

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

Annual Report for 2021

CVR No 37 75 09 13

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 10 June 2022

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 Food & Food Technology Group A/S for the financial year 1 January – 31 December 2021.

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 2021 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

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

Odense, 10 June 2022

Executive Board

Christian Nicholas
Rosenkrantz Stadil

Supervisory Board

Thor Stadil

Ronald Lambertus Maria
Bouwens

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 2021, 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 2021, 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 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 10 June 2022

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, CVR No. 15960205, Denmark, (smallest group) and of Thornico Holding A/S, CVR No. 35258000, Denmark (largest group).

Group Chart

THORNICO

FOOD & FOOD TECHNOLOGY



FOOD

CONTROLLING INTEREST

Egg and cheese processing, trading and biotech

-
-
-
-
-
-
-
-
-
-



FOOD TECHNOLOGY

CONTROLLING INTEREST

Food processing machinery and meditech

-
-
-
-
-
-
-
-
-



PACKAGING

CONTROLLING INTEREST

Egg and fruit packaging solutions

-
-
-

* 50-80% ownership

Financial Highlights of the Group

	2021	2020	2019	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	5.617.788	4.895.663	4.951.500	4.516.632	4.242.798
Gross profit	1.820.165	1.878.046	1.677.239	1.504.539	1.731.359
EBITDA	699.097	861.823	659.095	557.105	380.876
Profit/loss before financial income and expenses (EBIT)	344.593	633.304	448.822	357.051	461.882
Net financials	49.548	-125.903	-21.538	-20.203	-137.209
Net profit/loss for the year	298.273	366.864	327.569	242.259	210.341
Balance sheet					
Balance sheet total	5.288.689	4.521.876	3.974.637	3.670.600	3.748.075
Equity	2.387.542	1.961.036	1.777.464	1.559.976	1.602.456
Investment in property, plant and equipment, including new subsidiaries	651.316	502.968	378.378	310.423	310.595
Cash flows					
Cash flows from:					
- operating activities	577.852	571.101	461.988	735.466	178.429
- investing activities	-665.572	-677.569	-370.969	-272.111	-81.989
- financing activities	187.495	240.256	-86.815	-472.285	-195.473
Changes for the year in cash and cash equivalents	99.775	133.788	4.204	-8.930	-99.033
Number of employees	4.136	3.368	3.214	3.203	3.146

Financial Highlights of the Group

	2021	2020	2019	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	32,4%	38,4%	33,9%	33,3%	40,8%
Profit margin	6,1%	12,9%	9,1%	7,9%	10,9%
Return on assets	6,5%	14,0%	11,3%	9,7%	12,3%
Solvency ratio	45,1%	43,4%	44,7%	42,5%	42,8%
Return on equity	12,5%	18,7%	18,4%	15,5%	13,1%

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

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 5,618m. Consolidated EBIT is DKK 345m which, in view of this year's drastic increases in raw material and energy prices, is considered reasonably satisfactory.

All verticals of the Group showed positive results for the year. Impairment loss recognition on non-current assets in South America influenced the results negatively by DKK 74m.

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

At the date of the Annual Report for 2020, Management expected results for 2021 at a significantly higher level than realised in 2021. The lower results were mainly due to increased raw material and energy prices.

Expected development

Management expect results for 2022 at the same level as realised for 2021. Necessary price increases are expected to compensate in part for expected increases in raw material, energy and freight costs.

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

On 24 February 2022 Russian military forces invaded Ukraine. The geopolitical tensions ensuing from the invasion has led to sharp increases in already high costs of raw materials and energy which are impacting the Group.

The Group's trade with Russian counterparts has in general been halted.

On 1 April 2022, a subsidiary announced the initiation of a sales process for the subsidiary's Russian activities with a view to leave Russia where the current political and economic climate prevents the realisation of the subsidiary's business plan. On the balance sheet date, the Russian entity is treated and valued as continuing operations as the subsidiary will continue to operate the facilities and fulfill obligations within the limits of imposed sanctions and restrictions. Management has assessed the potential impact from the resulting uncertainties on the estimated values for the liabilities and assets in the group's Russian entity as well as other potentially affected assets and liabilities.

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>

Report on Data Ethics policy

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

<https://www.thornico.com/contact/policies/>

Accounting Policies

Basis of Preparation

The Annual Report of Thornico Food & Food Technology Group A/S for 2021 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 2021 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 which is consequently recognised directly in the equity statement.

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. Land is not depreciated.

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

Estimated useful lives and residual values are reassessed annually.

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 recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprise's equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises and associates with a negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent Company has a legal or constructive obligation to cover the liabilities of the relevant enterprises, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises and associates is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 15-20 years.

Investments in group enterprises and associates are written down to the lower of recoverable amount and carrying amount.

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	2021 DKK 'ooo	2020 DKK 'ooo
Revenue	2	5.617.788	4.895.663
Other income on operations	3	6.380	14.074
Expenses for raw materials and consumables		-2.982.555	-2.216.816
Other external expenses	4	-821.448	-814.875
Gross profit		1.820.165	1.878.046
Staff expenses	5	-1.121.068	-1.016.223
EBITDA		699.097	861.823
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-354.504	-228.519
Profit/loss before financial income and expenses		344.593	633.304
Income from investments in associates after tax	7	307	-3.158
Financial income	8	107.886	28.755
Financial expenses	9	-58.645	-151.500
Profit/loss before tax		394.141	507.401
Tax on profit/loss for the year	10	-95.868	-140.537
Net profit/loss for the year		298.273	366.864

Consolidated Balance Sheet at 31 December

Assets

	Note	2021 DKK '000	2020 DKK '000
Acquired rights	11	124.085	89.431
Completed development projects	11	84.351	73.553
Goodwill	11	186.258	150.810
Intangible assets		394.694	313.794
Land and buildings	12	825.284	666.115
Plant and machinery	12	986.836	896.344
Other fixtures, fittings, tools and equipment	12	69.263	63.513
Property, plant and equipment in progress	12	359.478	230.586
Property, plant and equipment		2.240.861	1.856.558
Investments in associates	13	10.895	32.891
Other fixed asset investments	14	15.685	12.409
Fixed asset investments		26.580	45.300
Fixed assets		2.662.135	2.215.652

Consolidated Balance Sheet at 31 December

Assets

	Note	2021 DKK '000	2020 DKK '000
Inventories	15	835.845	772.507
Trade receivables		912.487	766.094
Receivables from group companies		20.472	102.956
Receivables from associates		3.813	4.500
Receivable corporation tax		38.543	18.892
Deferred tax assets	16	77.593	54.960
Other receivables		217.995	192.418
Prepayments	17	40.381	39.926
Receivables		1.311.284	1.179.746
Cash and cash equivalents		479.425	353.971
Current assets		2.626.554	2.306.224
Assets		5.288.689	4.521.876

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2021 DKK '000	2020 DKK '000
Share capital		59.900	59.900
Reserve for development expenditure		84.351	73.553
Hedging reserve		-7.754	1.460
Translation reserve		17.825	-95.827
Retained earnings		1.705.363	1.530.691
Proposed dividend for the year		100.000	50.000
		<hr/>	<hr/>
Equity excl. minority interests		1.959.685	1.619.777
Minority interests		427.857	341.259
		<hr/>	<hr/>
Equity		2.387.542	1.961.036
Provision for deferred tax	16	64.673	49.133
Pension obligations	18	9.600	35.200
Other provisions	19	27.413	20.968
		<hr/>	<hr/>
Provisions		101.686	105.301

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2021 DKK '000	2020 DKK '000
Mortgage debt	21	202.235	196.378
Credit institutions	22	842.745	689.400
Other payables	23	18.513	4.373
Long-term debt	20	1.063.493	890.151
Mortgage debt	21	14.296	10.705
Credit institutions	22	668.886	594.184
Trade payables		509.537	443.092
Payables to group companies		980	1.216
Payables to associates		18.871	7.412
Corporation tax		56.215	54.554
Other payables	23	467.183	454.225
Short-term debt		1.735.968	1.565.388
Debt		2.799.461	2.455.539
Liabilities and equity		5.288.689	4.521.876
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 2021	59.900	73.553	1.460	-95.827	1.530.691	50.000	1.619.777	341.259	1.961.036
Net profit/loss for the year	0	10.798	0	0	159.775	100.000	270.573	27.700	298.273
Actuarial gain/loss on defined benefit plans	0	0	0	0	17.194	0	17.194	7.506	24.700
Tax	0	0	-427	27.829	-2.297	0	25.105	-2.765	22.340
Exchange adjustments, foreign enterprises	0	0	0	85.823	0	0	85.823	34.882	120.705
Value adjustment of hedging instruments	0	0	-8.787	0	0	0	-8.787	-3.799	-12.586
Transfers, reserves	0	0	0	0	0	0	0	0	0
Capital increases	0	0	0	0	0	0	0	23.074	23.074
Dividend paid	0	0	0	0	0	-50.000	-50.000	0	-50.000
Equity at 31 December 2021	59.900	84.351	-7.754	17.825	1.705.363	100.000	1.959.685	427.857	2.387.542

Consolidated Cash Flow Statement

	Note	2021 DKK '000	2020 DKK '000
Net profit/loss for the year		298.273	366.864
Adjustments	28	400.824	494.959
Change in working capital	29	-41.381	-28.959
Cash flows from operating activities before financial income and expenses		657.716	832.864
Financial income		107.886	28.755
Financial expenses		-58.645	-151.500
Income taxes paid/received		-129.105	-139.018
Cash flows from operating activities		577.852	571.101
Purchase of intangible assets		-70.592	-174.311
Purchase of property, plant and equipment		-522.186	-365.090
Acquisition of subsidiaries		-129.130	-137.878
Sale of property, plant and equipment		56.336	-290
Cash flows from investing activities		-665.572	-677.569

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2021</u> DKK '000	<u>2020</u> DKK '000
Raising/repayment provisions incl. badwill		0	23.675
Raising/repayment of mortgage loans		9.448	150.928
Raising/repayment of loans from credit institutions		228.047	115.653
Dividends paid		-50.000	-50.000
Cash flows from financing activities		187.495	240.256
Changes in cash and cash equivalents		99.775	133.788
Cash and cash equivalents at 1 January		353.971	218.829
Exchange adjustments, beginning of year		25.679	1.354
Cash and cash equivalents at 31 December		479.425	353.971
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		479.425	353.971
Cash and cash equivalents at 31 December		479.425	353.971

Notes to the Consolidated Annual Report

1 Events after the balance sheet date

On 24 February 2022 Russian military forces invaded Ukraine. The geopolitical tensions ensuing from the invasion has led to sharp increases in already high costs of raw materials and energy which are impacting the Group.

The Group's trade with Russian counterparts has in general been halted.

On 1 April 2022, a subsidiary announced the initiation of a sales process for the subsidiary's Russian activities with a view to leave Russia where the current political and economic climate prevents the realisation of the subsidiary's business plan. On the balance sheet date, the Russian entity is treated and valued as continuing operations as the subsidiary will continue to operate the facilities and fulfill obligations within the limits of imposed sanctions and restrictions. Management has assessed the potential impact from the resulting uncertainties on the estimated values for the liabilities and assets in the group's Russian entity as well as other potentially affected assets and liabilities.

2 Revenue

	Eurasia	Rest of the world	Total
	DKK '000	DKK '000	DKK '000
<u>Business segments:</u>			
Food ingredients	1.691.960	93.254	1.785.214
Food Technology	503.103	540.008	1.043.111
Packaging	1.770.609	1.018.854	2.789.463
Total revenue 2021	3.965.672	1.652.116	5.617.788

3 Other income on operations

	2021 DKK '000	2020 DKK '000
COVID-19 compensation, fixed costs	0	2.941
COVID-19 compensation, salaries	6.380	11.133
	6.380	14.074

Notes to the Consolidated Annual Report

	2021 DKK '000	2020 DKK '000
4 Fee to shareholder appointed auditor		
Fee to Deloitte		
Statutory audit	4.302	3.917
Tax and VAT related services	40	700
Other services	500	1.000
	<u>4.842</u>	<u>5.617</u>
Fee to other auditors		
Statutory audit	2.011	1.766
Tax and VAT related services	242	115
Other services	237	202
	<u>2.490</u>	<u>2.083</u>
Total fee to auditors		
Statutory audit	6.313	5.683
Tax and VAT related services	282	815
Other services	737	1.202
	<u>7.332</u>	<u>7.700</u>
5 Staff expenses		
Salaries	-970.810	-891.453
Pensions	-82.392	-70.797
Other social security expenses	-67.866	-53.973
	<u>-1.121.068</u>	<u>-1.016.223</u>
Including remuneration to Executive and Supervisory Boards	<u>-200</u>	<u>-200</u>
Average number of employees	<u>4.136</u>	<u>3.368</u>

Notes to the Consolidated Annual Report

	2021 DKK '000	2020 DKK '000
6 Amortisation, depreciation and impairment of property, plant and equipment and intangible assets		
Intangible assets	-55.811	-34.315
Buildings, Plant and machinery	-226.638	-193.561
Impairment losses	-73.600	0
Profit/loss on disposals of the year	1.545	-643
	-354.504	-228.519
7 Income from investments in associates before tax		
Share of profit in associates	307	-3.158
	307	-3.158
8 Financial income		
Exchange adjustments	96.458	16.635
Financial income, Group	5.289	4.536
Other financial income	6.139	7.584
	107.886	28.755
9 Financial expenses		
Exchange adjustments	-22.270	-124.485
Other financial expenses	-36.375	-27.015
	-58.645	-151.500
10 Tax on profit/loss for the year		
Current tax for the year	-107.859	-118.725
Deferred tax for the year	15.247	-20.293
Adjustment concerning previous years	-3.256	-1.519
Other taxes	0	0
Total tax for the year	-95.868	-140.537

Notes to the Consolidated Annual Report

	Acquired rights	Completed development projects	Goodwill
	DKK '000	DKK '000	DKK '000
11 Intangible assets			
Cost at 1 January	134.066	136.238	239.604
Exchange adjustment	11.065	-30	6.222
Additions on acquisition of subsidiaries	17.011	0	48.600
Additions for the year	33.775	32.811	6.479
Disposals for the year	-1.694	-731	0
Cost at 31 December	<u>194.223</u>	<u>168.288</u>	<u>300.905</u>
Impairment losses and amortisation at 1 January	-44.635	-62.685	-88.794
Exchange adjustment	-3.611	10	1.196
Additions on acquisition of subsidiaries	-292	0	-400
Impairment losses	-3.200	0	-12.000
Amortisation for the year	-19.900	-21.262	-14.649
Impairment losses and amortisation on assets sold	1.500	0	0
Impairment losses and amortisation at 31 December	<u>-70.138</u>	<u>-83.937</u>	<u>-114.647</u>
Carrying amount at 31 December	<u>124.085</u>	<u>84.351</u>	<u>186.258</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 2021	1.226.814	2.845.734	257.863	230.586
Exchange adjustment	52.991	104.449	5.920	15.500
Additions on acquisition of subsidiaries	93.074	85.233	45.909	
Additions during the year	108.487	177.512	39.869	113.392
Disposals during the year	<u>-12.784</u>	<u>-89.059</u>	<u>-80.388</u>	
Cost at 31 December 2021	<u>1.468.582</u>	<u>3.123.869</u>	<u>269.173</u>	<u>359.478</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 2021	-563.134	-1.949.390	-194.350	0
Exchange adjustment	-12.334	-59.840	-2.757	0
Additions on acquisition of subsidiaries	-6.260	-32.555	-478	0
Impairment losses	-24.200	-31.800	-2.400	0
Depreciation for the year	-46.222	-157.960	-22.456	0
Impairment losses and depreciation on assets sold	<u>8.852</u>	<u>94.512</u>	<u>22.531</u>	<u>0</u>
Impairment losses and depreciation at 31. december 2021	<u>-643.298</u>	<u>-2.137.033</u>	<u>-199.910</u>	<u>0</u>
Carrying amount at 31. december 2021	<u>825.284</u>	<u>986.836</u>	<u>69.263</u>	<u>359.478</u>

Leased assets are included with the amount of DKK 1,5 million.

Depreciated over	<u>10-50 years</u>	<u>5-10 years</u>	<u>3-8 years</u>
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Notes to the Consolidated Annual Report

	2021	2020
	DKK '000	DKK '000
13 Investments in associates		
Cost at 1 January	31.733	23.779
Net effect from merger and acquisition	-22.303	-250
Additions during the year	0	8.204
Cost at 31 December	<u>9.430</u>	<u>31.733</u>
Valuation adjustments at 1 January	1.158	2.087
Exchange adjustment, beginning of year	0	218
Net effect from merger and acquisition	0	2.011
Net profit/loss for the year	<u>307</u>	<u>-3.158</u>
Revaluations at 31 December	<u>1.465</u>	<u>1.158</u>
Carrying amount at 31 December	<u>10.895</u>	<u>32.891</u>

Specification of investments in associates:

Name:	Registered office	Share of ownership and votes
DanFiber A/S	Allerød, Denmark	32%
Ovo Track BV	Netherlands	50%

Notes to the Consolidated Annual Report

	2021	2020
	DKK '000	DKK '000
14 Other fixed asset investments		
Cost at 1 January	10.750	12.190
Exchange adjustment	536	0
Additions during the year	2.740	0
Disposals during the year	0	-1.440
Cost at 31 December	<u>14.026</u>	<u>10.750</u>
Valuation adjustments at 1 January	1.659	0
Net profit/loss for the year	0	1.659
Revaluations at 31 December	<u>1.659</u>	<u>1.659</u>
Carrying amount at 31 December	<u>15.685</u>	<u>12.409</u>
15 Inventories		
Raw materials and consumables	374.067	366.293
Work in progress	66.526	75.779
Finished goods and goods for resale	<u>395.252</u>	<u>330.435</u>
	<u>835.845</u>	<u>772.507</u>
16 Provision for deferred tax		
Provision for deferred tax at 1 January	-5.827	-32.960
Amounts recognized in the income statement for the year	15.247	20.293
Amounts recognised in equity for the year	-22.340	6.840
Provision for deferred tax at 31 December	<u>-12.920</u>	<u>-5.827</u>

Notes to the Consolidated Annual Report

	2021 DKK '000	2020 DKK '000
16 Provision for deferred tax (continued)		
Deferred tax asset	-77.593	-54.960
Provision for deferred tax	64.673	49.133
Provision for deferred tax at 31 December	-12.920	-5.827

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.

	2021 DKK '000	2020 DKK '000
17 Prepayments		
Prepayments at 1 January	39.926	17.604
Amounts for the year	455	22.322
Prepayments at 31 December	40.381	39.926

18 Pension obligations		
Pension obligations at 1 January	35.200	32.200
Amounts for the year	-25.600	3.000
Pension obligations at 31 December	9.600	35.200

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	20.968	40.107
Amounts for the year	6.445	-19.139
Other provisions at 31 December	27.413	20.968

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.

	2021 DKK '000	2020 DKK '000
21 Mortgage loans		
After 5 years	144.978	149.929
Between 1 and 5 years	57.257	46.449
Long-term part	202.235	196.378
Within 1 year	14.296	10.705
	216.531	207.083
22 Credit institutions		
After 5 years	1.472	0
Between 1 and 5 years	841.273	689.400
Long-term part	842.745	689.400
Within 1 year	668.886	594.184
	1.511.631	1.283.584
23 Other payables		
After 5 years	0	0
Between 1 and 5 years	18.513	4.373
Long-term part	18.513	4.373
Within 1 year	467.183	454.225
	485.696	458.598

Notes to the Consolidated Annual Report

	2021 DKK '000	2020 DKK '000
24 Proposed distribution of profit		
Proposed dividend for the year	100.000	50.000
Minority interests' share of net profit/loss of subsidiaries	27.700	88.441
Retained earnings	159.775	228.423
	287.475	366.864

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 196 million in property valued at 147 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.

The company guarantees debts and guarantees of Thornico A/S of DKK 40 million.

Rental and lease obligations

Rental and lease obligations of the group amount to DKK 76 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 in which Thornico Holding A/S serves as the administration company.

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

	<u>Basis</u>
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).

	<u>2021</u>	<u>2020</u>
	DKK '000	DKK '000
28 Cash flow statement - adjustments		
Financial income	-107.886	-28.755
Financial expenses	58.645	151.500
Depreciation and impairment losses, incl. gain and loss on sale	354.504	228.519
Income on investments in associates	-307	3.158
Income tax in income statement	95.868	140.537
	<u>400.824</u>	<u>494.959</u>
29 Cash flow statement - change of working capital		
Change in inventories	-63.338	-128.897
Change in receivables	-89.254	40.385
Change in other provisions	6.445	-16.139
Change in suppliers etc	104.766	75.692
	<u>-41.381</u>	<u>-28.959</u>

Parent Company Income Statement 1 January - 31 December

	Note	2021 DKK'000	2020 DKK'000
Revenue	1	25.949	25.181
Other external expenses		-6.968	-3.574
EBITDA		18.981	21.608
Amortisation, depreciation and impairment of property and other tangible assets	3	-7.172	-5.671
Profit/loss before financial income and expenses		11.808	15.937
Income from investments in group enterprises	4	209.948	303.801
Financial income	5	68.977	16.154
Financial expenses	6	-4.518	-59.856
Profit/loss before tax		286.215	276.035
Tax on profit/loss for the year, income	7	-15.639	2.388
Net profit/loss for the year		270.576	278.423

Parent Company Balance Sheet at 31 December

Assets

	Note	2021 DKK'000	2020 DKK'000
Land and buildings	8	147.157	153.750
Other tangible assets	8	345	200
Tangible assets		147.502	153.950
Investments in group enterprises	4	2.013.537	1.562.113
Receivables from group entities	9	110.069	111.450
Other fixed asset investments	11	547	393
Fixed asset investments		2.124.153	1.673.956
Fixed assets		2.271.655	1.827.906
Receivables from group enterprises		93.349	320.334
Trade receivables		0	0
Prepayments		83	36
Other receivables		11.896	0
Corporation tax		0	6.249
Receivables		105.328	326.619
Cash and cash equivalents		158.457	16.595
Current assets		263.785	343.214
Assets		2.535.440	2.171.120

Parent Company Balance Sheet at 31 December

Liabilities and equity

	Note	2021	2020
Share capital		59.900	59.900
Reserve for revaluation under the equity method		1.063.162	773.882
Retained earnings		736.623	735.995
Proposed dividend for the year		100.000	50.000
Equity		1.959.685	1.619.777
Provisions for deferred tax	10	1.011	452
Provisions		1.011	452
Mortgage debt		181.809	192.577
Credit institutions		0	0
Long-term debt		181.809	192.577
Mortgage debt		10.787	10.705
Credit institutions		323.847	339.991
Trade payables		0	786
Payables to group companies		37.427	2.364
Payables to associates		3.012	1.965
Corporation tax		14.295	0
Other payables		3.569	2.502
Short-term debt		392.935	358.313
Debt		574.744	550.890
Liabilities and equity		2.535.440	2.171.120
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 2021	59.900	773.882	735.995	50.000	1.619.777
Dividends paid	0	0	0	-50.000	-50.000
Exchange adjustments, foreign enterprises	0	119.332 0	0	0	119.332
Dividends received	0	-40.000	40.000	0	0
Other equity transactions	0	0	0	0	0
Net profit/loss for the year	0	209.948	-39.372	100.000	270.576
Equity 31. December 2021	59.900	1.063.162	736.623	100.000	1.959.685

Notes to the Parent Company Annual Report

	2021	2020
1 Revenue		
<u>Business segments:</u>		
	<u>Geography:</u>	
Rental income	Denmark 25.949	25.181
	<u>25.949</u>	<u>25.181</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	-7.172	-5.671
	<u>-7.172</u>	<u>-5.671</u>
4 Investments in group enterprises		
Cost at 1 January	758.596	758.596
Additions during the year	157.040	0
Disposal during the year	0	0
Cost at 31 December	<u>915.636</u>	<u>758.596</u>
Revaluation at 1 January	773.921	649.153
Revaluation for the year	209.948	303.801
Exchange	119.332	-95.827
Dividend	-40.000	-85.000
Other equity transactions	0	1.794
Revaluation at 31 December	<u>1.063.201</u>	<u>773.921</u>
Carrying amount at 31 December	<u>1.978.837</u>	<u>1.532.517</u>
The carrying amount is specified as follows in the balance sheet:		
Fixed asset investments	2.013.537	1.562.113
Set off against receivables	-34.734	-29.635
	<u>1.978.803</u>	<u>1.532.478</u>

Notes to the Parent Company Annual Report

4 Investments in group enterprises (continued)

	2021	2020
The carrying amount at 31 December is specified as follows:		
Carrying amount at 1 January	1.532.478	1.407.710
Additions, cost	157.040	0
Disposals	-	0
Net profit/loss for the year after tax	209.948	303.801
Distribution of dividend	(40.000)	-85.000
Other equity movements		1.794
Exchange adjustments	119.337	-95.827
Carrying amount at 31 December	1.978.803	1.532.478

Specification of investments in subsidiaries:

Name:	Registered office	Share of ownership and votes
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 SDN BHD	China	100%
Sanovo Technology Mexico S.A. DE C.V.	Mexico	100%
Sanovo Technology Biosecurity A/S	Denmark	100%
Sanovo Logistic ApS	Denmark	100%
Sanovo Technology Comercio de Maquinas Ltda.	Brazil	100%

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
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 K/S	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 Ltd.	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	81%
Sanovo Egg Packaging Chuzhou Ltd.	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%
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.,	Malaysia	100%

5 Financial income

	2021	2020
Interest income, group enterprises	15.461	14.771
Guarantee commission	157	121
Gain, foreign exchange	53.360	1.262
	<u>68.977</u>	<u>16.154</u>

6 Financial expenses

Interest, group enterprises	-149	-72
Loss, foreign exchange	0	-55.350
Interest, bank	-4.370	-4.434
	<u>-4.518</u>	<u>-59.856</u>

7 Tax on profit/loss for the year

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

Adjustment conc. previous years	-785	-2.340
Adjustment conc. previous years, deferred tax	0	0
Provision for the year for deferred tax	-559	-1.521
Tax on taxable income	-14.295	6.249
	<u>-15.639</u>	<u>2.388</u>

No corporation tax has been paid in the financial year.

Notes to the Parent Company Annual Report

8 Tangible fixed assets

	Land and buildings	Oth. fixtures, fittings, tools and equipment
	DKK '000	DKK '000
Cost at 1 January 2021	281.157	200
Transfer		
Additions during the year	579	145
	<hr/>	<hr/>
Cost at 31 December 2021	281.736	345
	<hr/>	<hr/>
Impairment losses and depreciation at 1 January 2021	-127.407	0
Depreciation for the year	-7.172	0
	<hr/>	<hr/>
Impairment losses and depreciation at 31. december 2021	-134.579	0
	<hr/>	<hr/>
Carrying amount at 31. December 2021	147.157	345

Depreciated over

10-50 years

9 Receivables from group entities

	2021 DKK '000	2020 DKK '000
Cost at 1 January	111.450	0
Additions for the year	-1.381	111.450
	<hr/>	<hr/>
Cost at 31 December	110.069	111.450
	<hr/>	<hr/>
Carrying amount at 31. December	110.069	111.450

Notes to the Parent Company Annual Report

	2021 DKK '000	2020 DKK '000
10 Provision for deferred tax		
Provision for deferred tax at 1 January	452	-1.069
Amounts recognized in the income statement for the year	559	1.521
Provision for deferred tax at 31 December	1.011	452
Deferred tax asset	0	0
Provision for deferred tax	1.011	452
Provision for deferred tax at 31 December	1.011	452

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	-1.723	-1.840
Net profit/loss for the year	154	117
Revaluations at 31 December	-1.569	-1.723
Carrying amount at 31 December	547	393

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

	2021 DKK '000	2020 DKK '000
13 Mortgage loans		
After 5 years	138.936	149.929
Between 1 and 5 years	42.873	42.648
Long-term part	181.809	192.577
Within 1 year	10.787	10.705
	192.595	203.282
14 Credit institutions		
Between 1 and 5 years	0	0
Long-term part	0	0
Within 1 year	323.847	339.991
	323.847	339.991
15 Proposed distribution of profit		
Extraordinary dividends in the year	0	0
Proposed dividend for the year	100.000	50.000
Reserve for net revaluation under the equity method	209.948	303.801
Retained earnings	-39.372	-75.378
	270.576	278.423

Notes to the Parent Company Annual Report

16 Security/Contingent liabilities

The company guarantees debts and guarantees of group enterprises of DKK 239,505k.

Contingent liabilities in relation to jointly taxed income.

Thornico Food & Food Technology Group A/S is jointly taxed with its Danish group related companies in which Thornico Holding A/S serves as the administration company.

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.