

# **Sanovo Technology A/S**

Datavej 3, DK-5220 Odense SØ

## **Annual Report for 2023**

CVR No 85 48 59 11

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24 May 2024

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 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2023.

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

Odense, 15 May 2024

## **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

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Sanovo Technology A/S for the financial year 1 January – 31 December 2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. 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 financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2023 and of the results of their operations and the consolidated cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity 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 the 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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the 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 consolidated financial statements and the parent 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 consol-

idated financial statements and the 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 content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Odense, 15 May 2024

**Deloitte**

Statsautoriseret Revisionspart-  
nerselskab CVR No. 33963556

**Gert Rasmussen**

State Authorised Public Accountant  
Identification No (MNE) mne35430

**Abdul Wahab Ashraf**

State Authorised Public Accountant  
Identification No (MNE) mne46664

## 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

	2023	2022	2021	2020	2019
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Profit/loss</b>					
Revenue	1.547.525	1.111.135	1.043.111	861.752	1.067.349
Gross profit	553.278	407.275	400.435	338.986	377.916
EBITDA	192.707	120.969	115.603	98.327	125.747
Profit/loss before financial income and expenses (EBIT)	140.427	66.406	62.474	62.094	105.313
Net financials	5.750	-5.257	-4.915	-11.652	-5.126
Net profit/loss for the year	100.481	41.565	41.185	21.955	77.481
<b>Balance sheet</b>					
Balance sheet total	1.073.773	903.417	789.668	699.815	632.930
Equity	382.146	316.883	268.782	215.872	226.805
Investment in property, plant and equipment, including new subsidiaries	49.471	47.796	40.548	24.730	19.520
<b>Number of employees</b>	592	565	558	413	378
<b>Ratios</b>					
Gross margin	35,8%	36,7%	38,4%	39,3%	35,4%
Profit margin	9,1%	6,0%	6,0%	7,2%	9,9%
Return on assets	13,1%	7,4%	7,9%	8,9%	16,6%
Solvency ratio	35,6%	35,1%	34,0%	30,8%	35,8%
Return on equity	26,3%	13,1%	15,3%	10,2%	34,2%

*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 products for egg-handling 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 1.547m. Consolidated EBIT is DKK 140m compared to DKK 66m in 2022, an increase of DKK 74m. The result was higher than expected going into 2023. Egg prices has in general been on a good level during 2023, which has influenced our customers willingness to invest in new equipment in 2023. Further to this, the investment level in the processing part of our industry has been influenced by some catch up effect from low investment during the Corona years from 2020 to 2022, which has increased our turnover in this part of the egg industry positively during 2023. Further to that, our customers has welcomed our new series of breaking machines, BreakerPro very much, leading to a record sale of Breakers in 2023.

The sale of graders reached a record level. The market has welcomed, that we now have the broadest range of graders and are able to supply all kind of grading machines to the egg industry. The company has on the IPPE exhibition in January 2024 introduced the largest grading machine in the world, the GraderPro 800, which are able to grade more than 300.000 eggs per hour. We already see big interest in this grader from our customers.

Despite the high degree of uncertainty due to the geopolitical situation with the continuing war in Ukraine and the newly started war in Gaza, we managed to increase our activity and result more than expected going into 2023. This is very satisfactory.

The company still has ceased all activities in Russia and Belarus and continue to do so for the foreseeable time.

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

At the date of the Annual Report for 2022 Management expected turnover and EBIT for 2023 to increase with around 10 %. Due to increasing demands in the industry turnover increased 39 % and EBIT increased 112 %.

## Expected development

We expect a satisfactory result for 2024. The company has budgeted the turnover to decrease in the lower single digit compared to 2023 and the result to decrease in the same level, primarily due to an expectation of lower activity in the egg processing industry.

## **Particular risks**

### *Currency and interest 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. As of 31/12 23 there are no forward currency contracts.

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 egg-based 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 global leading company within the egg handling and egg processing industry, there is an indirect dependency to the development of the international market for eggs and egg products, hereunder also the development in 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.

The group operating on the global market is always subject to geopolitical and political risks, also natural disaster and pandemic are significant risks.

## **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.

### **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**

Reference is made to the following link to the Group's CSR and ESG report at:  
<http://www.thornico.com/Company-Karma>

### **Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act**

	<u>2023</u>
<b>Board of directors</b>	
Total members of the board	3
Underrepresented gender (%)	0
Goal (%)	25
Achievement of goal (year)	2027

The group's board consist of 3 males, 2 of whom are owners and 1 independent member. The goal is to have a 1/3 (33%/66%) or 1/4 (25%/75%) split. The possibilities to reach the goal is either to exchange or add a member. As there was no change in the board in 2023 the goal hasn't been reached. The board expect that the goal will be reached before end of 2027.

	2023
<b>Management</b>	
Total management	8
Underrepresented gender (%)	37,5
Goal (%)	37,5
Achievement of goal (year)	2027

The management includes top management that consist of 5 males and 1 woman and other management that consist of 2 women. The goal is to have an equal split (37,5%/62,5%). The goal has been reached in 2023.

# Accounting Policies

## Basis of Preparation

The Annual Report of Sanovo Technology A/S for 2023 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 2023 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 recognized 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 recognized 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 recognized 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 and 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	2023 DKK	2022 DKK
Revenue	2	1.547.524.912	1.111.135.387
Other income on operations	3	2.214.321	909.675
Expenses for raw materials and consumables		-875.066.909	-620.349.243
Other external expenses	4	-121.394.599	-84.421.262
<b>Gross profit</b>		<b>553.277.725</b>	<b>407.274.557</b>
Staff expenses	5	-360.571.030	-286.305.283
<b>EBITDA</b>		<b>192.706.695</b>	<b>120.969.274</b>
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-52.279.710	-54.563.444
<b>Profit/loss before financial income and expenses</b>		<b>140.426.985</b>	<b>66.405.830</b>
Income from investments in associates after tax	7	747.358	458.584
Financial income	8	11.045.333	21.449.740
Financial expenses	9	-6.042.608	-27.164.856
<b>Profit/loss before tax</b>		<b>146.177.068</b>	<b>61.149.298</b>
Tax on profit/loss for the year	10	-45.696.061	-19.584.655
<b>Net profit/loss for the year</b>		<b>100.481.007</b>	<b>41.564.643</b>

## Consolidated Balance Sheet at 31 December

### Assets

	Note	2023 DKK	2022 DKK
Completed development projects	11	93.375.521	81.359.479
Development projects in process	11	24.004.189	25.192.512
Acquired rights	11	3.777.400	3.791.097
Goodwill	11	13.572.409	15.898.777
		<b>134.729.519</b>	<b>126.241.865</b>
<b>Intangible assets</b>			
Land and buildings	12	120.858.822	98.230.687
Plant and machinery	12	28.580.823	23.603.407
Assets under construction	12	0	533.160
Other fixtures, fittings, tools and equipment	12	14.538.301	14.251.812
		<b>163.977.946</b>	<b>136.619.066</b>
<b>Property, plant and equipment</b>			
Investments in associates	13	10.470.015	8.725.892
Other fixed asset investments	14	2.230.800	2.230.800
		<b>12.700.815</b>	<b>10.956.692</b>
<b>Fixed asset investments</b>			
<b>Fixed assets</b>		<b>311.408.280</b>	<b>273.817.623</b>

## Consolidated Balance Sheet at 31 December

### Assets

	Note	2023 DKK	2022 DKK
<b>Inventories</b>	15	<b>348.446.029</b>	<b>264.610.851</b>
Trade receivables	17	241.032.561	175.390.408
Receivables from group companies		562.035	579.025
Receivables from associates		1.509.682	4.122.142
Receivable corporation tax		436.777	3.242.700
Deferred tax assets	16	2.146.388	8.515.265
Other receivables	18	37.997.333	44.474.886
Prepayments	19	31.843.715	32.041.554
<b>Receivables</b>		<b>315.528.491</b>	<b>268.365.980</b>
<b>Cash and cash equivalents</b>		<b>98.390.687</b>	<b>96.622.617</b>
<b>Current assets</b>		<b>762.365.207</b>	<b>629.599.448</b>
<b>Assets</b>		<b>1.073.773.487</b>	<b>903.417.071</b>

## Consolidated Balance Sheet at 31 December

### Liabilities and equity

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Share capital		15.625.000	15.625.000
Reserve for development expenditure		91.556.174	83.110.553
Exchange rate reserve		8.044.664	10.945.383
Reserve for current value of hedging		0	3.427.070
Retained earnings		226.920.582	174.885.196
Proposed dividend for the year		40.000.000	10.000.000
		<hr/>	<hr/>
<b>Equity excl. minority interests</b>		<b>382.146.420</b>	<b>297.993.202</b>
Minority interests		0	18.889.477
		<hr/>	<hr/>
<b>Equity</b>		<b>382.146.420</b>	<b>316.882.679</b>
Provision for deferred tax	16	22.490.780	20.556.845
Other provisions	20	21.221.398	10.025.920
		<hr/>	<hr/>
<b>Provisions</b>		<b>43.712.178</b>	<b>30.582.765</b>

## Consolidated Balance Sheet at 31 December

### Liabilities and equity

	Note	2023 DKK	2022 DKK
Credit institutions	22	15.000.000	30.000.000
Morgage debt	23	21.425.218	20.294.722
Other payables	24	8.976.944	15.874.321
<b>Long-term debt</b>	21	<b>45.402.162</b>	<b>66.169.043</b>
Short part long term debt, credit institutions	21	15.000.000	15.000.000
Short part long term debt, morgage debt		1.862.083	4.558.448
Credit institutions	22	4.622.134	24.854.372
Trade payables		174.839.228	124.694.359
Payables to group companies		702.398	1.010.456
Corporation tax		23.546.480	8.134.622
Other payables	24	173.483.249	121.282.191
Prepayments received from customers		208.457.155	190.248.136
<b>Short-term debt</b>		<b>602.512.727</b>	<b>489.782.584</b>
<b>Debt</b>		<b>647.914.889</b>	<b>555.951.627</b>
<b>Liabilities and equity</b>		<b>1.073.773.487</b>	<b>903.417.071</b>
Proposed distribution of profit	25		
Rent and lease liabilities	26		
Contingent liabilities and other financial obligations	27		
Morgages and collateral	28		
Related parties and ownership	29		

## Statement of changes in consolidated Equity

	Share capital	Reserve for development expenditure	Translation reserve	Reserve for current value of hedging	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2023	15.625.000	83.110.553	10.945.383	3.427.070	174.885.196	10.000.000	297.993.202	18.889.477	316.882.679
	15.625.000	83.110.553	10.945.383	3.427.070	174.885.196	10.000.000	297.993.202	18.889.477	316.882.679
Exchange adjustments, foreign enterprises	0	0	-2.900.719	0	0	0	-2.900.719	0	-2.900.719
Dividend paid	0	0	0	0	0	-10.000.000	-10.000.000	0	-10.000.000
Value adjustment of hedging instruments	0	0	0	-3.427.070	0	0	-3.427.070	0	-3.427.070
Transfers, reserves	0	8.445.621	0	0	-8.445.621	0	0	0	0
Acquisition of minority interests	0	0	0	0	0	0	0	-18.889.477	-18.889.477
Net profit/loss for the year	0	0	0	0	60.481.007	40.000.000	100.481.007	0	100.481.007
<b>Equity at 31 December 2023</b>	<b>15.625.000</b>	<b>91.556.174</b>	<b>8.044.664</b>	<b>0</b>	<b>226.920.582</b>	<b>40.000.000</b>	<b>382.146.420</b>	<b>0</b>	<b>382.146.420</b>

## Consolidated Cash Flow Statement

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Net profit/loss for the year		100.481.007	41.564.643
Adjustments	30	0	79.404.631
Change in working capital	31	-17.347.721	84.838.814
<b>Cash flows from operating activities before financial income and expenses</b>		<b>83.133.286</b>	<b>205.808.088</b>
Financial income		11.045.333	21.449.740
Financial expenses		-6.042.608	-27.164.856
Income taxes paid/received		-19.175.468	-12.127.283
<b>Cash flows from operating activities</b>		<b>68.960.543</b>	<b>187.965.689</b>
Purchase of intangible assets		-45.042.414	-59.284.801
Purchase of property, plant and equipment		-49.463.847	-48.614.752
Sale of intangible assets		588.053	22.389.806
Sale of property, plant and equipment		2.048.832	11.901.651
<b>Cash flows from investing activities</b>		<b>-91.869.376</b>	<b>-73.608.096</b>

## Consolidated Cash Flow Statement

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Raising/repayment of loans from credit institutions		-35.232.238	-74.246.284
Dividends paid		-10.000.000	-10.000.000
Acquisition of minority interests		-18.889.477	0
<b>Cash flows from financing activities</b>		<b>-64.121.715</b>	<b>-84.246.284</b>
<b>Changes in cash and cash equivalents</b>		<b>-87.030.548</b>	<b>30.111.309</b>
Cash and cash equivalents at 1 January		96.622.617	66.511.308
<b>Cash and cash equivalents at 31 December</b>		<b>9.592.069</b>	<b>96.622.617</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		98.390.687	96.622.617
<b>Cash and cash equivalents at 31 December</b>		<b>98.390.687</b>	<b>96.622.617</b>



## 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.

### 2 Revenue

	Eurasia	Rest of the world	Total
	DKK	DKK	DKK
<b><u>Business segments:</u></b>			
Machine and Parts	768.558.711	741.007.978	1.509.566.689
Service	17.608.526	20.349.697	37.958.223
<b>Total revenue 2023</b>	<b><u>786.167.237</u></b>	<b><u>761.357.675</u></b>	<b><u>1.547.524.912</u></b>

	2023	2022
	DKK	DKK
<b>3 Other income on operations</b>		
COVID-19 compensation, fixed costs	0	124.995
COVID-19 compensation, salaries	95.523	423.630
Rent income - External	0	328.050
Rent income - Group	28.440	33.000
Wage reimbursements	2.090.358	1.178.658
	<b><u>2.214.321</u></b>	<b><u>2.088.333</u></b>

## Notes to the Consolidated Annual Report

	2023	2022
	DKK	DKK
<b>4 Fee to shareholder appointed auditor</b>		
Fee for annual audit		
Shareholder appointed auditor	-725.054	-999.799
Local auditor	-502.943	-70.676
Fee for other types of declarations		
Shareholder appointed auditor	0	-320.081
Local auditor	-48.432	0
Tax advisory cost		
Shareholder appointed auditor	0	-369.341
Local auditor	-27.382	0
Other costs auditor		
Shareholder appointed auditor	-46.965	0
Local auditor	-32.449	0
	<b>-1.383.225</b>	<b>-1.759.897</b>
<b>5 Staff expenses</b>		
Salaries	-310.151.800	-243.806.782
Pensions	-31.101.011	-23.941.664
Other social security expenses	-19.318.219	-19.735.495
	<b>-360.571.030</b>	<b>-287.483.941</b>
Average number of employees	592	565
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed.		
<b>6 Amortisation, depreciation and impairment of property, plant and equipment and intangible assets</b>		
Intangible assets	-32.223.575	-38.467.756
Buildings, Plant and machinery	-19.932.803	-20.611.603
Profit/loss on disposals of the year	-123.332	4.515.915
	<b>-52.279.710</b>	<b>-54.563.444</b>
<b>7 Income from investments in associates before tax</b>		
Share of profit in associates	747.358	458.584
	<b>747.358</b>	<b>458.584</b>

## Notes to the Consolidated Annual Report

	2023	2022
	DKK	DKK
<b>8 Financial income</b>		
Exchange adjustments	7.865.258	0
Financial income, Group	0	10.181
Financial income, Associated	298.215	89.745
Other financial income	2.881.860	6.927.749
	<b>11.045.333</b>	<b>7.027.675</b>
<b>9 Financial expenses</b>		
Exchange adjustments	0	-3.199.621
Financial expense, Group	0	-1.195
Financial expense, Associated	0	-53.342
Other financial expenses	-6.042.608	-9.488.633
	<b>-6.042.608</b>	<b>-12.742.791</b>
<b>10 Tax on profit/loss for the year</b>		
Current tax for the year	-38.376.084	-22.227.924
Deferred tax for the year	-6.954.555	2.138.252
Adjustment concerning previous years	-365.422	505.017
<b>Total tax for the year</b>	<b>-45.696.061</b>	<b>-19.584.655</b>

## Notes to the Consolidated Annual Report

### 11 Intangible assets

	Acquired rights	Completed development projects	Development projects in progress	Goodwill
	DKK	DKK	DKK	DKK
Impairment losses and depreciation at 1 January	33.354.806	188.556.504	25.192.512	61.939.758
Exchange adjustment	-590.510	302.327	55.559	0
Additions for the year	880.746	40.310.310	2.554.809	1.584.732
Disposals for the year	0	-3.066.465	-3.798.691	0
Cost at 31 December	<u>33.645.042</u>	<u>226.102.676</u>	<u>24.004.189</u>	<u>63.524.490</u>
Impairment losses and amortisation at 1 January	-29.563.709	-107.197.025	0	-46.040.981
Exchange adjustment	591.993	-135.209	0	0
Depreciation for the year	-895.926	-27.416.549	0	-3.911.100
Impairment losses and amortisation for the year	0	0	0	0
Impairment losses and amortisation on assets sold	0	2.021.628	0	0
Impairment losses and amortisation at 31 December	<u>-29.867.642</u>	<u>-132.727.155</u>	<u>0</u>	<u>-49.952.081</u>
<b>Carrying amount at 31 December</b>	<b><u>3.777.400</u></b>	<b><u>93.375.521</u></b>	<b><u>24.004.189</u></b>	<b><u>13.572.409</u></b>
Amortised over	<u>3-10 years</u>	<u>3-10 years</u>		<u>10 years</u>

Capitalized development projects are composed of costs related to clearly defined and identifiable projects. These projects are expected to contribute with both new and improved machines and functionalities, hereby contributing to potential market advantages.

Development projects in progress composes of projects, without realized sales. Once a development project is finalized and brought to the market, depreciation may begin if it is deemed that the project has the potential for future sales.

## Notes to the Consolidated Annual Report

### 12 Property, plant and equipment

	Land and buildings	Plant and machinery	Assets under Construction	Oth. fixtures, fittings, tools and equipment
	DKK	DKK	DKK	DKK
Cost at 1 January 2023	124.838.300	83.676.203	533.160	86.870.850
Exchange adjustment	244.106	156.989	992	-409.312
Additions during the year	29.212.294	13.568.365	0	6.690.413
Disposals during the year	-2.979.024	-22.783	-534.152	-966.392
Cost at 31 December 2023	151.315.676	97.378.774	0	92.185.559
Revaluation at 1 January 2023	0	0	0	0
Revaluation at 31. December 2023	0	0	0	0
Impairment losses and depreciation at 1 January 2023	-26.607.613	-60.072.796	0	-72.619.038
Exchange adjustment	-38.580	-112.025	0	351.228
Depreciation for the year	-5.451.989	-8.635.913	0	-5.844.901
Impairment losses and depreciation on assets sold	1.641.328	22.783	0	465.453
Impairment losses and depreciation at 31. december 2023	-30.456.854	-68.797.951	0	-77.647.258
<b>Carrying amount at 31. december 2023</b>	<b>120.858.822</b>	<b>28.580.823</b>	<b>0</b>	<b>14.538.301</b>
Depreciated over	10-50 years	3-7 years		3-5 years

## Notes to the Consolidated Annual Report

	2023 DKK	2022 DKK
<b>13 Investments in associates</b>		
Cost at 1 January	8.203.580	8.203.580
Additions during the year	996.765	0
Cost at 31 December	<u>9.200.345</u>	<u>8.203.580</u>
Valuation adjustments at 1 January	522.312	63.728
Net profit/loss for the year	1.452.298	1.163.524
Amortizaation of goodwill	<u>-704.940</u>	<u>-704.940</u>
Revaluations at 31 December	<u>1.269.670</u>	<u>522.312</u>
<b>Carrying amount at 31 December</b>	<b><u>10.470.015</u></b>	<b><u>8.725.892</u></b>
Specification of investments in associates:		
Name:	Registered office	Share of ownership and votes
Ovotrack BV	Netherlands	50%
Shanghai GI OVO packing co, ltd	China	25%
<b>14 Fixed asset investments</b>		Other fixed asset investments
Cost at 1 January		2.230.800
Cost at 31 December		<u>2.230.800</u>
<b>Carrying amount at 31 December</b>		<b><u>2.230.800</u></b>
<b>15 Inventories</b>		
Raw materials and consumables	195.295.704	145.470.039
Work in progress	77.100.748	47.195.952
Finished goods and goods for resale	<u>76.049.577</u>	<u>71.944.860</u>
	<b><u>348.446.029</u></b>	<b><u>264.610.851</u></b>

## Notes to the Consolidated Annual Report

	2023	2022
	DKK	DKK
<b>16 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	12.041.580	15.619.152
Corrections previous years	1.348.257	-1.439.320
Amounts recognized in the income statement for the year	6.954.555	-2.138.252
	<u>20.344.392</u>	<u>12.041.580</u>
<b>16 Provision for deferred tax (continued)</b>		
Deferred tax asset	2.146.388	8.515.265
Provision for deferred tax	-22.490.780	-20.556.845
	<u>-20.344.392</u>	<u>-12.041.580</u>
<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>		
<b>17 Receivables</b>		
DKK 10.188.437 are due more than 12 months from the balance date.		
<b>18 Other receivables</b>		
Value 1 January	4.393.680	0
Change in current value of hedging through equity	-4.393.680	4.393.680
	<u>0</u>	<u>4.393.680</u>
<b>19 Prepayments</b>		
Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.		
<b>20 Other provisions</b>		
	<u>21.221.398</u>	<u>10.025.920</u>

Other provisions comprise obligations concerning warranty commitments which are short term obligations.

## Notes to the Consolidated Annual Report

### 21 Debt

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

Other debt is recognised in long-term debt.

	2023	2022
	DKK	DKK
<b>22 Credit institutions</b>		
After 5 years	0	0
	15.000.000	30.000.000
Between 1 and 5 years	15.000.000	30.000.000
Long-term part	15.000.000	15.000.000
Short part long term debt	4.622.134	24.854.372
Within 1 year	<b>34.622.134</b>	<b>69.854.372</b>
<b>23 Mortgage debt</b>		
After 5 years	2.329.031	4.183.031
	19.096.187	16.111.691
Between 1 and 5 years	21.425.218	20.294.722
Long-term part	1.862.083	4.558.448
Short part long term debt	0	0
Within 1 year	<b>23.287.301</b>	<b>24.853.170</b>
<b>24 Other payables</b>		
After 5 years	8.976.944	9.181.471
	0	6.692.850
Between 1 and 5 years	8.976.944	15.874.321
Long-term part	173.483.249	121.282.191
Within 1 year	<b>182.460.193</b>	<b>137.156.512</b>



## Notes to the Consolidated Annual Report

	2023	2022
	DKK	DKK
<b>25 Proposed distribution of profit</b>		
Proposed dividend for the year	40.000.000	10.000.000
equity method		
Minority interests' share of net profit/loss	0	2.460.286
of subsidiaries		
Retained earnings	60.481.007	29.104.357
	<b>100.481.007</b>	<b>41.564.643</b>
<b>26 Rent and lease liabilities</b>		
Group	7.763.497	7.665.150
Within 1 year		
Between 1 and 5 years	13.937.754	19.862.462
After 5 years	4.647.528	6.112.944
	<b>26.348.780</b>	<b>33.640.555</b>
External	3.414.707	3.438.004
Within 1 year		
Between 1 and 5 years	6.878.409	7.964.392
After 5 years	1.734.593	2.508.633
	<b>12.027.709</b>	<b>13.911.030</b>

### 27 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.

## Notes to the Consolidated Annual Report

### 28 Morgages and collateral

The company has solidarity guarantee toward bank debt for 75 mil. DKK 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.

### 29 Related parties and ownership

	Basis
<b>Controlling interest</b>	
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
<b>Other related parties</b>	
Board of Directors	Management control

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

### Specification of investments in subsidiaries:

	Registered office	Ownership interest
Name:		
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	100%
Sanovo Technology Asia	Malaysia	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 Consolidated Annual Report

	2023	2022
	DKK	DKK
<b>30 Cash flow statement - adjustments</b>		
Financial income		
Financial expenses	-11.045.333	-21.449.740
Depreciation and impairment losses, incl. gain and loss on sale	6.042.608	27.164.856
Adjustment, beginning of year, concerning associate, previous years		
Income on investments in associates	-747.358	-458.584
Other equity adjustments	-3.427.070	0
Income tax in income statement	45.696.061	19.584.655
	<b>88.798.618</b>	<b>79.404.631</b>
<b>31 Cash flow statement - change of working capital</b>		
Change in inventories	-83.835.178	-49.366.254
Change in receivables	-56.337.311	-16.517.762
Change in other provisions	11.195.478	612.028
Change in suppliers etc	111.629.291	150.110.802
	<b>-17.347.721</b>	<b>84.838.814</b>
	<b>117.146.958</b>	<b>183.828.100</b>

## Parent Company Income Statement 1 January - 31 December

	Note	2023	2022
<b>Gross profit</b>	1	<b>133.555.227</b>	<b>115.447.458</b>
Staff costs	2	-135.017.347	-88.644.330
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>-1.462.120</b>	<b>26.803.128</b>
Depreciation, amortisation and impairment of losses	3	-5.529.006	-11.947.341
<b>Profit/loss before net financials</b>		<b>-6.991.126</b>	<b>14.855.787</b>
Income from investments in subsidiaries	4	92.395.215	38.643.971
Income from investments in associates	5	747.358	458.584
Financial income	6	40.799.132	7.096.153
Financial cost	7	-20.950.123	-21.301.838
<b>Profit/loss before tax</b>		<b>106.000.456</b>	<b>39.752.657</b>
Tax on profit/loss for the year	8	-5.519.448	-648.300
<b>Profit/loss for the year</b>		<b>100.481.007</b>	<b>39.104.357</b>
Distribution of profit	9		

## Parent Company Balance Sheet at 31 December

### Assets

	Note	2023	2022
Completed development projects		12.646.396	3.974.899
<b>Intangible assets</b>	10	<b>12.646.396</b>	<b>3.974.899</b>
Plant and machinery		4.192.857	3.214.293
Other fixtures and fittings, tools and equipment		1.758.489	2.278.004
Leasehold improvements		3.015.221	1.356.858
<b>Tangible assets</b>	11	<b>8.966.567</b>	<b>6.849.155</b>
Investments in subsidiaries	12	393.647.666	298.401.421
Investments in associates	13	9.473.250	8.725.892
Receivables from subsidiaries	14	6.488.974	6.092.770
Other fixed asset investments	14	2.230.800	2.230.800
<b>Fixed asset investments</b>		<b>411.840.690</b>	<b>315.450.883</b>
<b>Total non-current assets</b>		<b>433.453.653</b>	<b>326.274.937</b>

## Parent Company Balance Sheet at 31 December

	Note	2023	2022
Raw materials and consumables		24.693.146	19.115.456
Work in progress		43.519.690	31.525.036
Finished goods and goods for resale		49.077.087	30.038.056
		<b>117.289.923</b>	<b>80.678.547</b>
<b>Stocks</b>			
Trade receivables	17	22.435.583	13.623.654
Receivables from subsidiaries		105.018.775	98.404.247
Receivables from associates		1.509.682	4.122.142
Other receivables		5.271.363	5.872.878
Deferred tax asset	16	0	3.073.429
Prepayments	15	5.350.199	1.634.574
		<b>139.585.602</b>	<b>126.730.923</b>
<b>Receivables</b>			
<b>Cash and cash equivalents</b>		<b>81.088.444</b>	<b>58.675.985</b>
<b>Total current assets</b>		<b>337.963.969</b>	<b>266.085.455</b>
<b>Assets</b>		<b>771.417.622</b>	<b>592.360.392</b>

## Parent Company Balance Sheet at 31 December

<b>Liabilities and equity</b>	<u>Note</u>	<u>2023</u>	<u>2022</u>
Share capital		15.625.000	15.625.000
Reserve for development expenditure		9.864.189	3.100.421
Reserve for current value adjustments of currency gains		8.044.664	10.945.383
Reserve for current value of hedging		0	3.427.070
Retained earnings		308.612.567	254.895.327
Proposed dividend for the year		40.000.000	10.000.000
<b>Equity</b>		<b><u>382.146.420</u></b>	<b><u>297.993.202</u></b>
Provision for deferred tax	16	748.228	0
Other provisions	18	1.725.514	1.488.051
<b>Total provisions</b>		<b><u>2.473.742</u></b>	<b><u>1.488.051</u></b>
Banks		15.000.000	30.000.000
Other payables		7.999.464	7.746.644
<b>Total non-current liabilities</b>	19	<b><u>22.999.464</u></b>	<b><u>37.746.644</u></b>

## Parent Company Balance Sheet at 31 December

	Note	2023	2022
Short-term part of long-term debet	19	15.000.000	15.000.000
Banks		31.920.122	38.655.722
Prepayments received from customers		73.873.542	56.969.213
Trade payables		51.621.960	34.029.083
Payables to subsidiaries		151.039.550	91.591.696
Other payables		38.645.031	13.720.821
Corporation tax payable		1.697.791	5.165.961
<b>Total current liabilities</b>		<b>363.797.996</b>	<b>255.132.496</b>
<b>Total liabilities</b>		<b>386.797.460</b>	<b>292.879.139</b>
<b>Total equity and liabilities</b>		<b>771.417.622</b>	<b>592.360.392</b>
Rent and lease liabilities	20		
Contingent liabilities	21		
Mortgages and collateral	22		
Related parties and ownership structure	23		



## Statement of changes in Equity for Parent Company

	Share capital	Reserve for development expenditure	Reserve for current value adjustments of currency gains	Reserve for current value of hedging	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2023	15.625.000	3.100.421	10.945.383	3.427.070	254.895.327	10.000.000	297.993.202
Exchange adjustments	0	0	-2.900.719	0	0	0	-2.900.719
Ordinary dividend paid	0	0	0	0	0	-10.000.000	-10.000.000
Value adjustment of hedging instruments	0	0	0	-3.427.070	0	0	-3.427.070
Transfers, reserves	0	6.763.768	0	0	-6.763.768	0	0
Net profit/loss for the year	0	0	0	0	60.481.007	40.000.000	100.481.007
<b>Equity at 31. december 2023</b>	<b>15.625.000</b>	<b>9.864.189</b>	<b>8.044.664</b>	<b>0</b>	<b>308.612.567</b>	<b>40.000.000</b>	<b>382.146.420</b>

## Notes to the Parent Company Annual Report

	<u>2023</u>	<u>2022</u>
<b>1 Other operating income</b>		
Rent income	540.648	871.191
Administration services	23.662.234	22.929.584
Wage reimbursements	1.474.302	1.111.505
	<u><b>25.677.184</b></u>	<u><b>24.912.280</b></u>
<b>2 Staff cost</b>		
Wages and salaries	-125.706.238	-81.887.416
Pensions	-8.088.352	-6.686.130
Other social security costs	-1.222.758	-1.182.289
	<u><b>-135.017.347</b></u>	<u><b>-89.755.835</b></u>
Average number of employees	<u><b>150</b></u>	<u><b>140</b></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>2023</u>	<u>2022</u>
<b>3 Depreciation, amortisation and impairment of losses</b>		
Depreciation intangible assets	-2.048.065	-8.667.101
Depreciation tangible assets	-3.482.941	-3.648.713
Gain/loss on disposal	2.000	368.473
	<b><u>-5.529.006</u></b>	<b><u>-11.947.341</u></b>
which breaks down as follows:		
Completed development projects	-2.048.065	-6.976.661
Acquired rights	0	-1.690.440
Plant and machinery	-1.662.270	-1.600.459
Other fixtures and fittings, tools and equipment	-1.292.259	-1.571.084
Leasehold improvements	-528.412	-477.170
Loss(-)/profit on sale of property, plant and equipment	2.000	368.473
	<b><u>-5.529.006</u></b>	<b><u>-11.947.341</u></b>
<b>4 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	94.075.921	41.311.680
Amortisation of goodwill	-3.246.481	-3.169.794
Adjustments previous years	1.565.775	502.085
	<b><u>92.395.215</u></b>	<b><u>38.643.971</u></b>
<b>5 Income from investments in associates</b>		
Share of profits of associates	1.452.298	1.163.524
Amortisation of goodwill	-704.940	-704.940
	<b><u>747.358</u></b>	<b><u>458.584</u></b>

## Notes to the Parent Company Annual Report

	<u>2023</u>	<u>2022</u>
<b>6 Financial income</b>		
Interest received from subsidiaries	1.473.245	279.580
Interest received from associates	298.215	69.249
Other financial income	19.133.597	6.747.324
Exchange adjustments	19.894.075	0
	<u><b>40.799.132</b></u>	<u><b>7.096.153</b></u>
<b>7 Financial costs</b>		
Financial expenses, group entities	-17.635.398	-3.383.795
Other financial costs	-3.314.725	-1.546.855
Exchange adjustments costs	0	-16.371.188
	<u><b>-20.950.123</b></u>	<u><b>-21.301.838</b></u>
<b>8 Tax on profit/loss for the year</b>		
Current tax for the year	-1.697.791	-5.165.961
Deferred tax for the year	-3.821.657	4.517.661
	<u><b>-5.519.448</b></u>	<u><b>-648.300</b></u>
<b>9 Distribution of profit</b>		
Proposed dividend for the year	40.000.000	10.000.000
Retained earnings	60.481.007	29.104.357
	<u><b>100.481.007</b></u>	<u><b>39.104.357</b></u>

## Notes to the Parent Company Annual Report

### 10 Intangible assets

	Completed development projects	Total
Cost at 1 January	48.381.287	48.381.287
Additions for the year	10.719.562	10.719.562
Cost at 31 December	<u>59.100.849</u>	<u>59.100.849</u>
Impairment losses and amortisation at 1 January	44.406.388	44.406.388
Amortisation for the year	2.048.065	2.048.065
Impairment losses and amortisation at 31 December	<u>46.454.453</u>	<u>46.454.453</u>
<b>Carrying amount at 31 December</b>	<b><u>12.646.396</u></b>	<b><u>12.646.396</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

## Notes to the Parent Company Annual Report

### 11 Tangible assets

	Plant and ma- chinery	Other fixtures and fittings, tools and equipment	Leasehold im- provements	Total
Cost at 1 January	12.490.359	33.246.828	9.322.422	55.059.609
Additions for the year	2.640.834	772.744	2.186.775	5.600.353
Disposals for the year	-22.783	0	0	-22.783
Cost at 31 December	<u>15.108.410</u>	<u>34.019.572</u>	<u>11.509.197</u>	<u>60.637.179</u>
Impairment losses and depreciation at 1 January	9.276.066	30.968.824	7.965.564	48.210.454
Depreciation for the year	1.662.270	1.292.259	528.412	3.482.941
Depreciation disposed assets	-22.783	0	0	-22.783
Impairment losses and depreciation at 31 December	<u>10.915.553</u>	<u>32.261.084</u>	<u>8.493.976</u>	<u>51.670.612</u>
<b>Carrying amount at</b>				
<b>31 December</b>	<u><b>4.192.857</b></u>	<u><b>1.758.489</b></u>	<u><b>3.015.221</b></u>	<u><b>8.966.567</b></u>

## Notes to the Parent Company Annual Report

	2023	2022
<b>12 Investments in subsidiaries</b>		
Cost at 1 January	388.550.923	363.776.551
Additions during the year	5.000.000	24.774.372
Cost at 31 December	<u>393.550.923</u>	<u>388.550.923</u>
Revaluation at 1 January	-90.149.502	-45.855.358
Exchange adjustment	-2.900.719	13.120.727
Net profit/loss for the year	94.075.921	41.311.680
Received dividend	0	-82.644.100
Adjustments previous years	1.565.775	502.085
Amortisation of goodwill	-3.246.481	-3.169.794
Equity investments with negative net asset value amortised over receivables	751.749	-13.414.742
Revaluation at 31 December	<u>96.743</u>	<u>-90.149.502</u>
<b>Carrying amount at 31 December</b>	<b><u>393.647.666</u></b>	<b><u>298.401.421</u></b>

### 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	100%
Sanovo Technology Asia	Malaysia	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>2023</u>	<u>2022</u>
<b>13 Investments in associates</b>		
Cost at 1 January	8.203.579	8.203.579
Cost at 31 December	<u>8.203.579</u>	<u>8.203.579</u>
Revaluation at 1 January	522.313	63.729
Net profit/loss for the year	1.452.298	1.163.524
Amortisation of goodwill	-704.940	-704.940
Revaluation at 31 December	<u>1.269.671</u>	<u>522.313</u>
<b>Carrying amount at 31 December</b>	<b><u>9.473.250</u></b>	<b><u>8.725.892</u></b>

### 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	2.230.800	7.704.984
Additions for the year	0	3.820.082
Cost at 31 December	<u>2.230.800</u>	<u>11.525.066</u>
Revaluations 1 January	0	-1.612.214
Disposal for the year	0	-3.423.879
Revaluations at 31 December	<u>0</u>	<u>-5.036.093</u>
<b>Carrying amount at 31 December</b>	<b><u>2.230.800</u></b>	<b><u>6.488.974</u></b>

## 15 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.



## Notes to the Parent Company Annual Report

	<u>2023</u>	<u>2022</u>
<b>16 Provision for deferred tax</b>		
Provision for deferred tax at 1 January	-3.073.429	1.444.232
Current year provision	3.821.657	-4.517.661
<b>Provision for deferred tax at 31 December</b>	<b><u>748.228</u></b>	<b><u>-3.073.429</u></b>
Intangible assets	893.854	-1.643.327
Property, plant and equipment	-2.278.384	-2.679.375
Inventories	959.015	645.346
Prepaid costs	1.177.044	610.526
Other taxable temporary differences	-3.300	-6.600
	<b><u>748.228</u></b>	<b><u>-3.073.429</u></b>
<b>17 Receivables</b>		
DKK 1.217.307 are due more than 12 months from the balance date.		
<b>18 Other provisions</b>		
<b>Other provisions at 31 December</b>	<b><u>1.725.514</u></b>	<b><u>1.488.051</u></b>

Other provisions comprise obligations concerning warranty commitments which are short term obligations.

## Notes to the Parent Company Annual Report

### 19 Long term debt

	Debt at 1 January	Debt at 31 December	Instalment next year	Debt outstanding after 5 years
Banks	30.000.000	15.000.000	15.000.000	0
Other payables	7.746.644	7.999.464	0	7.999.464
	<b>37.746.644</b>	<b>22.999.464</b>	<b>15.000.000</b>	<b>7.999.464</b>

### 20 Rent and lease liabilities

	2023	2022
Group		
Within 1 year	7.601.268	7.498.536
Between 1 and 5 years	13.797.972	19.581.780
After 5 years	4.647.528	6.112.944
	<b>26.046.768</b>	<b>33.193.260</b>
External		
Within 1 year	1.448.522	1.429.270
Between 1 and 5 years	1.064.557	902.752
After 5 years	0	0
	<b>2.513.079</b>	<b>2.332.022</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.

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

### 21 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.

### 22 Morgages and collateral

The company has solidarity guarentee toward bank debt for 75 mil. DKK 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.

### 23 Related parties and ownership structure

#### Controlling interest

Thornico Food & Food Technology group A/S, Odense  
Thornico A/S, Odense  
Thornico Holding A/S, Odense  
Christian Rosenkrantz Stadil, non public adress

#### Basis

Controlling shareholder  
Controlling shareholder  
Controlling shareholder  
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.