

**Lactosan A/S**

**Nordbakken 2**

**5700 Ringe**

**CVR no. 78 87 87 11**

**Annual report for 2020**

Adopted at the annual general meeting on 18 June 2021

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Thor Stadil  
chairman

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

The supervisory and executive boards have today discussed and approved the annual report of Lactosan A/S for the financial year 1. januar - 31. december 2020.

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 2020 and of the results of the company's operations for the financial year 1. januar - 31. december 2020.

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, 18 June 2021

### **Executive board**

Jørn Leth Frandsen  
CEO

### **Supervisory board**

Thor Stadil  
Chairman

Jørn Leth Frandsen

Christian Nicholas Rosenkrantz  
Stadil

## **Independent auditor's report**

### ***To the shareholders of Lactosan A/S***

#### **Opinion**

We have audited the financial statements of Lactosan A/S for the financial year 1. januar - 31. december 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 2020 and of the results of the company's operations for the financial year 1. januar - 31. december 2020 in accordance with the Danish Financial Statements Act.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the 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.

#### **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 judgement and maintain professional scepticism 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.

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, 18 June 2021

Deloitte  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 96 35 56

Gert Rasmussen  
State-authorized public accountant  
MNE no. mne35430

## **Company details**

Lactosan A/S  
Nordbakken 2  
5700 Ringe

CVR-no. 78 87 87 11

Financial year: 1. januar - 31. december 2020

Domicile: Faaborg-Midtfyn Kommune

### **Supervisory Board**

Thor Stadil, Chairman  
Jørn Leth Frandsen  
Christian Nicholas Rosenkrantz Stadil

### **Executive Board**

Jørn Leth Frandsen, 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. 37750913 (smallest group) and Thornico Holding A/S, Odense CVR-no. 35250800 (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:

	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
Revenue	424.497	406.808	389.301	397.570	365.917
Profit/loss before net financials	74.619	69.697	60.718	72.661	83.605
Net financials	15.105	15.630	14.400	4.132	8.814
Profit/loss for the year	74.157	69.245	60.922	61.216	74.559
Balance sheet total	415.899	418.690	382.812	368.902	330.324
Investment in property, plant and equipment	23.637	81.086	23.812	22.607	18.810
Equity	346.481	347.179	319.023	299.528	270.880
<b>Financial ratios</b>					
Return on assets	17,9%	17,4%	16,2%	20,8%	26,7%
Solvency ratio	83,3%	82,9%	83,3%	81,2%	82,0%
Return on equity	21,4%	20,8%	19,7%	21,5%	29,3%

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 production and development of cheese powder for use in the food ingredients industry.

### **Financial review**

The company's income statement for the year ended 31 December 2020 shows a profit of DKK 74.156.548, and the balance sheet at 31. december 2020 shows equity of DKK 346.481.305.

The company completed a significant expansion of its production facilities in 2020 and managed to continue production during the covid-19 pandemic. This led to record production volumes in 2020 and a record turnover.

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

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

### **Expected development of the company, including specific prerequisites and uncertainties**

The result for 2021 is expected to be on the same level as realized in 2020. An increase in raw material prices might influence the result in a negative way which expectedly should be off-set against a further increase in sales volume keeping results at same level.

Covid-19 is not expected to play any major role in the management of the company in 2021 either.

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

It is the intention to continue being the leading supplier of cheese powder for the food ingredients industry.

To uphold the high level of knowledge and expertise it requires the company recruits and keeps competent employees and continuously train and educate employees.

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

The company has a limited influence on the external environment. It is a continuously process to monitor and reduce consumption and to reduce impact on the external environment.

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

The company is continuously having projects with its customers developing new recipes using cheese powders as well as developing new cheese powder applications.

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

The company is exposed to fluctuations in foreign exchange rates.

The company's exposure to credit risk is expected to have a limited impact because of long term relations to customers.

Exposure to liquidity and cash flow risks is expected to have a limited impact.

**Statutory corporate social responsibility report**

The company's policies on Corporate Social Responsibility are part of the policies at Thornico Group level and reference is made to the CSR report of the Parent Company Thornico A/S at [www.thornico.com/company-karma/](http://www.thornico.com/company-karma/)

**Policies on the underrepresented gender*****Description of policies for the underrepresented gender******Policies for the underrepresented gender***

The company's policies and targets concerning gender distribution are part of the policies at Thornico Group level and reference is made to page 26 in the CSR report of the Parent Company Thornico A/S at [www.thornico.com/company-karma/](http://www.thornico.com/company-karma/)

## **Accounting policies**

The annual report of Lactosan A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

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

The annual report for 2020 is presented in DKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

### **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.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

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**

#### **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.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

**Raw materials and consumables**

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

**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 that relate 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, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

**Income from investments in subsidiaries, associates and participating interests**

The proportionate share of the profit/loss for the year of associates is recognised in the company's income statement after elimination of the proportionate share of intra-group profits/gains.

**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****Intangible assets**

Acquired intangible assets are measured at cost less accumulated amortization and impairment losses. Linear depreciation is amortized over 5 years.

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

## **Tangible assets**

Items of land and buildings, 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. Land is not depreciated.

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:

Plant and machinery	7 years
Other fixtures and fittings, tools and equipment	3-5 years

Assets costing less than DKK 14.100 are expensed in the year of acquisition.

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

## **Investments in subsidiaries, associates and participating interests**

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries, associates and participating interests are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Lactosan A/S is adopted are not taken to the net revaluation reserve.

## **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 expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### **Receivables**

Receivables are measured at amortised cost.

### **Prepayments**

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

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and deposits at banks.

### **Provisions**

Provisions include deferred tax, see description below.

### **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. Deferred tax is measured at net realisable value.

### **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 instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Foreign subsidiaries, associates and participating interests are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of such entities opening equity at closing rate and on translation of the income statements from the exchange rates at the transaction date to closing rate are taken directly to the fair value reserve under 'Equity' in the consolidated financial statements.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to the fair value reserve under 'Equity'. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in such entities are taken directly to equity.

## Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

## Financial highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

## Income statement 1 January 2020 - 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
<b>Revenue</b>		<b>424.496.840</b>	<b>406.807.849</b>
Raw materials and consumables		-202.986.677	-191.953.244
Other external expenses		<u>-56.513.181</u>	<u>-66.830.040</u>
<b>Gross profit</b>		<b>164.996.982</b>	<b>148.024.565</b>
Staff costs	2	<u>-69.599.935</u>	<u>-65.687.818</u>
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>95.397.047</b>	<b>82.336.747</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-20.777.853</u>	<u>-12.639.959</u>
<b>Profit/loss on ordinary activities before fair value adjustments</b>		<b>74.619.194</b>	<b>69.696.788</b>
<b>Profit/loss before net financials</b>		<b>74.619.194</b>	<b>69.696.788</b>
Income from investments in subsidiaries	3	18.994.380	12.977.919
Financial income	4	87.835	3.002.688
Financial costs	5	<u>-3.976.913</u>	<u>-350.708</u>
<b>Profit/loss before tax</b>		<b>89.724.496</b>	<b>85.326.687</b>
Tax on profit/loss for the year	6	<u>-15.567.948</u>	<u>-16.081.872</u>
<b>Profit/loss for the year</b>		<b><u>74.156.548</u></b>	<b><u>69.244.815</u></b>
Distribution of profit	7		



## Balance sheet at 31 December 2020

	Note	2020 DKK	2019 DKK
<b>Assets</b>			
Completed development projects		3.069.629	4.604.444
<b>Intangible assets</b>	8	<b>3.069.629</b>	<b>4.604.444</b>
Land and buildings		565.000	565.000
Plant and machinery		127.642.265	124.218.516
Other fixtures and fittings, tools and equipment		5.119.439	2.724.255
Property, plant and equipment in progress		0	1.432.376
<b>Tangible assets</b>	9	<b>133.326.704</b>	<b>128.940.147</b>
Investments in subsidiaries	10	134.256.564	130.115.950
<b>Fixed asset investments</b>		<b>134.256.564</b>	<b>130.115.950</b>
<b>Total non-current assets</b>		<b>270.652.897</b>	<b>263.660.541</b>
Raw materials and consumables		27.241.026	28.586.168
Finished goods and goods for resale		44.127.120	36.268.467
<b>Stocks</b>		<b>71.368.146</b>	<b>64.854.635</b>
Trade receivables		31.115.054	36.829.094
Receivables from subsidiaries		28.180.617	33.421.752
Other receivables		4.950.872	5.571.671
Deferred tax asset	12	44.259	6.605.253
Prepayments	11	604.259	685.142
<b>Receivables</b>		<b>64.895.061</b>	<b>83.112.912</b>
<b>Cash at bank and in hand</b>		<b>8.982.505</b>	<b>7.061.495</b>
<b>Total current assets</b>		<b>145.245.712</b>	<b>155.029.042</b>
<b>Total assets</b>		<b>415.898.609</b>	<b>418.689.583</b>

## Balance sheet at 31 December 2020

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
<b>Equity and liabilities</b>			
Share capital		5.315.000	5.315.000
Reserve for net revaluation under the equity method		44.417.212	40.276.598
Retained earnings		266.749.093	241.586.925
Proposed dividend for the year		<u>30.000.000</u>	<u>60.000.000</u>
<b>Equity</b>		<b><u>346.481.305</u></b>	<b><u>347.178.523</u></b>
Banks		17.757.958	17.178.149
Trade payables		19.291.505	23.423.871
Payables to subsidiaries		5.837.581	62.944
Corporation tax		9.006.954	18.817.196
Other payables		17.411.106	11.529.100
Deferred income	13	<u>112.200</u>	<u>499.800</u>
<b>Total current liabilities</b>		<b><u>69.417.304</u></b>	<b><u>71.511.060</u></b>
<b>Total liabilities</b>		<b><u>69.417.304</u></b>	<b><u>71.511.060</u></b>
<b>Total equity and liabilities</b>		<b><u>415.898.609</u></b>	<b><u>418.689.583</u></b>
Events after the balance sheet date	14		
Contingent liabilities	15		
Mortgages and collateral	16		
Related parties and ownership structure	17		
Fee to auditors appointed at the general meeting	18		

## Statement of changes in equity

	Share capital	Reserve for net revalua- tion under the equity method	Retained ear- nings	Proposed di- vidend for the year	Total
Equity at 1 January 2020	5.315.000	40.276.597	241.586.925	60.000.000	347.178.522
Ordinary dividend paid	0	0	0	-60.000.000	-60.000.000
Exchange adjustment, foreign	0	-14.853.765	0	0	-14.853.765
Net profit/loss for the year	0	18.994.380	25.162.168	30.000.000	74.156.548
<b>Equity at 31 December 2020</b>	<b>5.315.000</b>	<b>44.417.212</b>	<b>266.749.093</b>	<b>30.000.000</b>	<b>346.481.305</b>

## Notes

### 1 Information on segments

#### Activities - primary segment

	Cheese powder	Total
t.kr.		
Revenue	424.497	424.497

#### Geographical - secondary segment

	Europe	Asia	Other countries	Total
Revenue	202.339	171.621	50.537	424.497

### 2 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	64.249.202	60.857.731
Pensions	4.901.876	4.390.311
Other social security costs	448.857	439.776
	<b>69.599.935</b>	<b>65.687.818</b>
Average number of employees	115	109

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

### 3 Income from investments in subsidiaries

Share of profits of subsidiaries	18.994.380	12.977.919
	<b>18.994.380</b>	<b>12.977.919</b>

## Notes

	2020 DKK	2019 DKK
<b>4 Financial income</b>		
Interest received from subsidiaries	87.629	1.547.557
Other financial income	206	2.828
Exchange adjustments	0	1.452.303
	<b>87.835</b>	<b>3.002.688</b>
<b>5 Financial costs</b>		
Financial expenses, group entities	46.460	62.718
Other financial costs	285.804	287.990
Exchange adjustments costs	3.644.649	0
	<b>3.976.913</b>	<b>350.708</b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	9.006.954	18.817.196
Deferred tax for the year	6.542.667	-2.885.867
Adjustment of tax concerning previous years	0	150.543
Adjustment of deferred tax concerning previous years	18.327	0
	<b>15.567.948</b>	<b>16.081.872</b>
<b>7 Distribution of profit</b>		
Proposed dividend for the year	30.000.000	60.000.000
Reserve for net revaluation under the equity method	18.994.380	12.977.919
Retained earnings	25.162.168	-3.733.104
	<b>74.156.548</b>	<b>69.244.815</b>

## Notes

### 8 Intangible assets

	Completed development projects
Cost at 1 January 2020	<u>7.674.074</u>
Cost at 31 December 2020	<u>7.674.074</u>
Impairment losses and amortisation at 1 January 2020	3.069.630
Amortisation for the year	<u>1.534.815</u>
Impairment losses and amortisation at 31 December 2020	<u>4.604.445</u>
<b>Carrying amount at 31 December 2020</b>	<b><u><u>3.069.629</u></u></b>

#### Special assumptions regarding development projects and tax assets

Development projects are measured at cost price. The investment in projects is a strategic investment, which is expected to generate positive cashflow, within a few years.

If events occur that could change the circumstances of the development projects value, to an extent where the carried amount may not be recoverable, an impairment test will be made.

The following factors could trigger such change in circumstances.

## Notes

### 9 Tangible assets

	Land and bu- ildings	Plant and ma- chinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 January 2020	565.000	266.059.350	30.386.794	1.432.376
Additions for the year	0	21.387.924	3.682.045	0
Disposals for the year	0	-810.566	-12.683.333	-1.432.376
Cost at 31 December 2020	565.000	286.636.708	21.385.506	0
Revaluations at 1 January 2020	0	0	0	0
Revaluations at 31 December 2020	0	0	0	0
Impairment losses and depre- ciation at 1 January 2020	0	141.840.834	27.662.538	0
Depreciation for the year	0	17.964.175	1.286.862	0
Reversal of impairment and depreciation of sold assets	0	-810.566	-12.683.333	0
Impairment losses and depre- ciation at 31 December 2020	0	158.994.443	16.266.067	0
<b>Carrying amount at 31 De- cember 2020</b>	<b>565.000</b>	<b>127.642.265</b>	<b>5.119.439</b>	<b>0</b>

## Notes

	2020 DKK	2019 DKK
<b>10 Investments in subsidiaries</b>		
Cost at 1 January 2020	89.839.351	89.839.351
Cost at 31 December 2020	89.839.351	89.839.351
Revaluations at 1 January 2020	40.276.598	28.388.337
Exchange adjustment	-14.853.765	-1.089.657
Net profit/loss for the year	18.994.380	12.977.919
Revaluations at 31 December 2020	44.417.213	40.276.599
<b>Carrying amount at 31 December 2020</b>	<b>134.256.564</b>	<b>130.115.950</b>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Lactosan Japan Ltd.	Japan	100%
Lactosan Uruguay S.A.	Uruguay	100%
Lactosan Holdings Ltd.	UK	100%
Lactosan-Sanovo UK Ltd.	UK	100%
Intereggs Ltd.	UK	100%
Lactosan UK Ltd.	UK	100%
Lactosan Russia Ltd.	Rusland	100%
Lactosan China Ltd.	Kina	100%

## 11 Prepayments

Prepayments consist of prepaid costs relating to rent, insurance premiums, subscriptions, etc.



## Notes

	2020 DKK	2019 DKK
<b>12 Provision for deferred tax</b>		
Intangible assets	675.318	1.012.979
Property, plant and equipment	-1.767.912	-8.429.282
Inventories	1.048.335	811.050
Transferred to deferred tax asset	44.259	6.605.253
	<b>0</b>	<b>0</b>
<b>Deferred tax asset</b>		
Calculated tax asset	44.259	6.605.253
<b>Carrying amount</b>	<b>44.259</b>	<b>6.605.253</b>

## 13 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years as well as fair value adjustments of derivative financial instruments with a negative fair value.

## 14 Events after the balance sheet date

The current Covid-19 situation is expected to have a negative impact on the result 2021, however the implication is difficult to predict. At the moment the 2021 result is expected to be on the same level as realized in 2020.

## 15 Contingent liabilities

The company is obliged by a rent lease to the parent company Thornico Food & Food Technology Group A/S. The liability amounts to DKK 15M.

The company is obliged by leasing contracts for cars.  
Total liability amounts to DKK 1,2M.

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 as well as for payment of withholding taxes on dividends, interest and royalties.

## Notes

### Other contingent liabilities not recognised in balance sheet

There is a case pending with Tefka A/S and the expectations from management is that there will be a compensation in the case.

## 16 Mortgages and collateral

The company has provided a solid self-debt guarantee for bank debt totaling DKK 111 million in affiliated companies in the Thornico Food & Food Technology Group.

The companies include Thornico Food & Food Technology Group A/S, Ovodan Foods A/S and Sanovo Technology A/S.

For Nordbakken 2 -5750 Ringe, an indemnity letter has been issued, covering security for TDKK 77.920 in machinery and equipment.

## 17 Related parties and ownership structure

## Controlling interest

Thornico Food & Food Technology Group A/S, Odense, majority shareholder. Thornico A/S, Odense. Thornico Holding A/S, Odense. Christian Nicholas Rosenkrantz Stadil, ultimate owner (non-public address).

## 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.

	2020	2019
	DKK	DKK
<b>18 Fee to auditors appointed at the general meeting</b>		
Deloitte:		
Audit fee	146.000	129.000
Non-audit services	51.000	51.000
	<b>197.000</b>	<b>180.000</b>