

# **SANOVO TECHNOLOGY A/S**

**Datavej 3  
5220 Odense SØ**

**CVR no. 85 48 59 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 board of directors and executive boards have today discussed and approved the annual report of SANOVO TECHNOLOGY A/S for the financial year 1 January - 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 January - 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**

Michael Strange Midskov  
Director

### **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 financial statements of SANOVO TECHNOLOGY A/S for the financial year 1 January - 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 January - 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.

## Independent auditor's report

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.

## **Independent auditor's report**

### **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

<b>The company</b>	<p>SANOVO TECHNOLOGY A/S                  Datavej 3                  5220 Odense SØ</p> <p>CVR no.: 85 48 59 11</p> <p>Reporting period: 1 January - 31 December 2020</p> <p>Domicile: Odense</p>
<b>Board of Directors</b>	<p>Thor Stadil, chairman                  Christian Nicholas Rosenkrantz-Stadil                  Torben Rosenkrantz-Theil</p>
<b>Executive board</b>	<p>Michael Strange Midskov, director</p>
<b>Auditors</b>	<p>Deloitte                  Statsautoriseret Revisionspartnerselskab                  Tværkajen 5                  5100 Odense C</p>
<b>Consolidated financial statements</b>	<p>The company is reflected in the group report as the parent company Thornico Food &amp; Food Technology Group A/S, Odense CVR no. 37750913 (smallest group) and Thornico Holding A/S, Odense CVR no. 35258000 (largest group).</p>

## 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>					
Gross profit/loss	84.171	84.562	80.330	56.229	83.475
Profit/loss before net financials	-7.571	1.960	2.423	-20.281	1.550
Net financials	30.134	74.717	37.350	23.873	47.302
Profit/loss for the year	21.955	77.481	40.690	3.241	49.498
Balance sheet total	490.962	464.404	415.254	351.219	513.718
Investment in property, plant and equipment	7.534	1.867	4.181	21.575	16.146
Equity	215.872	226.799	172.439	156.264	172.728
<b>Financial ratios</b>					
Return on assets	-1,6%	0,4%	0,6%	-4,7%	0,4%
Equity ratio	44,0%	48,8%	41,5%	44,5%	33,6%
Return on equity	9,9%	38,8%	24,8%	2,0%	28,0%

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 machines and products for use in the food and medicine industry. More than 90 % of the turnover is to customers outside Denmark.

### **Financial review**

The company's profit and loss show a net result of TDKK 21.955 and the Equity is at TDKK 215.872 on December 31, 2020. The result is considerably influenced by the Covid-19 pandemic, which negatively impacted especially the sale of equipment to the egg-processing industry but also to some extent the grading industry. In the light of this, the result for 2020 is considered satisfactory.

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

As the Covid-19 pandemic continues to influence the market situation the outlook for 2021 is difficult to predict. We expect that both the situation and market will improve during the year, hence we expect the result to improve compared to 2020.

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

It is the intention to continue being the leading supplier of machines and products for egg processing and egg handling within the food and medicine industries. To uphold the high level of knowledge and expertise it requires the company recruits and keeps competent employees and that the employees are continuously trained and educated.

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

The company has a limited influence on the external environment as the total energy consumption is relatively low. Still all possible action to reduce consumption further are investigated.

In 2018 the company was ISO-9001-2015 certified, which now has been implemented throughout the Group.

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

Research and Development costs are taken directly in the Profit and Loss, unless future gains are achievable and can be reliably measured.

## Management's review

### **Special risks, including general operations and financial matters**

#### ***Operation conditions***

The company is one of the leading global suppliers of machinery to the food and medicine 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 consists 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.

#### ***Financial matters***

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 contacts.

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. Most of the funding in the group is short term.

## **Accounting policies**

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

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

The annual report for 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 obligations 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.

## **Accounting policies**

### **Income statement**

#### **Gross profit**

Gross profit reflects an aggregation of revenue less costs of raw materials and consumables and other external expenses.

#### **Revenue**

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

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 operating income**

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

#### **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.

## Accounting policies

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

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

### **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**

#### ***Goodwill***

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### ***Development projects, patents, licences and acquired rights***

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

## Accounting policies

Patents, licences and acquired rights are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences and acquired rights are amortised over the term of the licence/right, however not more than 10 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

### Tangible assets

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

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

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

Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 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.

### Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

## Accounting policies

### 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 SANOVO TECHNOLOGY A/S is adopted are not taken to the net revaluation reserve.

When acquiring companies, the acquisition method is used.

Goodwill is amortized over the estimated economic life, which is determined on the basis of management's experience within the individual business areas. Goodwill is amortized on a straight-line basis over the amortization period, 5 - 20 years. The depreciation period is determined on the basis of an assessment of the case strategically acquired companies with a strong market position and long-term earnings profile.

### 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.

## **Accounting policies**

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.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

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

Provisions - except for provisions for deferred tax - are measured at net asset value.

Warranty commitments include expenses for remedial action within the warranty period of 1-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work. Provisions with an expected maturity of more than one year from the balance sheet date are discounted using a rate that reflects the risk and maturity of the liability.

### **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 tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.



## **Accounting policies**

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

### **Liabilities**

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other 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'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

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.

## Accounting policies

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.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in the fair value reserve under 'Equity'. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

### 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> TDKK
<b>Gross profit</b>		<b>84.171.012</b>	<b>84.562</b>
Staff costs	2	<u>-73.132.124</u>	<u>-75.896</u>
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>11.038.888</b>	<b>8.666</b>
Depreciation, amortisation and impairment of losses	3	<u>-18.609.537</u>	<u>-6.706</u>
<b>Profit/loss before net financials</b>		<b>-7.570.649</b>	<b>1.960</b>
Income from investments in subsidiaries	4	23.184.122	80.414
Income from investments in associates	5	-4.300.745	49
Financial income	6	13.614.986	3.208
Financial costs	7	<u>-2.364.607</u>	<u>-8.954</u>
<b>Profit/loss before tax</b>		<b>22.563.107</b>	<b>76.677</b>
Tax on profit/loss for the year	8	<u>-608.152</u>	<u>804</u>
<b>Profit/loss for the year</b>		<b><u>21.954.955</u></b>	<b><u>77.481</u></b>
Distribution of profit	9		

**Balance sheet at 31 December 2020**

	Note	2020 DKK	2019 TDKK
<b>Assets</b>			
Completed development projects		13.351.997	0
Acquired rights		28.174.013	0
Development projects in progress		0	20.028
<b>Intangible assets</b>	10	<b>41.526.010</b>	<b>20.028</b>
Plant and machinery		6.330.891	1.852
Other fixtures and fittings, tools and equipment		5.964.176	8.670
Leasehold improvements		1.441.701	1.979
<b>Tangible assets</b>	11	<b>13.736.768</b>	<b>12.501</b>
Investments in subsidiaries	12	237.625.174	253.381
Investments in associates	13	7.960.750	536
Receivables from subsidiaries	14	1.144.592	0
<b>Fixed asset investments</b>		<b>246.730.516</b>	<b>253.917</b>
<b>Total non-current assets</b>		<b>301.993.294</b>	<b>286.446</b>
Raw materials and consumables		13.117.648	15.682
Work in progress		35.869.949	35.814
Finished goods and goods for resale		10.129.521	12.700
<b>Stocks</b>		<b>59.117.118</b>	<b>64.196</b>
Trade receivables		18.670.598	30.468
Receivables from subsidiaries		76.348.567	37.822
Receivables from associates		1.149.372	7.089
Other receivables		145.294	1.775
Deferred tax asset	16	0	3.305
Corporation tax		6.612.479	61
Prepayments	15	3.544.727	3.740
<b>Receivables</b>		<b>106.471.037</b>	<b>84.260</b>

**Balance sheet at 31 December 2020 (continued)**

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> TDKK
<b>Assets</b>			
<b>Cash at bank and in hand</b>		<u><b>23.380.755</b></u>	<u><b>29.502</b></u>
<b>Total current assets</b>		<u><b>188.968.910</b></u>	<u><b>177.958</b></u>
<b>Total assets</b>		<u><u><b>490.962.204</b></u></u>	<u><u><b>464.404</b></u></u>

**Balance sheet at 31 December 2020**

	Note	2020 DKK	2019 TDKK
<b>Equity and liabilities</b>			
Share capital		15.625.000	15.625
Reserve for development expenditure		14.191.265	20.028
Reserve for current value adjustments of currency gains		-10.214.971	0
Retained earnings		186.270.536	166.146
Proposed dividend for the year		10.000.000	25.000
<b>Equity</b>		<b>215.871.830</b>	<b>226.799</b>
Provision for deferred tax	16	3.579.085	0
Other provisions	17	818.998	886
<b>Total provisions</b>		<b>4.398.083</b>	<b>886</b>
Banks		60.000.000	0
Other payables		7.535.543	3.096
<b>Total non-current liabilities</b>	18	<b>67.535.543</b>	<b>3.096</b>
Short-term part of long-term debet	18	15.000.000	0
Banks		64.488.072	77.730
Prepayments received from customers		19.287.936	25.767
Trade payables		12.600.501	12.371
Payables to subsidiaries		80.796.453	105.734
Payables to associates		346.604	919
Other payables		10.637.182	11.102
<b>Total current liabilities</b>		<b>203.156.748</b>	<b>233.623</b>
<b>Total liabilities</b>		<b>270.692.291</b>	<b>236.719</b>
<b>Total equity and liabilities</b>		<b>490.962.204</b>	<b>464.404</b>
Rent and lease liabilities	19		
Contingent liabilities	20		
Mortgages and collateral	21		
Related parties and ownership structure	22		

## Statement of changes in equity

	Share capi- tal	Reserve for development expenditure	Reserve for current va- lue adjust- ments of currency gains	Retained earnings	Proposed di- vidend for the year	Total
Equity at 1 January 2020	15.625.000	20.027.993	0	166.146.853	25.000.000	226.799.846
Exchange adjustments	0	0	-10.214.971	0	0	-10.214.971
Ordinary dividend paid	0	0	0	0	-25.000.000	-25.000.000
Fair value adjustment of hedging instruments	0	0	0	2.332.000	0	2.332.000
Transfers, reserves	0	-5.836.728	0	5.836.728	0	0
Net profit/loss for the year	0	0	0	11.954.955	10.000.000	21.954.955
<b>Equity at 31 December 2020</b>	<b>15.625.000</b>	<b>14.191.265</b>	<b>-10.214.971</b>	<b>186.270.536</b>	<b>10.000.000</b>	<b>215.871.830</b>

**Notes**

	<u>2020</u>	<u>2019</u>
	DKK	TDKK
<b>1 Other operating income</b>		
COVID-19 Compensation, fixed costs	1.959.411	0
COVID-19 Compensation, salaries	6.574.399	0
Rent income	395.572	33
Administration services	<u>22.520.920</u>	<u>18.043</u>
	<b><u>31.450.302</u></b>	<b><u>18.076</u></b>
<b>2 Staff costs</b>		
Wages and salaries	66.273.951	69.650
Pensions	5.916.683	5.360
Other social security costs	<u>941.490</u>	<u>886</u>
	<b><u>73.132.124</u></b>	<b><u>75.896</u></b>
Average number of employees	<u>131</u>	<u>122</u>

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



Notes

	2020	2019
	DKK	TDKK
<b>3 Depreciation, amortisation and impairment of losses</b>		
Depreciation intangible assets	12.310.796	0
Depreciation tangible assets	6.298.741	6.909
Gain/loss on disposal	0	-203
	<b>18.609.537</b>	<b>6.706</b>
which breaks down as follows:		
Development projects in progress	6.675.996	0
Acquired rights	5.634.800	0
Plant and machinery	1.261.896	500
Other fixtures and fittings, tools and equipment	4.389.244	5.781
Leasehold improvements	647.601	628
Loss/(profit) on sale of property, plant and equipment	0	-203
	<b>18.609.537</b>	<b>6.706</b>
<b>4 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	27.376.954	83.584
Amortisation of goodwill	-3.169.494	-3.170
Adjustments previous years	-1.023.338	0
	<b>23.184.122</b>	<b>80.414</b>
<b>5 Income from investments in associates</b>		
Share of profits of associates	-2.187.120	49
Amortisation of goodwill	-352.470	0
Net effect from merger and acquisition from associates	1.761.155	0
Net effect from merger and acquisition from subsidiaries	-3.522.310	0
	<b>-4.300.745</b>	<b>49</b>

## Notes

	2020	2019
	DKK	TDKK
<b>6 Financial income</b>		
Interest received from subsidiaries	147.499	360
Interest received from associates	5.579	0
Other financial income	3.342.990	2.848
Exchange adjustments	10.118.918	0
	<b><u>13.614.986</u></b>	<b><u>3.208</u></b>
<b>7 Financial costs</b>		
Financial expenses, group entities	928.810	1.421
Other financial costs	1.435.797	418
Exchange adjustments costs	0	7.115
	<b><u>2.364.607</u></b>	<b><u>8.954</u></b>
<b>8 Tax on profit/loss for the year</b>		
Current tax for the year	-6.275.868	452
Deferred tax for the year	6.884.020	-1.255
Adjustment of tax concerning previous years	0	-1
	<b><u>608.152</u></b>	<b><u>-804</u></b>
<b>9 Distribution of profit</b>		
Proposed dividend for the year	10.000.000	25.000
Retained earnings	11.954.955	52.481
	<b><u>21.954.955</u></b>	<b><u>77.481</u></b>

## Notes

### 10 Intangible assets

	Completed development projects	Acquired rights	Development projects in progress
Cost at 1 January 2020	24.311.024	0	20.027.993
Additions for the year	0	33.808.813	0
Transfers for the year	20.027.993	0	-20.027.993
Cost at 31 December 2020	<u>44.339.017</u>	<u>33.808.813</u>	<u>0</u>
Impairment losses and amortisation at 1 January 2020	24.311.024	0	0
Amortisation for the year	6.675.996	5.634.800	0
Impairment losses and amortisation at 31 December 2020	<u>30.987.020</u>	<u>5.634.800</u>	<u>0</u>
<b>Carrying amount at 31 December 2020</b>	<b><u>13.351.997</u></b>	<b><u>28.174.013</u></b>	<b><u>0</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

- Change of the project's expectations
- Failure to adopt the technology on the market

## Notes

## 11 Tangible assets

	Plant and ma- chinery	Other fixtures and fittings, tools and equipment	Leasehold im- provements	Total
Cost at 1 January 2020	7.275.119	38.169.423	8.681.954	54.126.496
Additions for the year	<u>5.740.659</u>	<u>1.682.758</u>	<u>110.530</u>	<u>7.533.947</u>
Cost at 31 December 2020	<u>13.015.778</u>	<u>39.852.181</u>	<u>8.792.484</u>	<u>61.660.443</u>
Impairment losses and depre- ciation at 1 January 2020	5.422.991	29.498.760	6.703.182	41.624.933
Depreciation for the year	<u>1.261.896</u>	<u>4.389.245</u>	<u>647.601</u>	<u>6.298.742</u>
Impairment losses and depre- ciation at 31 December 2020	<u>6.684.887</u>	<u>33.888.005</u>	<u>7.350.783</u>	<u>47.923.675</u>
<b>Carrying amount at 31 De- cember 2020</b>	<b><u><u>6.330.891</u></u></b>	<b><u><u>5.964.176</u></u></b>	<b><u><u>1.441.701</u></u></b>	<b><u><u>13.736.768</u></u></b>

**Notes**

	2020	2019
	DKK	TDKK
<b>12 Investments in subsidiaries</b>		
Cost at 1 January 2020	332.676.550	327.524
Additions for the year	22.500.001	5.153
Cost at 31 December 2020	<u>355.176.551</u>	<u>332.677</u>
Revaluations at 1 January 2020	-79.294.530	-97.232
Disposals for the year	5.010.487	0
Exchange adjustment	-10.214.971	931
Net effect from merger and acquisition	-3.522.309	0
Net profit/loss for the year	27.376.955	83.583
Received dividend	-47.487.422	-63.207
Adjustments previous years	-1.023.338	0
Amortisation of goodwill	-3.169.494	-3.170
Equity investments with negative net asset value amortised over receivables	-5.226.755	-201
Revaluations at 31 December 2020	<u>-117.551.377</u>	<u>-79.296</u>
<b>Carrying amount at 31 December 2020</b>	<b><u><u>237.625.174</u></u></b>	<b><u><u>253.381</u></u></b>

## Notes

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Sanovo Technology USA Inc.	USA	100%
Sanovo Technology Japan Ltd.	Japan	100%
Sanovo Technology Italia S.r.l.	Italien	100%
Ramé-Hart Inc.	USA	100%
Staalkat Beheer B.V.	Holland	100%
Sanovo Technology Netherlands B.V.	Holland	100%
Sanovo Process Solutions A/S	Odense	100%
Shanghai Sanovo Technology China	Kina	100%
Sanovo Technology Mexico	Mexico	100%
Investeringsselskabet af 1. september ApS	Odense	100%
Foodcraft Inc.	USA	100%
Foodcraft Equipment Inc.	USA	100%
Sanovo Logistic ApS	Odense	100%
NIKRO s.r.o.	Slovakiet	50%
Sanovo Technology Asia	Malaysia	100%
Sanovo Biosecurity A/S	Odense	100%
Sanovo Technology Process A/S	Odense	100%
Sanovo Capital A/S	Odense	100%
Sanovo Technology Comercio De Maquinas	Brazil	100%
Sanovo Technology Robotics A/S	Odense	100%

## Notes

	2020	2019
	DKK	TDKK
<b>13 Investments in associates</b>		
Cost at 1 January 2020	249.999	250
Net effect from merger and acquisition	-250.000	0
Additions for the year	8.203.580	0
Cost at 31 December 2020	<u>8.203.579</u>	<u>250</u>
Revaluations at 1 January 2020	285.606	237
Net effect from merger and acquisition	2.011.154	0
Net profit/loss for the year	-2.187.119	49
Amortisation of goodwill	-352.470	0
Revaluations at 31 December 2020	<u>-242.829</u>	<u>286</u>
<b>Carrying amount at 31 December 2020</b>	<b><u>7.960.750</u></b>	<b><u>536</u></b>

Investments in associates are specified as follows:

Name	Registered office	Ownership interest
Ovotrack BV	Amerongen	50%

## Notes

### 14 Fixed asset investments

	Receivables from subsidia- ries
	<u>                    </u>
Cost at 1 January 2020	0
Additions for the year	<u>7.232.515</u>
Cost at 31 December 2020	<u>7.232.515</u>
Transfers for the year	<u>-6.087.923</u>
Revaluations at 31 December 2020	<u>-6.087.923</u>
<b>Carrying amount at 31 December 2020</b>	<b><u><u>1.144.592</u></u></b>

### 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

	2020	2019
	DKK	TDKK
<b>16 Provision for deferred tax</b>		
Provision for deferred tax at 1 January 2020	-3.304.935	-2.048
Current year provision	6.884.020	-1.256
<b>Provision for deferred tax at 31 December 2020</b>	<b>3.579.085</b>	<b>-3.304</b>
Intangible assets	5.626.839	0
Property, plant and equipment	-3.494.701	-4.134
Inventories	809.211	829
Prepaid costs	628.797	0
Other taxable temporary differences	-13.200	0
Transferred to deferred tax asset	0	3.305
	<b>3.579.085</b>	<b>0</b>
<b>Deferred tax asset</b>		
Calculated tax asset	0	3.305
<b>Carrying amount</b>	<b>0</b>	<b>3.305</b>
<b>17 Other provisions</b>		
Balance at beginning of year	886.364	2.355
Provision in year	818.998	255
Applied in the year	-886.364	-1.724
<b>Saldo ultimo</b>	<b>818.998</b>	<b>886</b>

**Notes**

**18 Long term debt**

	Debt at 1 January 2020	Debt at 31 December 2020	Instalment next year	Debt outstan- ding after 5 years
Banks	0	75.000.000	15.000.000	0
Other payables	3.096	7.535.543	0	0
	<b>3.096</b>	<b>82.535.543</b>	<b>15.000.000</b>	<b>0</b>

**19 Rent and lease liabilities**

**Rent and lease liabilities for group entities**

	2020 DKK	2019 TDKK
Within 1 year	6.199.786	6.586
Between 1 and 5 years	23.159.709	28.323
	<b>29.359.495</b>	<b>34.909</b>

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.

## Notes

### 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 Mortgages and collateral

The company has solidarity guarantee toward bank debt for 81 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

#### Controlling interest

Thornico Food & Food Technology Group A/S, Havnegade 36 2., Odense C, majority shareholder

Thornico A/S, Havnegade 36 2., Odense C, majority shareholder

Thornico Holding A/S, Havnegade 36, Odense C, majority shareholder

Christian Nicholas Rosenkrantz-Stadil, non-public address, ultimate owner

#### Transactions

The company has in accordance with the Danish Financial Statement Act, chosen only to inform of transactions with are not in compliance with normal marked terms. It is the Board of Directors belief that all transactions with relates parties are within normal marked terms.

#### Consolidated financial statements

The company is reflected in the group report as the parent company Thornico Food & Food Technology Group A/S, Odense CVR no. 37750913 (smallest group) and Thornico Holding A/S, Odense CVR no. 35258000 (largest group).