019 DKK '000
28 Cash flow statement - adjustments		
Financial income	-28.755	-36.912
Financial expenses	151.500	59.762
Depreciation and impairment losses, incl. gain and loss on sale	228.519	210.273
Income on investments in associates	3.158	-1.312
Income tax in income statement	140.537	99.715
	494.959	331.526
29 Cash flow statement - change of working capital		
Change in inventories	-128.897	2.884
Change in receivables	40.385	-134.374
Change in other provisions	-16.139	6.675
Change in suppliers etc	75.692	55.622
	-28.959	-69.193

Parent Company Income Statement 1 January - 31 December

	Note	2020 DKK'000	2019 DKK'000
Revenue	1	25.181	39.273
Other external expenses		-3.574	-7.862
EBITDA		21.608	31.411
Amortisation, depreciation and impairment of property and other tangible assets	3	-5.671	-4.857
Profit/loss before financial income and expenses		15.937	26.554
Income from investments in group enterprises	4	303.801	236.838
Financial income	5	16.154	31.947
Financial expenses	6	-59.856	-4.946
Profit/loss before tax		276.035	290.393
Tax on profit/loss for the year, income	7	2.388	-13.083
Net profit/loss for the year		278.423	277.310

Parent Company Balance Sheet at 31 December

Assets

	Note	2020 DKK'000	2019 DKK'000
Land and buildings	8	153.750	81.421
Other tangible assets	8	200	200
Land and buildings in progress	8	0	45.992
Tangible assets		153.950	127.613
Investments in group enterprises	4	1.562.113	1.429.567
Receivables from group entities	9	111.450	0
Deferred tax assets	10	0	1.069
Other fixed asset investments	11	393	276
Fixed asset investments		1.673.956	1.430.912
Fixed assets		1.827.906	1.558.525
Receivables from group enterprises		320.334	374.589
Trade receivables		0	57
Other receivables		36	76
Corporation tax		6.249	0
Receivables		326.619	374.722
Cash and cash equivalents		16.595	1.303
Current assets		343.214	376.026
Assets		2.171.120	1.934.552

Parent Company Balance Sheet at 31 December

Liabilities and equity

	Note	2020	2019
Share capital		59.900	59.900
Reserve for revaluation under the equity method		773.882	649.114
Retained earnings		735.995	726.373
Proposed dividend for the year		50.000	50.000
Equity		1.619.777	1.485.387
Provisions for deferred tax	10	452	0
Provisions		452	0
Mortgage debt		192.577	48.611
Credit institutions		0	8.441
Long-term debt		192.577	57.052
Mortgage debt		10.705	3.414
Credit institutions		339.991	352.712
Trade payables		786	1.331
Payables to group companies		2.364	15.043
Payables to associates		1.965	3.399
Corporation tax		0	13.875
Other payables		2.502	2.339
Short-term debt		358.313	392.113
Debt		550.890	449.165
Liabilities and equity		2.171.120	1.934.552
Proposed distribution of profit	15		
Security/Continent liabilities	16		
Related parties and ownership	17		

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
Equity at 1 January 2020	59.900	649.114	726.373	50.000	1.485.387
Dividends paid	0	0	0	-50.000	-50.000
Exchange adjustments, foreign enterprises	0	-95.827	0	0	-95.827
Dividends received	0	-85.000	85.000	0	0
Other equity transactions	0	1.794	0	0	1.794
Net profit/loss for the year	0	303.801	-75.378	50.000	278.423
Equity 31. December 2020	59.900	773.882	735.995	50.000	1.619.777

Notes to the Parent Company Annual Report

	<u>2020</u>	<u>2019</u>
1 Revenue		
<u>Business segments:</u>	<u>Geography:</u>	
Rental income	Denmark	
	25.181	39.273
	<u>25.181</u>	<u>39.273</u>
2 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.		
3 Amortisation, depreciation and impairment of property and other tangible assets		
Land and buildings	-5.671	-4.857
	<u>-5.671</u>	<u>-4.857</u>
4 Investments in group enterprises		
Cost at 1 January	758.596	763.687
Additions during the year	0	3.300
Disposal during the year	0	-8.391
Cost at 31 December	<u>758.596</u>	<u>758.596</u>
Revaluation at 1 January	649.153	516.514
Revaluation for the year	303.801	236.838
Exchange	-95.827	-21.400
Dividend	-85.000	-110.705
Other equity transactions	1.794	27.906
Revaluation at 31 December	<u>773.921</u>	<u>649.153</u>
Carrying amount at 31 December	<u>1.532.517</u>	<u>1.407.749</u>
The carrying amount is specified as follows in the balance sheet:		
Fixed asset investments	1.562.113	1.429.567
Set off against receivables	-29.635	-21.857
	<u>1.532.478</u>	<u>1.407.710</u>

Notes to the Parent Company Annual Report

4 Investments in group enterprises (continued)

	<u>2020</u>	<u>2019</u>
The carrying amount at 31 December is specified as follows:		
Carrying amount at 1 January	1.407.710	1.280.201
Additions, cost	-	3.261
Disposals	-	-8.391
Net profit/loss for the year after tax	303.801	236.838
Distribution of dividend	(85.000)	-110.705
Other equity movements	1.794	27.906
Exchange adjustments	(95.827)	-21.400
Carrying amount at 31 December	<u>1.532.478</u>	<u>1.407.710</u>

Specification of investments in subsidiaries:

Name:	<u>Registered office</u>	<u>Share of ownership and votes</u>
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 Biosecurity A/S	Denmark	100%
Sanovo Logistic ApS	Denmark	100%
Sanovo Technology Brazil	Brazil	100%

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4 Investments in group enterprises (continued)

Specification of investments in subsidiaries: (continued)

	Registered office	Share of ownership and votes
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	Denmark	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%
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%

Notes to the Parent Company Annual Report

4 Investments in group enterprises (continued)

Specification of investments in subsidiaries: (continued)

	Registered office	Share of ownership and votes
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., 74%	Malaysia	74%

5 Financial income

	2020	2019
Interest income, group enterprises	14.771	22.357
Guarantee commission	121	2
Gain, foreign exchange	1.262	9.588
	16.154	31.947

6 Financial expenses

Interest, group enterprises	-72	-90
Loss, foreign exchange	-55.350	0
Interest, bank	-4.434	-4.856
	-59.856	-4.946

7 Tax on profit/loss for the year

Tax on profit/loss for the year is specified as follows:

Adjustment conc. previous years	-2.340	-1.556
Adjustment conc. previous years, deferred tax	0	1.276
Provision for the year for deferred tax	-1.521	1.072
Tax on taxable income	6.249	-13.875
	2.388	-13.083

No corporation tax has been paid in the financial year.

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8 Tangible fixed assets

	Land and buildings	Oth. fixtures, fittings, tools and equipment	Land and buildings in progress
	DKK '000	DKK '000	DKK '000
Cost at 1 January 2020	203.157	200	45.992
Transfer	45.992		-45.992
Additions during the year	32.008	0	0
Cost at 31 December 2020	<u>281.157</u>	<u>200</u>	<u>0</u>
Impairment losses and depreciation at 1 January 2020	-121.736	0	0
Depreciation for the year	-5.671	0	0
Impairment losses and depreciation at 31. december 2020	<u>-127.407</u>	<u>0</u>	<u>0</u>
Carrying amount at 31. December 2020	<u>153.750</u>	<u>200</u>	<u>0</u>
Depreciated over	<u>10-50 years</u>		

9 Receivables from group entities

	2020 DKK '000	2019 DKK '000
Cost at 1 January	0	0
Additions for the year	111.450	0
Cost at 31 December	<u>111.450</u>	<u>0</u>
Carrying amount at 31. December	<u>111.450</u>	<u>0</u>

Notes to the Parent Company Annual Report

	2020 DKK '000	2019 DKK '000
10 Provision for deferred tax		
Provision for deferred tax at 1 January	-1.069	1.279
Amounts recognized in the income statement for the year	1.521	-2.348
Provision for deferred tax at 31 December	452	-1.069
Deferred tax asset	0	-1.069
Provision for deferred tax	452	0
Provision for deferred tax at 31 December	452	-1.069
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.		
11 Other fixed asset investments		
Cost at 1 January	2.116	2.116
Cost at 31 December	2.116	2.116
Valuation adjustments at 1 January	-1.840	-1.510
Net profit/loss for the year	117	-330
Revaluations at 31 December	-1.723	-1.840
Carrying amount at 31 December	393	276

12 Debt

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

Other debt is recognised in long-term debt.

Notes to the Parent Company Annual Report

	<u>2020</u> DKK '000	<u>2019</u> DKK '000
13 Mortgage loans		
After 5 years	149.929	34.916
Between 1 and 5 years	42.648	13.695
Long-term part	<u>192.577</u>	<u>48.611</u>
Within 1 year	10.705	3.414
	<u>203.282</u>	<u>52.025</u>
14 Credit institutions		
Between 1 and 5 years	0	8.441
Long-term part	<u>0</u>	<u>8.441</u>
Within 1 year	339.991	352.712
	<u>339.991</u>	<u>361.153</u>
15 Proposed distribution of profit		
Extraordinary dividends in the year	0	100.000
Proposed dividend for the year	50.000	50.000
Reserve for net revaluation under the equity method	303.801	236.838
Retained earnings	-75.378	-109.528
	<u>278.423</u>	<u>277.310</u>

Notes to the Parent Company Annual Report

16 Security/Contingent liabilities

The company guarantees debts and guarantees of group enterprises of DKK 277,997k.

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 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 Food & Food Technology Group 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.

17 Related parties and ownership

	<u>Basis</u>
Controlling interest	
Thornico A/S, Odense	Controlling shareholder
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.