

# **Ovodan Foods A/S**

**Havnegade 33-35**

**5000 Odense C**

**CVR no. 78 87 84 28**

## **Annual report for 2019**

Adopted at the annual general  
meeting on 5 May 2020

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Thor Stadil  
chairman

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## **Statement by management on the annual report**

The board of directors and executive boards have today discussed and approved the annual report of Ovodan Foods 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 give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

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

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 5 May 2020

### **Executive board**

Henrik Marinus Pedersen  
CEO

### **Board of directors**

Thor Stadil  
chairman

Christian Nicholas  
Rosenkrantz Stadil

Henrik Marinus Pedersen

## **Independent auditor's report**

### *To the shareholders of Ovodan Foods A/S*

#### **Opinion**

We have audited the financial statements of Ovodan Foods A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations 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 company 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 financial statements**

Management is responsible for the preparation of 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, 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 company or to cease operations, or has no realistic alternative but to do so.

## Independent auditor's report

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 company'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 company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

## **Independent auditor's report**

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 management's review**

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the 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 management's review.

Odense, 5 May 2020

Deloitte  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 96 35 56

Gert Rasmussen  
State-authorised public accountant  
MNE no. mne35430

## Company details

Ovodan Foods A/S  
Havnegade 33-35  
5000 Odense C

CVR-no. 78 87 84 28

Financial year: 1 January - 31 December 2019

Domicile: Odense

### Board of directors

Thor Stadil, chairman  
Christian Nicholas  
Rosenkrantz Stadil  
Henrik Marinus Pedersen

### Executive Board

Henrik Marinus Pedersen, CEO

### Auditors

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Tværkajen 5  
5100 Odense C

### Consolidated financial statements

The company is reflected in the group report as the parent company Thornico Food & Food Technology Group A/S, Odense CVR no. 37 75 09 13 (smallest group) and Thornico Holding A/S, Odense CVR no. 35 25 08 00 (largest group).

## Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
Gross profit/loss	23.905	42.701	32.125	20.317	27.383
Profit/loss before net financials	1.333	20.239	11.901	945	7.753
Net financials	-1.165	-1.745	-3.047	18	-367
Profit/loss for the year	78	14.493	6.777	656	5.611
Balance sheet total	148.009	153.548	162.600	146.691	156.091
Investment in property, plant and equipment	144	507	424	6.137	0
Equity	36.759	36.681	22.188	15.411	14.754
Return on assets	0,9%	12,8%	7,7%	0,6%	5,6%
Solvency ratio	24,8%	23,9%	13,6%	10,5%	9,5%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.



## **Management's review**

### **Business review**

The company's activity consists of the production and sale of processed egg products to the food industry.

### **Financial review**

The company's income statement for the year ended 31 December 2019 shows a profit of DKK 78.064, and the balance sheet at 31 December 2019 shows equity of DKK 36.759.159.

### **Significant events occurring after the end of the financial year**

The current COVID-19 situation has in general had a significant impact on the egg industry. Producers of shell eggs selling eggs to the supermarkets have experienced an increased consumer demand whereas producers of egg products for the food service industry have experienced a significant decline in sales. Ovodan Foods A/S is predominantly selling its powdered egg products to BtB customers producing finished food items for supermarkets and thus less to the food service and has only to some extent experienced a decline in sales. This as per today's outlook which can change due to currently unknown factors.

### **The company's knowledge resources if of particular importance to its future earnings**

As being one of the leading manufacturers of Egg based powered products globally, it is of greatest importance to recruit and maintain in-company human resources to maintain this competitive advantage. The company is on a frequent basis monitoring these in-company human resources to ensure that these comply with what is needed.

### **Impact on the external environment and measures taken to prevent, reduce or mitigate damage**

The impact, which the company has on the external environment, hereunder, but not only exclusively usage of gas, electricity, water, wastewater etc., is closely monitored on a frequent basis. The company has within the last years invested in various projects to reduce such usages and shall continue do so in the future as well when making sense.

### **Research and development activities in or for the company**

The company is continuously having projects with its clients mainly within developing Egg powder based solutions for various new applications.

### **Description of the company's use of financial instruments**

#### ***The company's objectives and policies for financial risk management***

As a result of its operations, investments and financing, the company is exposed to this change in currency and interest rate level.

## Management's review

### *The company's exposure to price, credit, liquidity and cash flow risks*

The global raw material prices for egg have for some years been extremely high fluctuations in availability and hence price. With a sale today to more than 60 countries and more in a highly competitive global market with low margins, it is of the utmost importance for the company to continuously hedge its purchases in relation to sales prices obtained and other conditions.

### **Description of significant changes in the company's business and financial conditions**

2019 followed 2018 which was a year with record breaking earnings for the company. At the beginning of 2019, global cost prices for powdered egg products remained relatively high but sales prices came under pressure due to increased competition resulting in lower than expected margins, especially for egg albumen powder. The global egg market can be generalized as being very volatile, and in order to balance price fluctuations, the company strives to have a global market presence and hereunder also presence in emerging markets. In 2019 Ovodan Foods A/S did sell egg products to more than 60+ markets in all regions.

## **Accounting policies**

The annual report of Ovodan Foods A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in DKK

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Gross profit**

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

#### **Revenue**

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

#### **Raw materials and consumables**

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

## **Accounting policies**

### **Other external expenses**

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### **Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

### **Tax on profit/loss for the year**

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## **Balance sheet**

### **Tangible assets**

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

## Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Plant and machinery	7-14 years
Other fixtures and fittings, tools and equipment	3-14 years

Assets costing less than DKK 13.800 are expensed in the year of acquisition.

The useful life and residual value of the company's property, plant and equipment is reassessed annually.

### Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Production overheads include the indirect cost of materials, wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale.

### Receivables

Receivables are measured at amortised cost.

### Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

## **Accounting policies**

### **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 convertible into cash and which are subject only to insignificant risks of changes in value.

### **Provisions**

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

### **Liabilities**

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### **Deferred income**

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

### **Cash flow statement**

No cash flow statement has been prepared according to §86, stk. 4.

**Accounting policies****Financial highlights**

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
------------------	---------------------------------------------------------------------------------

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

**Income statement 1 January 2019 - 31 December 2019**

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
<b>Gross profit</b>		<b>23.905.427</b>	<b>42.700.843</b>
Staff costs	2	<u>-20.665.119</u>	<u>-20.687.999</u>
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>3.240.308</b>	<b>22.012.844</b>
Depreciation and impairment of intangible assets and plant and equipment		-1.907.501	-1.773.806
<b>Profit/loss before net financials</b>		<b>1.332.807</b>	<b>20.239.038</b>
Financial income	3	1.009.091	807.838
Financial costs	4	<u>-2.173.696</u>	<u>-2.553.018</u>
<b>Profit/loss before tax</b>		<b>168.202</b>	<b>18.493.858</b>
Tax on profit/loss for the year	5	<u>-90.138</u>	<u>-4.000.731</u>
<b>Profit/loss for the year</b>		<b><u>78.064</u></b>	<b><u>14.493.127</u></b>
Distribution of profit	6		



**Balance sheet at 31 December 2019**

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
<b>Assets</b>			
Plant and machinery		4.125.345	5.741.687
Other fixtures and fittings, tools and equipment		521.354	668.488
Leasehold improvements		<u>0</u>	<u>0</u>
<b>Tangible assets</b>	<b>7</b>	<b><u>4.646.699</u></b>	<b><u>6.410.175</u></b>
Receivables from subsidiaries	8	<u>17.455.453</u>	<u>15.057.161</u>
<b>Fixed asset investments</b>		<b><u>17.455.453</u></b>	<b><u>15.057.161</u></b>
<b>Total non-current assets</b>		<b><u>22.102.152</u></b>	<b><u>21.467.336</u></b>
Raw materials and consumables		7.816.911	4.814.817
Finished goods and goods for resale		<u>35.051.294</u>	<u>37.135.970</u>
<b>Stocks</b>		<b><u>42.868.205</u></b>	<b><u>41.950.787</u></b>
Trade receivables		44.346.410	40.163.728
Receivables from subsidiaries		34.985.841	31.828.992
Other receivables		1.442.681	1.963.588
Deferred tax asset	10	538.340	161.726
Prepayments	9	<u>95.545</u>	<u>191.438</u>
<b>Receivables</b>		<b><u>81.408.817</u></b>	<b><u>74.309.472</u></b>
<b>Cash at bank and in hand</b>		<b><u>1.630.217</u></b>	<b><u>15.820.609</u></b>
<b>Total current assets</b>		<b><u>125.907.239</u></b>	<b><u>132.080.868</u></b>
<b>Total assets</b>		<b><u>148.009.391</u></b>	<b><u>153.548.204</u></b>

**Balance sheet at 31 December 2019**

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
<b>Equity and liabilities</b>			
Share capital		5.000.000	5.000.000
Retained earnings		31.759.159	31.681.095
<b>Equity</b>		<b><u>36.759.159</u></b>	<b><u>36.681.095</u></b>
Prepayments received from customers		2.887.666	0
Deferred income		355.715	195.617
<b>Total non-current liabilities</b>		<b><u>3.243.381</u></b>	<b><u>195.617</u></b>
Banks		1.972.481	0
Trade payables		5.337.409	7.234.713
Payables to subsidiaries		92.331.943	100.900.885
Corporation tax		422.370	4.438.227
Other payables		7.747.031	3.902.047
Deferred income	11	195.617	195.620
<b>Total current liabilities</b>		<b><u>108.006.851</u></b>	<b><u>116.671.492</u></b>
<b>Total liabilities</b>		<b><u>111.250.232</u></b>	<b><u>116.867.109</u></b>
<b>Total equity and liabilities</b>		<b><u>148.009.391</u></b>	<b><u>153.548.204</u></b>
Subsequent events	1		
Contingent liabilities	12		
Mortgages and collateral	13		
Related parties and ownership structure	14		

**Statement of changes in equity**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	5.000.000	31.681.095	36.681.095
Net profit/loss for the year	0	78.064	78.064
<b>Equity at 31 December 2019</b>	<b><u>5.000.000</u></b>	<b><u>31.759.159</u></b>	<b><u>36.759.159</u></b>

## Notes

### 1 Subsequent events

The current COVID-19 situation has in general had a significant impact on the egg industry. Producers of shell eggs selling eggs to the supermarkets have experienced an increased consumer demand whereas producers of egg products for the food service industry have experienced a significant decline in sales. Ovodan Foods A/S is predominantly selling its powdered egg products to BtB customers producing finished food items for supermarkets and thus less to the food service and has only to some extent experienced a decline in sales. This as per today's outlook which can change due to currently unknown factors.

	<u>2019</u>	<u>2018</u>
	DKK	DKK
<b>2 Staff costs</b>		
Wages and salaries	19.020.649	19.167.259
Pensions	1.549.792	1.433.897
Other social security costs	<u>94.678</u>	<u>86.843</u>
	<b><u>20.665.119</u></b>	<b><u>20.687.999</u></b>
Average number of employees	<u>41</u>	<u>39</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

2018: 2 management members with remuneration at 2.618 t.dkk.

### 3 Financial income

Interest received from subsidiaries	915.405	807.838
Exchange adjustments	<u>93.686</u>	<u>0</u>
	<b><u>1.009.091</u></b>	<b><u>807.838</u></b>

## Notes

	<u>2019</u> DKK	<u>2018</u> DKK
<b>4 Financial costs</b>		
Financial expenses, group entities	1.896.528	2.081.136
Other financial costs	277.168	289.361
Exchange loss	<u>0</u>	<u>182.521</u>
	<b><u>2.173.696</u></b>	<b><u>2.553.018</u></b>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	422.370	4.438.227
Deferred tax for the year	-376.614	-347.201
Adjustment of tax concerning previous years	<u>44.382</u>	<u>-90.295</u>
	<b><u>90.138</u></b>	<b><u>4.000.731</u></b>
<b>6 Distribution of profit</b>		
Retained earnings	<u>78.064</u>	<u>14.493.127</u>
	<b><u>78.064</u></b>	<b><u>14.493.127</u></b>

## Notes

### 7 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2019	31.317.899	7.812.576	8.580.965
Additions for the year	70.624	73.400	0
Cost at 31 December 2019	<u>31.388.523</u>	<u>7.885.976</u>	<u>8.580.965</u>
Impairment losses and depreciation at 1 January 2019	25.576.211	7.144.088	8.580.965
Depreciation for the year	1.686.967	220.534	0
Impairment losses and depreciation at 31 December 2019	<u>27.263.178</u>	<u>7.364.622</u>	<u>8.580.965</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>4.125.345</u></b>	<b><u>521.354</u></b>	<b><u>0</u></b>

### 8 Fixed asset investments

	Receivables from subsidiaries
Cost at 1 January 2019	15.057.161
Additions for the year	2.398.292
Cost at 31 December 2019	<u>17.455.453</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>17.455.453</u></b>

### 9 Prepayments

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

**Notes**

	<u>2019</u>	<u>2018</u>
	DKK	DKK
<b>10 Provision for deferred tax</b>		
Provision for deferred tax at 1 January 2019	-161.726	185.475
Deferred tax recognised in equity	<u>-376.614</u>	<u>-347.201</u>
<b>Provision for deferred tax at 31 December 2019</b>	<b><u><u>-538.340</u></u></b>	<b><u><u>-161.726</u></u></b>
The expected due dates of deferred tax:		
Within one year	0	0
Between 1 and 5 years	538.340	161.726
Over 5 years	<u>0</u>	<u>0</u>
<b>Deferred tax at 31 December 2019</b>	<b><u><u>538.340</u></u></b>	<b><u><u>161.726</u></u></b>

## Notes

### 11 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

### 12 Contingent liabilities

The company is obliged by a rent lease to the parent company Thornico Food & Food Technology Group A/S. The lease contains a notice of termination of 12 months. The liability amounts to DKK 2,607 thousand.

The company has entered into operating leases.  
The residual liability constitutes DKK 152 thousand.

The company is jointly taxed with its parent company, Thornico Holding A/S (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes for income as well as for payment of withholding taxes on dividends, interest and royalties.

### 13 Mortgages and collateral

As security for bank debt, the company has issued a joint self-debt guarantee, totalling DKK 276 million in affiliates in the Thornico Food & Food Technology Group. The companies include Thornico Food & Food Technology Group A/S, Lactosan A/S og Sanovo Technology A/S.

### 14 Related parties and ownership structure

#### Controlling interest

Ovodan Europe A/S, Odense as well as the parent company of this company.

#### Transactions

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

#### Consolidated financial statements

The company is reflected in the group report as the parent company Thornico Food & Food Technology Group A/S, Odense CVR no. 37 75 09 13 (smallest group) and Thornico Holding A/S, Odense CVR no. 35 25 08 00 (largest group).