

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

Annual Report for 2019

CVR No 37 75 09 13

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24 June 2020


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 2019.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2019.

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

Odense, 24 June 2020

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 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The consolidated Financial Statements and the parent financial statements are prepared in accordance with the Danish financial statements act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the consolidated financial statements and parent financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 24 June 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Gert Rasmussen
State Authorised Public Accountant
Identification No: mne35430

Company Information

The Company

Thornico 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

-
-
-
-
-
-
-
-
-
-



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

	2019	2018	2017	2016	2015
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	4.951.500	4.516.632	4.242.798	4.544.431	4.280.211
Gross profit	1.677.239	1.504.539	1.731.359	1.766.805	1.950.496
EBITDA	659.095	557.105	380.876	538.400	403.007
Profit/loss before financial income and expenses	448.822	357.051	461.882	245.130	449.764
Net financials	-21.538	-20.203	-137.209	-139.360	-154.305
Net profit/loss for the year	327.569	242.259	210.341	394.338	394.338
Balance sheet					
Balance sheet total	3.974.637	3.670.600	3.748.075	4.236.159	3.588.955
Equity	1.777.464	1.559.976	1.602.456	1.783.005	1.370.303
Investment in property, plant and equipment	378.378	310.423	310.595	824.700	384.130
Cash flows					
Cash flows from:					
- operating activities	461.988	735.466	178.429	492.321	8.616
- investing activities	-370.969	-272.111	-81.989	-680.136	-338.562
- financing activities	-86.815	-472.285	-195.473	242.213	424.108
Changes for the year in cash and cash equivalents	4.204	-8.930	-99.033	54.398	94.162
Number of employees	3.214	3.203	3.146	3.142	2.931

Financial Highlights of the Group

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	33,9%	33,3%	40,8%	38,9%	45,6%
Profit margin	9,1%	7,9%	10,9%	5,4%	10,5%
Return on assets	11,3%	9,7%	12,3%	5,8%	12,5%
Solvency ratio	44,7%	42,5%	42,8%	42,1%	38,2%
Return on equity	18,4%	15,5%	13,1%	22,1%	28,8%

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

Management Commentary

Main activity

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

Development in activities and financial circumstances

The Annual Report for the Group shows consolidated sales of DKK 4,951,500 k. Consolidated EBIT is DKK 448,822 compared to DKK 357,051 in 2018, an increase of DKK 91,771. This is considered satisfactory, and in line with the strategic plans for the Group.

Capital resources

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

Special risks

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

Strategy and objectives

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

Research and development

The Group incurs material expenses for both research and development to create a basis for the future positive financial development. The Group still recruits and retains competent employees, who currently receive in-house training.

Environment

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

Management Commentary

Subsequent events

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

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

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

At the date of the the Annual Report for 2018 Management expected improved results for 2019 compared to 2018. This expectation has been met with an increase in EBIT for the Group of DKK 91,771k.

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

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

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

Accounting Policies

Basis of Preparation

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

The accounting policies remain unchanged and are in accordance with the accounting policies applied in previous years. The Parent Company and the consolidated Financial Statements for 2019 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, real estate, sport & fashion, and shipping. The revenue of each business area has in turn been allocated geographically.

Other operating income

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

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Income from investments in group enterprises and associates

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

Financial income and expenses

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

Tax on profit/loss for the year

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

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

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

Balance Sheet

Intangible assets

Goodwill

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

Other intangible assets

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

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

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

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

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

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

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

Property, plant and equipment

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

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

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

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

Investments in group enterprises and associates

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

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

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

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

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

Other fixed asset investments

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

Inventories

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

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

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

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

Receivables

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

Cash and cash equivalents

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

Equity

Dividend

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

Provisions

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

Deferred tax assets and liabilities

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

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

Other debts

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

Deferred income

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

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Explanation of financial ratios

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

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

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

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

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

Consolidated Income Statement 1 January-31 December

	Note	2019 DKK '000	2018 DKK '000
Revenue	2	4.951.500	4.516.632
Expenses for raw materials and consumables		-2.527.282	-2.263.189
Other external expenses		-746.979	-748.904
Gross profit		1.677.239	1.504.539
Staff expenses	4	-1.018.144	-947.434
EBITDA		659.095	557.105
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	5	-210.273	-200.054
Profit/loss before financial income and expenses		448.822	357.051
Income from investments in associates after tax	6	1.312	1.626
Financial income	7	36.912	49.852
Financial expenses	8	-59.762	-71.681
Profit/loss before tax		427.284	336.848
Tax on profit/loss for the year	9	-99.715	-94.589
Net profit/loss for the year		327.569	242.259

Consolidated Balance Sheet at 31 December

Assets

	Note	2019 DKK '000	2018 DKK '000
Goodwill	10	118.060	129.201
Other intangible assets	10	94.807	68.759
Intangible assets		212.867	197.960
Land and buildings	11	637.066	585.256
Plant and machinery	11	878.095	781.398
Other fixtures, fittings, tools and equipment	11	58.401	59.873
Property, plant and equipment in progress	11	99.155	74.285
Property, plant and equipment		1.672.717	1.500.812
Investments in associates	12	25.866	27.273
Deferred tax assets		42.279	51.082
Other fixed asset investments		12.190	24.380
Fixed asset investments		80.335	102.735
Fixed assets		1.965.919	1.801.506

Consolidated Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2019</u> DKK '000	<u>2018</u> DKK '000
Inventories	14	643.610	646.494
Trade receivables		830.996	718.435
Receivables from group companies		76.167	91.057
Receivables from associates		15.549	3.860
Other receivables		223.567	198.553
Receivables		1.146.279	1.011.905
Cash and cash equivalents		218.829	210.695
Current assets		2.008.718	1.869.094
Assets		3.974.637	3.670.600

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2019 DKK '000	2018 DKK '000
Share capital		59.900	59.900
Retained earnings		1.375.487	1.141.675
Proposed dividend for the year		50.000	100.000
		<hr/>	<hr/>
Equity excl. minority interests		1.485.387	1.301.575
Minority interests		292.077	258.401
		<hr/>	<hr/>
Equity		1.777.464	1.559.976
Provision for deferred tax	13	9.319	16.794
Other provisions	14	72.307	65.632
		<hr/>	<hr/>
Provisions		81.626	82.426

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2019 DKK '000	2018 DKK '000
Mortgage debt	16	52.741	56.479
Credit institutions	17	619.751	729.809
Other payables	18	22.814	16.857
Long-term debt	15	695.306	803.145
Mortgage debt	16	3.414	4.398
Credit institutions	17	548.180	399.420
Trade payables		380.465	757.067
Payables to group companies		12.814	7.920
Payables to associates		15.044	9.644
Corporation tax		38.394	46.604
Other payables	18	421.930	0
Short-term debt		1.420.241	1.225.053
Debt		2.115.547	2.028.198
Liabilities and equity		3.974.637	3.670.600
Proposed distribution of profit	19		
Contingent liabilities and other financial obligations	20		
Related parties and ownership	21		

Statement of changes in consolidated Equity

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2019	59.900	1.241.675	0	1.301.575	258.401	1.559.976
Dividends	0	0	0	0	-19.988	-19.988
Extraordinary dividends	0	-100.000	0	-100.000	0	-100.000
Exchange adjustments, foreign enterprises	0	6.502	0	6.502	3.405	9.907
Net profit/loss for the year	0	227.310	50.000	277.310	50.259	327.569
Equity at 31 December 2019	59.900	1.375.487	50.000	1.485.387	292.077	1.777.464

Consolidated Cash Flow Statement

	Note	2019 DKK '000	2018 DKK '000
Net profit/loss for the year		327.569	242.259
Adjustments	22	331.526	314.846
Change in working capital	23	-69.193	250.911
Cash flows from operating activities before financial income and expenses		589.902	808.016
Financial income		36.912	49.852
Financial expenses		-59.762	-71.681
Received dividend from associated		0	1.626
Income taxes paid/received		-105.064	-52.347
Cash flows from operating activities		461.988	735.466
Purchase of intangible assets		-10.886	-37.164
Purchase of property, plant and equipment		-378.378	-310.423
Purchase of financial assets		0	-16.174
Sale of property, plant and equipment		18.295	91.650
Cash flows from investing activities		-370.969	-272.111

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2019</u> DKK '000	<u>2018</u> DKK '000
Raising/repayment provisions incl. badwill		-800	-1.219
Raising/repayment of mortgage loans		-4.722	7.056
Raising/repayment of loans from credit institutions		38.702	-208.130
Dividends paid		-119.995	-269.992
Cash flows from financing activities		-86.815	-472.285
Changes in cash and cash equivalents		4.204	-8.930
Cash and cash equivalents at 1 January		210.695	241.688
Exchange adjustments, beginning of year		3.930	-22.063
Cash and cash equivalents at 31 December		218.829	210.695
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		218.829	210.695
Cash and cash equivalents at 31 December		218.829	210.695

Notes to the Consolidated Annual Report

1 Events after the balance sheet date

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

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

2 Revenue

	Europe	Americas	Asia	Other countries	Global	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<u>Business segments:</u>						
Food ingredients	550.022	66.714	817.856	53.321	0	1.487.913
Food Technology and Packaging	1.405.800	950.600	39.838	0	1.067.349	3.463.587
Total revenue 2019	1.955.822	1.017.314	857.694	53.321	1.067.349	4.951.500

3 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.

	2019	2018
	DKK '000	DKK '000
4 Staff expenses		
Salaries	-896.088	-829.106
Pensions	-69.907	-65.564
Other social security expenses	-52.149	-52.764
	-1.018.144	-947.434
Including remuneration to Executive and Supervisory Boards	-200	-100
Average number of employees	3.214	3.203

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
5 Amortisation, depreciation and impairment of property, plant and equipment and intangible assets		
Intangible assets	-20.456	-17.745
Buildings, Plant and machinery	-190.440	-184.375
Profit/loss on disposals of the year	5.844	2.066
	<u>-205.052</u>	<u>-200.054</u>
6 Income from investments in associates before tax		
Share of profit in associates	1.312	1.626
	<u>1.312</u>	<u>1.626</u>
7 Financial income		
Exchange adjustments	17.127	30.252
Other financial income	19.785	19.600
	<u>36.912</u>	<u>49.852</u>
8 Financial expenses		
Exchange adjustments	-25.918	-8.322
Other financial expenses	-33.844	-63.359
	<u>-59.762</u>	<u>-71.681</u>
9 Tax on profit/loss for the year		
Current tax for the year	-102.963	-89.224
Deferred tax for the year	-2.867	-4.027
Adjustment concerning previous years	6.109	-756
Other taxes	6	-582
Total tax for the year	<u>-99.715</u>	<u>-94.589</u>

Notes to the Consolidated Annual Report

	Goodwill	Other intangible assts
	DKK '000	DKK '000
10 Intangible assets		
Cost at 1 January	197.333	137.762
Exchange adjustment, beginning of year	100	7.100
Exchange adjustment of the year	-1.000	6.102
Additions for the year	0	10.886
	<hr/>	<hr/>
Cost at 31 December	196.433	161.850
	<hr/>	<hr/>
Impairment losses and amortisation at 1 January	-68.132	-69.003
Exchange adjustment, beginning of year	0	-1.900
Exchange adjustment of the year	-114	1.640
Impairment losses and amortisation for the year	-10.127	-10.329
Impairment losses and amortisation on assets sold	0	12.549
	<hr/>	<hr/>
Impairment losses and amortisation at 31 December	-78.373	-67.043
	<hr/>	<hr/>
Carrying amount at 31 December	118.060	94.807
	<hr/>	<hr/>
Amortised over	20 years	3-20 years
	<hr/>	<hr/>

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

Notes to the Consolidated Annual Report

11 Property, plant and equipment

	Land and buildings	Plant and machinery	Oth. fixtures, fittings, tools and equipment	Property, plant and equipment in progress
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January 2019	1.115.761	2.650.359	254.226	74.285
Exchange adjustment, beg.	17.770	16.700	2.900	0
Exchange adjustment	-10.397	-8.942	-2.498	0
Reclassification	-192	134.424	-12.670	-89.714
Additions during the year	76.337	164.109	23.348	114.584
Disposals during the year	-3.000	-52.591	-12.611	0
Cost at 31 December 2019	<u>1.196.279</u>	<u>2.904.059</u>	<u>252.695</u>	<u>99.155</u>
Revaluation at 1 January 2019	2.435	0	0	0
Revaluation at 31. December 2019	<u>2.435</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the Consolidated Annual Report

11 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 2019	-532.940	-1.868.961	-194.353	0
Exchange adjustment, beg.	-900	-7.200	-1.600	0
Exchange adjustment	-200	-11.065	1.850	0
Reclassification	5.650	-47.649	10.151	0
Depreciation for the year	-36.258	-133.465	-20.717	0
Impairment losses and depreciation on assets sold	3.000	42.376	10.375	0
Impairment losses and depreciation at 31. december 2019	<u>-561.648</u>	<u>-2.025.964</u>	<u>-194.294</u>	<u>0</u>
Carrying amount at 31. december 2019	<u>637.066</u>	<u>878.095</u>	<u>58.401</u>	<u>99.155</u>
Depreciated over	<u>10-50 years</u>	<u>5-10 years</u>	<u>3-8 years</u>	

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
12 Investments in associates		
Cost at 1 January	23.779	23.503
Exchange adjustment, beginning of year	0	26
Additions during the year	0	250
Cost at 31 December	<u>23.779</u>	<u>23.779</u>
Valuation adjustments at 1 January	3.494	1.900
Exchange adjustment, beginning of year	-2.719	-32
Net profit/loss for the year	1.312	1.626
Revaluations at 31 December	<u>2.087</u>	<u>3.494</u>
Carrying amount at 31 December	<u>25.866</u>	<u>27.273</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%
Sanovo Technology Robotics A/S	Odense, Denmark	50%

Notes to the Consolidated Annual Report

	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000
13 Other fixed asset investments		
Cost at 1 January	24.380	3.357
Disposals during the year	-12.190	22.463
Cost at 31 December	<u>12.190</u>	<u>25.820</u>
Valuation adjustments at 1 January	-1.440	-504
Net profit/loss for the year	1.440	-936
Revaluations at 31 December	<u>0</u>	<u>-1.440</u>
Carrying amount at 31 December	<u>12.190</u>	<u>24.380</u>
14 Inventories		
Raw materials and consumables	272.144	239.407
Work in progress	76.056	40.234
Finished goods and goods for resale	295.409	366.853
	<u>643.609</u>	<u>646.494</u>

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
13 Provision for deferred tax		
Provision for deferred tax at 1 January	-34.288	-47.207
Amounts recognized in the income statement for the year	2.867	4.027
Amounts recognised in equity for the year	-1.539	8.892
Provision for deferred tax at 31 December	-32.960	-34.288
Deferred tax asset	-42.279	-51.082
Provision for deferred tax	9.319	16.794
Provision for deferred tax at 31 December	-32.960	-34.288

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

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
14 Other provisions		
Other provisions at 1 January	65.632	66.851
Amounts for the year	6.675	-1.219
Other provisions at 31 December	72.307	65.632

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

15 Debt

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

Other debt is recognised in long-term debt.

	2019 DKK '000	2018 DKK '000
16 Mortgage loans		
After 5 years	39.045	42.826
Between 1 and 5 years	13.696	13.653
Long-term part	52.741	56.479
Within 1 year	3.414	3.398
	56.155	59.877

Notes to the Consolidated Annual Report

	2019 DKK '000	2018 DKK '000
17 Credit institutions		
After 5 years	0	0
Between 1 and 5 years	619.751	729.809
Long-term part	619.751	729.809
Within 1 year	548.180	399.420
	1.167.931	1.129.229
18 Other payables		
After 5 years	0	3.578
Between 1 and 5 years	22.814	13.279
Long-term part	22.814	16.857
Within 1 year	421.930	1.000
	444.744	17.857
19 Proposed distribution of profit		
Proposed dividend for the year	50.000	100.000
Minority interests' share of net profit/loss of subsidiaries	50.259	27.861
Retained earnings	227.310	114.398
	327.569	242.259

Notes to the Consolidated Annual Report

20 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 60 million in property valued at 139 million.

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 79 million.

Contingent liabilities

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

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

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

In autumn 2019, the Brazilian tax authorities raised a claim of BRL 56 million, corresponding to DKK 93 million, against a subsidiary's company in Brazil concerning non-payment of industrial products tax (IPI) on sales of the company's products in 2015 and 2016. Based on judicial practice and statements from its legal advisers, the subsidiary is of the opinion that the company's products are not liable to IPI tax and accordingly considers the claim to be unjustified and therefore disputes the claim.

The subsidiary does not expect the claim to materially affect the company's financial position, results of operations or cash flows.

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

Contingent liabilities in relation to jointly taxed income.

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

Notes to the Consolidated Annual Report

21 Related parties and ownership

		Basis
Controlling interest		
Thornico A/S	Denmark	Controlling shareholder
Christian Nicholas Rosenkrantz Stadil	Denmark	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.

	2019 DKK '000	2018 DKK '000
22 Cash flow statement - adjustments		
Financial income	-36.912	-49.852
Financial expenses	59.762	71.681
Depreciation and impairment losses, incl. gain and loss on sale	210.273	200.054
Income on investments in associates	-1.312	-1.626
Income tax in income statement	99.715	94.589
	331.526	314.846
23 Cash flow statement - change of working capital		
Change in inventories	2.884	6.363
Change in receivables	-134.374	111.616
Change in other provisions	6.675	0
Change in suppliers etc	55.622	132.932
	-69.193	250.911

Parent Company Income Statement 1 January - 31 December

	Note	2019 DKK'000	2018 DKK'000
Revenue	1	39.273	38.996
Other external expenses		-7.862	-5.762
EBITDA		31.411	33.234
Amortisation, depreciation and impairment of property and other tangible assets	3	-4.857	-5.060
Profit/loss before financial income and expenses		26.554	28.174
Income from investments in group enterprises	4	236.838	166.213
Financial income	5	31.947	41.440
Financial expenses	6	-4.946	-5.851
Profit/loss before tax		290.393	229.976
Tax on profit/loss for the year, income	7	-13.083	-15.577
Net profit/loss for the year		277.310	214.399

Parent Company Balance Sheet at 31 December

Assets

	Note	2019 DKK'000	2018 DKK'000
Land and buildings	8	81.421	86.278
Other tangible assets	8	200	200
Land and buildings in progress	8	45.992	13.253
Tangible assets		127.613	99.731
Investments in group enterprises	4	1.429.567	1.295.163
Deferred tax assets	9	1.069	0
Other fixed asset investments	10	276	606
Fixed asset investments		1.430.913	1.295.769
Fixed assets		1.558.526	1.395.500
Receivables from group enterprises		374.589	330.833
Trade receivables		57	0
Other receivables		76	71
Receivables		374.722	330.904
Cash and cash equivalents		1.303	794
Current assets		376.026	331.698
Assets		1.934.552	1.727.198

Parent Company Balance Sheet at 31 December

Liabilities and equity

	Note	2019	2018
Share capital		59.900	59.900
Reserve for revaluation under the equity method		649.114	531.476
Retained earnings		726.373	710.198
Proposed dividend for the year		50.000	0
		<u>1.485.387</u>	<u>1.301.574</u>
Equity			
Provisions for deferred tax	9	0	1.279
		<u>0</u>	<u>1.279</u>
Provisions			
Mortgage debt		48.611	52.025
Credit institutions		8.441	8.439
		<u>57.052</u>	<u>60.464</u>
Long-term debt			
Mortgage debt		3.414	3.398
Credit institutions		352.712	326.754
Trade payables		1.331	0
Payables to group companies		15.043	11.449
Payables to associates		3.399	4.095
Corporation tax		13.875	16.676
Other payables		2.339	1.509
		<u>392.113</u>	<u>363.881</u>
Short-term debt			
Debt		<u>449.165</u>	<u>424.345</u>
		<u>1.934.552</u>	<u>1.727.198</u>
Liabilities and equity			
Proposed distribution of profit	14		
Security/Continent liabilities	15		
Related parties and ownership	16		

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 2019	59.900	531.476	710.198	0	1.301.574
Extraordinary dividends	0	0	0	100.000	100.000
Dividends paid	0	0	0	-100.000	-100.000
Exchange regulations	0	-21.440	0	0	-21.440
Adjustment for the year	0	-97.760	125.703	0	27.943
Net profit/loss for the year	0	236.838	-109.528	50.000	177.310
Equity 31. December 2019	59.900	649.114	726.373	50.000	1.485.387

Notes to the Parent Company Annual Report

		2019	2018
1	Revenue		
	<u>Business segments:</u>		
	<u>Geography:</u>		
	Rental income	39.273	38.996
		<u>39.273</u>	<u>38.996</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		
	Land and buildings	-4.857	-5.060
		<u>-4.857</u>	<u>-5.060</u>
4	Investments in group enterprises		
	Cost at 1 January	763.687	763.814
	Additions during the year	3.300	373
	Disposal during the year	-8.391	-500
	Cost at 31 December	<u>758.596</u>	<u>763.687</u>
	Revaluation at 1 January	516.514	476.971
	Revaluation for the year	243.305	145.249
	Dividend	-110.705	-105.705
	Revaluation at 31 December	<u>649.114</u>	<u>516.514</u>
	Carrying amount at 31 December	<u>1.407.710</u>	<u>1.280.201</u>
	The carrying amount is specified as follows in the balance sheet:		
	Fixed asset investments	1.429.567	1.295.163
	Set off against receivables	-21.857	-14.962
		<u>1.407.710</u>	<u>1.280.201</u>

Notes to the Parent Company Annual Report

4 Investments in group enterprises (continued)

	2019	2018
The carrying amount at 31 December is specified as follows:		
Carrying amount at 1 January	1.280.201	1.240.785
Additions, cost	3.261	-127
Disposals	(8.391)	0
Net profit/loss for the year after tax	236.838	166.213
Distribution of dividend	(110.705)	-105.705
Other equity movements	27.906	-19.911
Exchange adjustments	(21.400)	-1.054
Carrying amount at 31 December	1.407.710	1.280.201

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	China	100%
Sanovo Technology Mexico	Mexico	100%
Sanovo Technology Pharma A/S	Denmark	100%
Sanovo Technology Logistics ApS	Denmark	100%
Sanovo Technology Brazil	Brazil	100%

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
Investeringselskabet 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%
China Egg Packaging 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%
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	100%

	2019	2018
5 Financial income		
Interest income, group enterprises	22.357	19.267
Guarantee commission	2	2
Gain, foreign exchange	9.588	22.171
	31.947	41.440

6 Financial expenses		
Interest, group enterprises	-90	-266
Interest, bank	-4.856	-5.585
	-4.946	-5.851

7 Tax on profit/loss for the year		
Tax on profit/loss for the year is specified as follows:		
Adjustment conc. previous years	-1.556	-130
Adustment conc. previous years, deferred tax	1.276	1.104
Provision for the year for deferred tax	1.072	125
Tax on taxable income	-13.875	-16.676
	-13.083	-15.577
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 2019	203.157	200	13.253
Additions during the year	0	0	32.739
Cost at 31 December 2019	<u>203.157</u>	<u>200</u>	<u>45.992</u>
Impairment losses and depreciation at 1 January 2019	-116.879	0	0
Depreciation for the year	-4.857	0	0
Impairment losses and depreciation at 31. december 2019	<u>-121.736</u>	<u>0</u>	<u>0</u>
Carrying amount at 31. december 2019	<u>81.421</u>	<u>200</u>	<u>45.992</u>
Depreciated over	<u>10-50 years</u>		

	2019	2018
	DKK '000	DKK '000
9 Provision for deferred tax		
Provision for deferred tax at 1 January	1.279	2.508
Amounts recognized in the income statement for the year	-2.348	-1.229
Provision for deferred tax at 31 December	<u>-1.069</u>	<u>1.279</u>
Deferred tax asset	-1.069	0
Provision for deferred tax	0	1.279
Provision for deferred tax at 31 December	<u>-1.069</u>	<u>1.279</u>

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.

Notes to the Parent Company Annual Report

	2019 <u>DKK '000</u>	2018 <u>DKK '000</u>
10 Other fixed asset investments		
Cost at 1 January	2.116	2.116
Cost at 31 December	<u>2.116</u>	<u>2.116</u>
Valuation adjustments at 1 January	-1.510	-608
Net profit/loss for the year	-330	-902
Revaluations at 31 December	<u>-1.840</u>	<u>-1.510</u>
Carrying amount at 31 December	<u>276</u>	<u>607</u>
11 Debt		
Payments falling due within one year are stated as short-term debt.		
Other debt is recognised in long-term debt.		
12 Mortgage loans		
After 5 years	34.916	38.372
Between 1 and 5 years	13.695	13.653
Long-term part	<u>48.611</u>	<u>52.025</u>
Within 1 year	3.414	3.398
	<u>52.025</u>	<u>55.423</u>
13 Credit institutions		
Between 1 and 5 years	8.441	8.439
Long-term part	<u>8.441</u>	<u>8.439</u>
Within 1 year	352.712	326.754
	<u>361.153</u>	<u>335.193</u>

Notes to the Parent Company Annual Report

	2019 DKK '000	2018 DKK '000
14 Proposed distribution of profit		
Extraordinary dividends in the year	100.000	0
Proposed dividend for the year	50.000	0
Reserve for net revaluation under the equity method	236.838	-10.600
Retained earnings	-109.528	213.726
	<u>277.310</u>	<u>203.126</u>

15 Security/Contingent liabilities

The company guarantees debts and guarantees of group enterprises of DKK 325,431k.

Contingent liabilities in relation to jointly taxed income.

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

16 Related parties and ownership

Controlling interest

Thornico A/S
Christian Nicholas Rosenkrantz Stadil

Basis

Controlling shareholder
Ultimate owner

Other related parties

Supervisory and Executive Boards

Management control

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