

Sanovo Technology A/S

Datavej 3, DK-5220 Odense SØ

Annual Report for 2021

CVR No 85 48 59 11

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31 May 2022

Thor Stadil
Dirigent
Chairman

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Management's Statement on the Annual Report

The Board of Directors has today considered and adopted the Annual Report of Sanovo Technology A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2021.

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

Odense, 31 May 2022

Executive Director

Michael Strange Midskov

Board of directors

Thor Stadil
Chairman

Christian Nicholas
Rosenkrantz Stadil

Torben Rosenkrantz-Theil

Independent Auditor's Report

To the Shareholders of Sanovo Technology A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Sanovo Technology A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The consolidated Financial Statements and the parent financial statements are prepared in accordance with the Danish financial statements act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 31 May 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Gert Rasmussen
State Authorised Public Accountant
Identification No: mne35430

Company Information

The Company

Sanovo Technology A/S
Datavej 3
DK-5220 Odense SØ

CVR No: 85 48 59 11
Financial period: 1 January - 31 December
Municipality of reg. office: Odense

Board of Directors

Thor Stadil, chairman
Christian Nicholas Rosenkrantz Stadil
Torben Rosenkrantz-Theil

Executive Director

Michael Strange Midskov

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 Food & Food Technology Group A/S, Denmark (smallest group) and of Thornico Holding A/S, Denmark (largest group).

Group Chart

SANOVO TECHNOLOGY GROUP



**FOOD
TECHNOLOGY**

CONTROLLING
INTEREST

— —
*Food processing
machinery and
meditech*



* 50-80% ownership

Financial Highlights of the Group

	2021	2020	2019	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	1.043.111	861.752	1.067.349	823.084	707.371
Gross profit	400.435	338.986	377.916	295.120	226.101
EBITDA	115.603	98.327	125.747	96.872	52.755
Profit/loss before financial income and expenses (EBIT)	62.474	62.094	105.313	56.941	14.775
Net financials	-4.915	-11.652	-5.126	1.568	-3.147
Net profit/loss for the year	41.185	21.955	77.481	40.690	3.241
Balance sheet					
Balance sheet total	789.668	699.815	632.930	455.879	442.203
Equity	268.782	215.872	226.805	172.437	156.264
Investment in property, plant and equipment, including new subsidiaries	172.141	37.349	25.778	16.375	24.750
Number of employees	558	413	378	373	372
Ratios					
Gross margin	38,4%	39,3%	35,4%	35,9%	32,0%
Profit margin	6,0%	7,2%	9,9%	6,9%	2,1%
Return on assets	7,9%	8,9%	16,6%	12,5%	3,3%
Solvency ratio	34,0%	30,8%	35,8%	37,8%	35,3%
Return on equity	15,3%	10,2%	34,2%	23,6%	2,1%

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

Management Commentary

Main activities

The Group's activities comprise of production and development of machines and development of machines and products for egghandling and proteinhandling in the food- and pharma industry into the global markets, primarily via wholly owned subsidiaries.

Development in activities and finance

The Annual Report for the Group shows consolidated sales of DKK 1,043,111k. Consolidated EBIT is DKK 62,475k compared to DKK 62,094k in 2020, an increase of DKK 381k. Given the market condition with COVID-19 pandemic still present, negatively influencing the market on especially processed egg machines, where the company is world market leader. The management consider the result satisfactory despite being lower than expected going into 2021.

During the year, the company concluded development of a new series of machines for graded eggs in the low and mid segment area, which fulfilled the companies aim of having a complete range of modern grading machines attractive to the market and hence the company is now prepared for the future in the egg business area.

Further to that a new series of braking machines has been developed and now launched to the market. We already have seen great interest in this new series from the market.

Sonosteam was introduced to the market, a system to treat surfaces with sound and steam to fight bacteria.

We also introduced new technology for traceability on eggs and a vision system for determination of cracks in eggs while graded.

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

At the date of the Annual Report for 2020 Management expected results for 2021 to be at a higher level than for 2020. This was based on the premise, that COVID-19 would leave by the end of Q1 2021.

Expected development

Covid-19 is not expected to have a significant impact on the overall results of the Group for 2022, and positive EBIT in the range of DKK 60k-100k is expected for the year.

Particular risks

Currency risks

Due to the global nature of all activities in the Group, the Group is exposed to currency transaction risks and currency exchange risks.

From time to time the currency risk is hedged.

Currency risks are mainly associated with the translation into DKK of earnings and net assets in foreign subsidiaries.

Capital resources

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

Business risks

The group is one of the leading global suppliers of machinery to the food and pharma industry and the company is therefore very dependent on continuous development of innovative machines/products.

The company's result is influenced by the customers earning and financing ability, as the company's product portfolio mainly consist of products that are considered a material investment for the customer.

As a result of specialization in handling of eggs and egg related products within the food industry there is an indirect dependency to the development of the international market for eggs and egg products, hereunder also the global egg prices.

The company is exposed to fluctuations in foreign exchange rates and interest levels. The exchange rate risk may from time to time be mitigated through forward currency contracts.

Credit risk related to financial assets are equivalent to the values in the balance sheet. There are no material risks related to individual customers or partners. A substantial prepayment or guarantee is always required before larger projects are initiated. The payment terms hereafter agreed based on the completion and delivery of the project.

The general funding and cash management is centralized within the parent company to the extent this is beneficial. In general, the credit line is short term.

Research and development

The Group incurs material expenses for both research and development to create a basis for the future positive financial development. The Group places great importance in recruiting and retaining competent and highly specialised employees in order to maintain a leading position within all its business activities.

Subsequent events

No subsequent events that could affect the group's financial position has occurred after the financial year end. However, since the war in Ukraine started, uncertainly has increased considerable.

Data Ethics policy

Reference is made to the following link to the Group's Data ethics policy:

<https://www.sanovogroup.com/legal/data-ethics-policy/>

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

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

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

Accounting Policies

Basis of Preparation

The Annual Report of Sanovo Technology A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies remain unchanged and are in accordance with the accounting policies applied in previous years. The Parent Company and the consolidated Financial Statements for 2021 are presented in DKK.

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, Sanovo Technology 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.

Currency 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: Machine sale, parts sale and service sale. 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 of expenses for administration, sale, distribution, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, 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 amortization and elimination of internal profits or losses

Financial income and expenses

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

Tax on profit/loss for the year

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

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

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

Balance Sheet

Intangible assets

Goodwill

On initial recognition, goodwill is recognized at cost in the balance sheet. Goodwill is amortized on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas. The amortisation period is usually 10 years for strategically acquired companies with a strong market position.

Other intangible assets

Costs of development projects comprise of 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 5 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 3-10 years.

Property, plant, and equipment

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

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

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

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

Property: 10-50 years

Plant and equipment: 3-7 years

Other fixtures, fittings, tools and equipment: 3-5 years

Impairment of fixed assets

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

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

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

Investments in group enterprises and associates

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

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

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

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

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

Other fixed asset investments

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

Inventories

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

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

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

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

Receivables

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

Prepayments

Prepayments recognised under "Current Assets" comprise expenses incurred concerning subsequent financial years.

Cash and cash equivalents

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

Equity

Dividend

Dividend distribution proposed by Board of Directors 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 of 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 of 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 of "Cash at bank and in hand".

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

Explanation of financial ratios

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	=	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit for the year} \times 100}{\text{Equity at year end}}$

Consolidated Income Statement 1 January-31 December

	Note	2021 DKK	2020 DKK
Revenue	2	1.043.110.635	861.751.070
Other income on operations	3	6.399.660	14.341.102
Expenses for raw materials and consumables		-593.485.440	-480.296.074
Other external expenses	4	-55.589.498	-56.810.427
Gross profit		400.435.357	338.985.671
Staff expenses	5	-284.832.654	-240.658.389
EBITDA		115.602.703	98.327.282
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-53.128.239	-36.233.480
Profit/loss before financial income and expenses		62.474.464	62.093.802
Income from investments in associates after tax	7	306.558	-5.796.379
Financial income	8	18.327.007	13.614.001
Financial expenses	9	-23.548.684	-19.469.992
Profit/loss before tax		57.559.345	50.441.432
Tax on profit/loss for the year	10	-16.374.215	-28.486.478
Net profit/loss for the year		41.185.130	21.954.954

Consolidated Balance Sheet at 31 December

Assets

	Note	<u>2021</u> DKK	<u>2020</u> DKK
Completed development projects	11	82.816.020	70.483.154
Acquired rights	11	25.264.179	32.511.599
Goodwill	11	19.734.427	17.090.823
Intangible assets		<u>127.814.626</u>	<u>120.085.576</u>
Land and buildings	12	71.365.660	21.432.840
Plant and machinery	12	24.105.449	11.208.091
Other fixtures, fittings, tools and equipment	12	20.530.544	22.051.283
Property, plant and equipment		<u>116.001.653</u>	<u>54.692.214</u>
Investments in associates	13	8.267.308	32.524.803
Other fixed asset investments	14	2.230.800	0
Fixed asset investments		<u>10.498.108</u>	<u>32.524.803</u>
Fixed assets		<u>254.314.387</u>	<u>207.302.593</u>

Consolidated Balance Sheet at 31 December

Assets

	Note	2021 DKK	2020 DKK
Inventories	15	215.244.597	194.946.613
Trade receivables		178.084.498	151.767.290
Receivables from group companies		6.731.896	2.534.804
Receivables from associates		2.636.239	4.454.589
Receivable corporation tax		9.399.841	0
Deferred tax assets	16	4.107.604	1.878.087
Other receivables		16.937.779	46.781.461
Prepayments	17	35.699.841	4.104.013
Receivables		253.597.698	211.520.244
Cash and cash equivalents		66.511.308	86.045.455
Current assets		535.353.603	492.512.312
Assets		789.667.990	699.814.905

Consolidated Balance Sheet at 31 December

Liabilities and equity

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Share capital		15.625.000	15.625.000
Reserve for development expenditure		63.383.396	102.119.488
Exchange rate reserve		-2.175.344	-10.214.971
Retained earnings		165.507.995	98.342.313
Proposed dividend for the year		10.000.000	10.000.000
		<hr/>	<hr/>
Equity excl. minority interests		252.341.047	215.871.830
Minority interests		16.440.636	0
		<hr/>	<hr/>
Equity		268.781.683	215.871.830
Provision for deferred tax	16	19.726.756	17.770.238
Other provisions	18	17.934.646	9.096.562
		<hr/>	<hr/>
Provisions		37.661.402	26.866.800

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Credit institutions	20	66.184.543	60.000.000
Other payables	21	20.782.854	8.908.406
Long-term debt	19	86.967.397	68.908.406
Short part long term debt	19	19.558.448	15.000.000
Credit institutions	20	83.210.835	91.644.421
Trade payables		102.855.387	79.655.498
Payables to group companies		852.055	413.030
Payables to associates		0	346.604
Corporation tax		4.223.429	1.181.779
Other payables	21	114.723.206	166.501.035
Prepayments received from customers		70.834.148	33.425.502
Short-term debt		396.257.508	388.167.869
Debt		483.224.905	457.076.275
Liabilities and equity		789.667.990	699.814.905
Proposed distribution of profit	22		
Contingent liabilities and other financial obligations	23		
Related parties and ownership	24		

Statement of changes in consolidated Equity

	Share capital	Reserve for development expenditure	Translation reserve	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2021	15.625.000	102.119.488	-10.214.971	98.342.313	10.000.000	215.871.830	0	215.871.830
Transfers, reserves, previous years	0	0	0	0	0	0	0	0
	15.625.000	102.119.488	-10.214.971	98.342.313	10.000.000	215.871.830	0	215.871.830
Exchange adjustments, foreign enterprises	0	0	8.039.627	0	0	8.039.627	-150	8.039.477
Dividend paid	0	0	0	0	-10.000.000	-10.000.000	0	-10.000.000
Tax	0	0	0	0	0	0	0	0
Value adjustment of hedging instruments	0	0	0	-513.040	0	-513.040	0	-513.040
Transfers, reserves	0	-38.736.092	0	38.736.092	0	0	0	0
Other equity movements	0	0	0	0	0	0	14.198.286	14.198.286
Net profit/loss for the year	0	0	0	28.942.630	10.000.000	38.942.630	2.242.500	41.185.130
Equity at 31 December 2021	15.625.000	63.383.396	-2.175.344	165.507.995	10.000.000	252.341.047	16.440.636	268.781.683

Consolidated Cash Flow Statement

	Note	2021 DKK	2020 DKK
Net profit/loss for the year		41.185.130	21.954.954
Adjustments	24	74.417.573	74.173.141
Change in working capital	25	-21.107.778	7.786.597
Cash flows from operating activities before financial income and expenses		94.494.925	103.914.692
Financial income		18.327.007	13.614.001
Financial expenses		-23.548.684	-19.469.992
Income taxes paid/received		253.311	-25.633.950
Cash flows from operating activities		89.526.559	72.424.751
Purchase of intangible assets		-40.765.629	-93.075.355
Purchase of property, plant and equipment		-86.826.497	-24.183.772
Purchase of fixed assets investments		-2.230.800	-13.164.777
Sale of intangible assets		2.091.411	18.323.181
Sale of property, plant and equipment		4.058.204	4.111.260
Sale of fixed assets investments		22.303.200	0
Cash flows from investing activities		-101.370.111	-107.989.463

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Raising/repayment provisions incl. badwill		0	0
Raising/repayment of mortgage loans		0	0
Raising/repayment of loans from credit institutions		2.309.405	88.514.121
Dividends paid		-10.000.000	-25.000.000
Cash flows from financing activities		-7.690.595	63.514.121
Changes in cash and cash equivalents		-19.534.147	27.949.409
Cash and cash equivalents at 1 January		86.045.455	58.096.046
Cash and cash equivalents at 31 December		66.511.308	86.045.455
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		66.511.308	86.045.455
Cash and cash equivalents at 31 December		66.511.308	86.045.455

Notes to the Consolidated Annual Report

1 Events after the balance sheet date

No subsequent events that could affect the group's financial position has occurred after the financial year end. However, since the war in Ukraine started, uncertainty has increased considerable.

2 Revenue

	Eurasia	Rest of the world	Total
	DKK	DKK	DKK
<u>Business segments:</u>			
Machine and Parts	492.106.583	523.572.897	1.015.679.480
Service	10.996.056	16.435.099	27.431.155
Total revenue 2021	503.102.639	540.007.996	1.043.110.635
		2021	2020
		DKK	DKK

3 Other income on operations

COVID-19 compensation, fixed costs	0	2.189.477
COVID-19 compensation, salaries	6.379.560	11.884.662
Rent income - External	0	246.131
Rent income - Group	20.100	20.832
	6.399.660	14.341.102

4 Fee to shareholder appointed auditor

Fee for annual audit		
Shareholder appointed auditor	-1.263.842	-948.896
Local auditor	-63.215	-63.362
Fee for other types of declarations		
Shareholder appointed auditor	-156.686	0
Local auditor	0	0
Tax advisory cost		
Shareholder appointed auditor	-39.500	-25.000
Local auditor	0	0
Other costs auditor	-135.009	-144.816
Shareholder appointed auditor	0	0
Local auditor		
	-1.658.252	-1.182.074

Notes to the Consolidated Annual Report

	2021	2020
	DKK	DKK
5 Staff expenses		
Salaries	-241.950.742	-207.022.093
Pensions	-23.233.265	-15.083.366
Other social security expenses	-19.648.647	-18.552.930
	-284.832.654	-240.658.389
Average number of employees	558	413
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed.		
6 Amortisation, depreciation and impairment of property, plant and equipment and intangible assets		
Intangible assets	-30.945.168	-20.979.822
Buildings, Plant and machinery	-22.907.288	-14.997.370
Profit/loss on disposals of the year	724.217	-256.288
	-53.128.239	-36.233.480
7 Income from investments in associates before tax		
Share of profit in associates	306.558	-5.796.379
	306.558	-5.796.379
8 Financial income		
Exchange adjustmens	13.927.689	10.392.486
Financial income, Group	57.114	23.027
Other financial income	4.342.204	3.198.488
	18.327.007	13.614.001
9 Financial expenses		
Exchange adjustments	-15.928.614	-13.774.908
Financial expense, Group	-982	-32.065
Financial expense, Associated	-16.770	0
Other financial expenses	-7.602.318	-5.663.019
	-23.548.684	-19.469.992

Notes to the Consolidated Annual Report

	2021	2020	
10 Tax on profit/loss for the year	DKK	DKK	
Current tax for the year	-12.183.935	-13.149.609	
Deferred tax for the year	-4.677.622	-15.349.704	
Adjustment concerning previous years	487.342	12.835	
Other taxes	0	0	
Total tax for the year	-16.374.215	-28.486.478	
11 Intangible assets			
	Acquired rights projects	Completed development projects	Goodwill
	DKK	DKK	DKK
Impairment losses and depreciation at 1 January	61.042.855	128.564.198	50.494.496
Exchange adjustment	1.345.431	-30.272	25.080
Additions on acquisition of subsidiaries	311.292	0	11.173.582
Additions for the year	115.867	32.811.319	0
Disposals for the year	0	-731.000	0
Cost at 31 December	62.815.445	160.614.245	61.693.158
Impairment losses and amortisation at 1 January	-28.531.256	-58.081.044	-33.403.673
Exchange adjustment	-1.345.433	10.102	-25.080
Additions on acquisition of subsidiaries	-292.342	0	-4.694.328
Depreciation for the year	-7.382.235	-19.727.283	-3.835.650
Impairment losses and amortisation at 31 December	-37.551.266	-77.798.225	-41.958.731
Carrying amount at 31 December	25.264.179	82.816.020	19.734.427
Amortised over	3-10 years	3-10 years	10 years

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

Notes to the Consolidated Annual Report

12 Property, plant and equipment

	Land and buildings	Plant and machinery	Oth. fixtures, fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 January 2021	34.926.495	26.666.972	91.187.606
Exchange adjustment	-11.294	4.656	893.142
Additions on acquisition of subs.	34.895.932	50.481.694	0
Additions during the year	25.747.439	3.402.422	11.398.028
Disposals during the year	<u>-485.351</u>	<u>-3.081.314</u>	<u>-11.714.402</u>
Cost at 31 December 2021	<u>95.073.221</u>	<u>77.474.430</u>	<u>91.764.374</u>
Revaluation at 1 January 2021	<u>0</u>	<u>0</u>	<u>0</u>
Revaluation at 31. December 2021	<u>0</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January 2021	-13.493.655	-15.458.881	-69.136.323
Exchange adjustment	2.576	-2.687	-583.778
Additions on acquisition of subs.	-6.164.085	-32.513.331	0
Depreciation for the year	-4.537.748	-7.175.376	-11.194.164
Impairment losses and depreciation on assets sold	485.351	1.781.294	9.680.435
Impairment losses and depreciation at 31. december 2021	<u>-23.707.561</u>	<u>-53.368.981</u>	<u>-71.233.830</u>
Carrying amount at 31. december 2021	<u>71.365.660</u>	<u>24.105.449</u>	<u>20.530.544</u>
Depreciated over	<u>10-50 years</u>	<u>3-7 years</u>	<u>3-5 years</u>

Notes to the Consolidated Annual Report

	<u>2021</u>	<u>2020</u>
	DKK	DKK
13 Investments in associates		
Cost at 1 January	30.506.780	22.553.200
Net effect from merger and acquisition	0	-250.000
Additions during the year	0	8.203.580
Disposals during the year	<u>-22.303.200</u>	<u>0</u>
Cost at 31 December	<u>8.203.580</u>	<u>30.506.780</u>
Valuation adjustments at 1 January	2.018.023	2.603.205
Disposals for the year	-2.260.853	
Exchange adjustment, beginning of year	0	-73.072
Net effect from merger and acquisition	0	2.011.154
Net profit/loss for the year	1.011.498	-997.212
Amortizaation of goodwill	<u>-704.940</u>	<u>-1.526.052</u>
Revaluations at 31 December	<u>63.728</u>	<u>2.018.023</u>
Carrying amount at 31 December	<u>8.267.308</u>	<u>32.524.803</u>

Specification of investments in associates:

Name:	Registered office	Share of ownership and votes
Ovotrack BV	Netherlands	50%

14 Fixed asset investments	<u>Other fixed asset investments</u>
Cost at 1 January	0
Exchange adjustment	0
Additions for the year	2.230.800
Cost at 31 December	<u>2.230.800</u>
Revaluations 1 January	0
Transfers for the year	0
Revaluations at 31 December	<u>0</u>
Carrying amount at 31 December	<u>2.230.800</u>

Notes to the Consolidated Annual Report

	2021 DKK	2020 DKK
15 Inventories		
Raw materials and consumables	95.016.291	114.748.056
Work in progress	57.011.272	67.313.653
Finished goods and goods for resale	63.217.034	12.884.904
	215.244.597	194.946.613
16 Provision for deferred tax		
Provision for deferred tax at 1 January	15.892.151	-322.102
Amounts recognized in the income statement for the year	-272.999	16.214.253
Provision for deferred tax at 31 December	15.619.152	15.892.151
Deferred tax asset	4.107.604	1.878.087
Provision for deferred tax	-19.726.756	-17.770.238
Provision for deferred tax at 31 December	-15.619.152	-15.892.151
<p>Provision for deferred tax consists mainly of temporary differences between the carrying amount and the tax base of tangible fixed assets, provisions and other items. Tax loss carry-forwards and other negative differences have been set off against provisions for deferred tax. Deferred tax assets have been set off against provisions in the same legal tax entity and jurisdiction. The valuation of deferred tax has been performed on the basis of the expectations for future earnings set by the executive board. The executive board expects a continuous stream of positive earnings the next five years, which will use the positive deferred tax.</p>		
17 Prepayments		
Prepayments at 1 January	4.104.013	9.094.247
Amounts for the year	31.595.828	-4.990.234
Prepayments at 31 December	35.699.841	4.104.013

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 to the Consolidated Annual Report

	2021	2020
	DKK	DKK
18 Other provisions		
Other provisions at 1 January	9.096.562	13.333.852
Provision in year	17.934.646	9.096.562
Applied in the year	-9.096.562	-13.333.852
Other provisions at 31 December	17.934.646	9.096.562
Other provisions comprise obligations concerning warranty commitments.		
19 Debt		
Payments falling due within one year are stated under short-term debt.		
Other debt is recognised in long-term debt.		
20 Credit institutions		
After 5 years	6.042.156	0
Between 1 and 5 years	60.142.387	60.000.000
Long-term part	66.184.543	60.000.000
Short part long term debt	19.558.448	15.000.000
Within 1 year	83.210.835	91.644.421
	168.953.826	166.644.421
21 Other payables		
After 5 years	9.007.773	0
Between 1 and 5 years	11.775.081	8.908.406
Long-term part	20.782.854	8.908.406
Within 1 year	114.723.206	166.501.035
	135.506.060	175.409.441

Notes to the Consolidated Annual Report

	2021	2020
	DKK	DKK
22 Proposed distribution of profit		
Proposed dividend for the year	10.000.000	10.000.000
Minority interests' share of net profit/loss of subsidiaries	2.242.500	0
Retained earnings	28.942.630	11.954.954
	<u>41.185.130</u>	<u>21.954.954</u>

23 Contingent liabilities and other financial obligations

Contingent liabilities

The company is not involved in any claims, which could significantly harm future earnings.

An estimated amount has been offset to cover future claims from customers.

Contingent liabilities in relation to jointly taxed income.

Sanovo Technology A/S is jointly taxed with its Danish group related companies.

The company thus has secondary liability with respect to income taxes etc. and any obligations to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies.

Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the company held directly or indirectly by the ultimate parent.

24 Related parties and ownership

Basis

Controlling interest

Thornico Food & Food Technology Group A/S, Odense	Majority shareholder
Thornico A/S, Odense	Majority shareholder
Thornico Holding A/S, Odense	Majority shareholder
Christian Nicholas Rosenkrantz Stadil, non-public address	Ultimate owner

Other related parties

Board of Directors	Management control
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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.

Notes to the Consolidated Annual Report

	2021	2020
	DKK	DKK
25 Cash flow statement - adjustments		
Financial income	-18.327.007	-13.614.001
Financial expenses	23.548.684	19.469.992
Depreciation and impairment losses, incl. gain and loss on sale	53.128.239	36.233.480
Revaluation of properties and other assets		
Adjustment, beginning of year, concerning associate, previous years		
Income on investments in associates	-306.558	5.796.379
Other equity adjustments	0	-2.199.187
Income tax in income statement	16.374.215	28.486.478
	74.417.573	74.173.141
26 Cash flow statement - change of working capital		
Change in inventories	-20.297.984	-21.425.497
Change in receivables	-30.448.096	45.593.836
Change in other provisions	8.838.084	-4.237.290
Change in suppliers etc	20.800.218	-12.144.452
	-21.107.778	7.786.597

Parent Company Income Statement 1 January - 31 December

	Note	2021	2020
Gross profit	1	91.728.618	84.171.012
Staff costs	2	-77.910.132	-73.132.124
Profit/loss before amortisation/depreciation and impairment losses		13.818.486	11.038.888
Depreciation, amortisation and impairment of losses	3	-19.631.588	-18.609.537
Profit/loss before net financials		-5.813.102	-7.570.649
Income from investments in subsidiaries	4	53.014.065	23.184.123
Income from investments in associates	5	306.558	-4.300.745
Financial income	6	4.420.018	13.614.986
Financial cost	7	-17.729.982	-2.364.607
Profit/loss before tax		34.197.557	22.563.108
Tax on profit/loss for the year	8	4.745.073	-608.152
Profit/loss for the year		38.942.630	21.954.956
Distribution of profit	9		

Parent Company Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Completed development projects		8.231.257	13.351.997
Acquired rights		21.412.253	28.174.013
Intangible assets	10	<u>29.643.510</u>	<u>41.526.010</u>
Plant and machinery		4.700.802	6.330.891
Other fixtures and fittings, tools and equipment		2.991.204	5.964.176
Leasehold improvements		1.162.432	1.441.701
Tangible assets	11	<u>8.854.438</u>	<u>13.736.768</u>
Investments in subsidiaries	12	317.921.193	237.625.174
Investments in associates	13	8.267.308	7.960.750
Receivables from subsidiaries	14	360.857	1.144.592
Other fixed asset investments	14	2.230.800	0
Fixed asset investments		<u>328.780.158</u>	<u>246.730.516</u>
Total non-current assets		<u>367.278.106</u>	<u>301.993.294</u>

Parent Company Balance Sheet at 31 December

	Note	2021	2020
Raw materials and consumables		15.289.580	13.117.648
Work in progress		32.010.851	35.869.949
Finished goods and goods for resale		15.920.218	10.129.521
		63.220.649	59.117.118
Stocks			
Trade receivables		21.165.578	18.670.598
Receivables from subsidiaries		81.067.393	76.348.567
Receivables from associates		2.636.239	1.149.372
Other receivables		5.149.011	145.294
Corporation tax		2.655.344	6.612.479
Prepayments	15	2.626.595	3.544.727
		115.300.160	106.471.037
Receivables			
Cash and cash equivalents		19.153.605	23.380.755
Total current assets		197.674.413	188.968.910
Assets		564.952.519	490.962.204

Parent Company Balance Sheet at 31 December

Liabilities and equity	<u>Note</u>	<u>2021</u>	<u>2020</u>
Share capital		15.625.000	15.625.000
Reserve for development expenditure		5.207.281	14.191.265
Reserve for current value adjustments of currency gains		-2.175.344	-10.214.971
Retained earnings		223.684.110	186.270.536
Proposed dividend for the year		10.000.000	10.000.000
		<u>252.341.047</u>	<u>215.871.830</u>
Equity			
Provision for deferred tax	16	1.444.233	3.579.085
Other provisions	17	2.686.825	818.998
		<u>4.131.058</u>	<u>4.398.083</u>
Total provisions			
Banks		45.000.000	60.000.000
Other payables		11.820.223	7.535.543
		<u>56.820.223</u>	<u>67.535.543</u>
Total non-current liabilities	18		

Parent Company Balance Sheet at 31 December

	Note	2021	2020
Short-term part of long-term debet	18	15.000.000	15.000.000
Banks		63.356.770	64.488.072
Prepayments received from customers		25.414.721	19.287.936
Trade payables		16.667.879	12.600.501
Payables to subsidiaries		114.500.756	80.796.453
Payables to associates		0	346.604
Other payables		16.720.065	10.637.182
Total current liabilities		251.660.191	203.156.748
Total liabilities		308.480.414	270.692.291
Total equity and liabilities		564.952.519	490.962.204
Rent and lease liabilities	19		
Mortgages and collateral	21		
Related parties and ownership structure	22		

Statement of changes in Equity for Parent Company

	Share capital	Reserve for development expenditure	Reserve for current value adjustments of currency gains	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2020	15.625.000	14.191.265	-10.214.971	186.270.536 0	10.000.000	215.871.830
Exchange adjustments	0	0	8.039.627	0	0	8.039.627
Ordinary dividend paid	0	0	0	0	-10.000.000	-10.000.000
Fair value adjustment of hedging instruments	0	0	0	-513.040	0	-513.040
Transfers, reserves	0	-8.983.984	0	8.983.984	0	0
Net profit/loss for the year	0	0	0	28.942.630	10.000.000	38.942.630
Equity at 31. december 2021	15.625.000	5.207.281	-2.175.344	223.684.110	10.000.000	252.341.047

Notes to the Parent Company Annual Report

	<u>2021</u>	<u>2020</u>
1 Other operating income		
COVID-19 Compensation, fixed costs	0	1.959.411
COVID-19 Compensation, salaries	0	6.574.399
Rent income	35.675	395.572
Administration services	22.203.531	22.520.920
	<u>22.239.206</u>	<u>31.450.302</u>
2 Staff cost		
Wages and salaries	-70.238.073	-66.273.951
Pensions	-6.558.974	-5.916.683
Other social security costs	-1.113.085	-941.490
	<u>-77.910.132</u>	<u>-73.132.124</u>
Average number of employees	<u>140</u>	<u>131</u>

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

Notes to the Parent Company Annual Report

	<u>2021</u>	<u>2020</u>
3 Depreciation, amortisation and impairment of losses		
Depreciation intangible assets	-13.437.756	-12.310.796
Depreciation tangible assets	-6.259.032	-6.298.741
Gain/loss on disposal	65.200	0
	<u>-19.631.588</u>	<u>-18.609.537</u>
which breaks down as follows:		
Completed development projects	-6.675.996	-6.675.996
Acquired rights	-6.761.760	-5.634.800
Plant and machinery	-1.630.089	-1.261.896
Other fixtures and fittings, tools and equipment	-4.005.981	-4.389.244
Leasehold improvements	-622.962	-647.601
Loss(-)/profit on sale of property, plant and equipment	65.200	0
	<u>-19.631.588</u>	<u>-18.609.537</u>
4 Income from investments in subsidiaries		
Share of profits of subsidiaries	56.862.160	27.376.955
Amortisation of goodwill	-3.169.494	-3.169.494
Adjustments previous years	-678.601	-1.023.338
	<u>53.014.065</u>	<u>23.184.123</u>
5 Income from investments in associates		
Share of profits of associates	1.011.498	-2.187.120
Amortisation of goodwill	-704.940	-352.470
Net effect from merger and acquisition from associates	0	1.761.155
Net effect from merger and acquisition from subsidiaries	0	-3.522.310
	<u>306.558</u>	<u>-4.300.745</u>

Notes to the Parent Company Annual Report

	<u>2021</u>	<u>2020</u>
6 Financial income		
Interest received from subsidiaries	175.755	147.499
Interest received from associates	33.464	5.579
Other financial income	4.210.799	3.342.990
Exchange adjustments	0	10.118.918
	<u>4.420.018</u>	<u>13.614.986</u>
7 Financial costs		
Financial expenses, group entities	-918.634	-928.810
Other financial costs	-1.601.919	-1.435.797
Exchange adjustments costs	-15.209.429	0
	<u>-17.729.982</u>	<u>-2.364.607</u>
8 Tax on profit/loss for the year		
Current tax for the year	2.655.344	6.275.868
Deferred tax for the year	1.990.844	-6.884.020
Adjustment of tax concerning previous years	98.885	0
	<u>4.745.073</u>	<u>-608.152</u>
9 Distribution of profit		
Proposed dividend for the year	10.000.000	10.000.000
Retained earnings	28.942.630	11.954.955
	<u>38.942.630</u>	<u>21.954.955</u>

Notes to the Parent Company Annual Report

10 Intangible assets

	Completed development projects	Acquired rights	Total
Cost at 1 January	44.339.017	33.808.813	78.147.830
Additions for the year	1.555.256	0	1.555.256
Transfers for the year	0	0	0
Cost at 31 December	<u>45.894.273</u>	<u>33.808.813</u>	<u>79.703.086</u>
Impairment losses and amortisation at 1 January	30.987.020	5.634.800	36.621.820
Amortisation for the year	6.675.996	6.761.760	13.437.756
Impairment losses and amortisation at 31 December	<u>37.663.016</u>	<u>12.396.560</u>	<u>50.059.576</u>
Carrying amount at 31 December	<u>8.231.257</u>	<u>21.412.253</u>	<u>29.643.510</u>

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
- Change of the project's expectations

11 Tangible assets

	Plant and ma- chinery	Other fixtures and fittings, tools and equipment	Leasehold im- provements	Total
Cost at 1 January	13.015.778	39.852.181	8.792.484	61.660.443
Additions for the year	0	1.033.009	343.693	1.376.702
Disposals for the year	-639.369	-8.496.246	-485.351	-9.620.966
Cost at 31 December	<u>12.376.409</u>	<u>32.388.944</u>	<u>8.650.826</u>	<u>53.416.179</u>
Impairment losses and depreciation at 1 January	6.684.887	33.888.005	7.350.783	47.923.675
Depreciation for the year	1.630.089	4.005.981	622.962	6.259.032
Depreciation disposed assets	-639.369	-8.496.246	-485.351	-9.620.966
Impairment losses and depreciation at 31 December	<u>7.675.607</u>	<u>29.397.740</u>	<u>7.488.394</u>	<u>44.561.741</u>
Carrying amount at 31 December	<u>4.700.802</u>	<u>2.991.204</u>	<u>1.162.432</u>	<u>8.854.438</u>

Notes to the Parent Company Annual Report

	2021	2020
12 Investments in subsidiaries		
Cost at 1 January	355.176.551	332.676.550
Additions during the year	8.600.000	22.500.001
Cost at 31 December	<u>363.776.551</u>	<u>355.176.551</u>
Revaluation at 1 January	-117.551.377	-79.294.530
Disposals for the year	0	5.010.487
Exchange adjustment	8.039.627	-10.214.971
Net effect from merger and acquisition	0	-3.522.309
Net profit/loss for the year	56.862.160	27.376.955
Received dividend	0	-47.487.422
Adjustments previous years	-678.601	-1.023.338
Amortisation of goodwill	-3.169.494	-3.169.494
Equity investments with negative net asset value amortised over receivables	10.642.327	-5.226.755
Revaluation at 31 December	<u>-45.855.358</u>	<u>-117.551.377</u>
Carrying amount at 31 December	<u>317.921.193</u>	<u>237.625.174</u>

Specification of investments in subsidiaries:

Name:	Registered office	Ownership interest
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%
Shanghai Sanovo Technology China	China	100%
Sanovo Technology Mexico	Mexico	100%
Investeringsselskabet af 1. september ApS	Denmark	100%
Foodcraft Inc.	USA	100%
Foodcraft Equipment Inc.	USA	100%
Sanovo Logistic ApS	Denmark	100%
NIKRO s.r.o.	Slovakia	60%
Sanovo Technology Asia	Malaysia	100%
Sanovo Biosecurity A/S	Denmark	100%
Sanovo Technology Process A/S	Denmark	100%
Sanovo Capital A/S	Denmark	100%
Sanovo Technology Comercio De Maquinas	Brazil	100%
Sanovo Technology Robotics A/S	Denmark	100%

Notes to the Parent Company Annual Report

	<u>2021</u>	<u>2020</u>
13 Investments in associates		
Cost at 1 January	8.203.579	249.999
Net effect from merger and acquisition	0	-250.000
Additions for the year	0	8.203.580
Cost at 31 December	<u>8.203.579</u>	<u>8.203.579</u>
Revaluation at 1 January	-242.829	285.606
Net effect from merger and acquisition	0	2.011.154
Net profit/loss for the year	1.011.498	-2.187.119
Amortisation of goodwill	-704.940	-352.470
Revaluation at 31 December	<u>63.729</u>	<u>-242.829</u>
Carrying amount at 31 December	<u>8.267.308</u>	<u>7.960.750</u>

Specification of investments in associates:

Name:	<u>Registered office</u>	<u>Ownership interest</u>
Ovotrack BV	Netherlands	50%

14 Fixed asset investments

	<u>Other fixed asset investments</u>	<u>Receivables from subsidiaries</u>
Cost at 1 January	0	7.232.515
Exchange adjustment	0	-4.050
Additions for the year	2.230.800	5.581.425
Disposal for the year	0	-7.232.515
Cost at 31 December	<u>2.230.800</u>	<u>12.809.890</u>
Revaluations 1 January	0	-6.087.923
Transfers for the year	0	-6.361.110
Revaluations at 31 December	<u>0</u>	<u>-12.449.033</u>
Carrying amount at 31 December	<u>2.230.800</u>	<u>360.857</u>

15 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 to the Parent Company Annual Report

	<u>2021</u>	<u>2020</u>
16 Provision for deferred tax		
Provision for deferred tax at 1 January	3.579.085	-3.304.935
Correction previous years tax	-144.008	0
Current year provision	-1.990.844	6.884.020
	<u>1.444.233</u>	<u>3.579.085</u>
Provision for deferred tax at 31 December		
Intangible assets	3.374.316	5.626.839
Property, plant and equipment	-3.125.542	-3.494.701
Inventories	627.507	809.211
Prepaid costs	577.851	628.797
Other taxable temporary differences	-9.900	8.939
Transferred to deferred tax asset	0	0
	<u>1.444.232</u>	<u>3.579.085</u>
17 Other provisions		
Balance at beginning of year	818.998	886.364
Provision in year	2.686.825	818.998
Applied in the year	-818.998	-886.364
Saldo ultimo	<u>2.686.825</u>	<u>818.998</u>

Notes to the Parent Company Annual Report

18 Long term debt

	Debt at 1 January	Debt at 31 December	Instalment next year	Debt outstanding after 5 years
Banks	75.000.000	60.000.000	15.000.000	0
Other payables	7.535.543	11.820.223	0	7.607.317
	<u>82.535.543</u>	<u>71.820.223</u>	<u>15.000.000</u>	<u>7.607.317</u>

19 Rent and lease liabilities

	2021	2020
Within 1 year	8.547.489	6.199.786
Between 1 and 5 years	26.112.710	23.159.709
After 5 years	7.418.640	0
	<u>42.078.839</u>	<u>29.359.495</u>

The company has a leasehold contract liability towards the parent company Thornico Food & Food Technology Group A/S. The contract can be cancelled with 12 months' notice however it is irredeemable until December 31 2025.

The company also has another leasehold contract liability towards the parent company Thornico Food & Food Technology Group A/S. The contract can be cancelled with 12 months' notice however it is irredeemable until January 1 2032.

Notes to the Parent Company Annual Report

20 Contingent liabilities

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.

21 Morgages and collateral

The company has solidarity guarentee toward bank debt for 75 mil. Kr. to companies that are associated with Thornico Food & Food Technology Group A/S.

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

22 Related parties and ownership structure

	<u>Basis</u>
Controlling interest	
Thornico Food & Food Technology group A/S, Odense	Controlling shareholder
Thornico A/S, Odense	Controlling shareholder
Thornico Holding A/S, Odense	Controlling shareholder
Christian Rosenkrantz Stadil, non public adress	Ultimate owner
Other related parties	
Board of Directors	Management control

In accordance with the Danish Financial Stetaments 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 marked terms.