Sanovo Technology A/S

Datavej 3
5220 Odense SØ

CVR no. 85 48 59 11

Annual report for 2019

Adopted at the annual general
meeting on 24 June 2020

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 2019.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

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

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

Odense, 24 June 2020

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 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review
Management is responsible for management's review.

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

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

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

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Odense, 24 June 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Gert Rasmussen
State-authorised public accountant
MNE no. mne35430

Company details

The company	Sanovo Technology A/S Datavej 3 5220 Odense SØ	
	Telephone:	66162832
	Fax:	66165032
	CVR no.:	85 48 59 11
	Reporting period:	1 January - 31 December 2019
	Domicile:	Odense
Board of Directors	Thor Stadil, chairman Christian Nicholas Rosenkrantz Stadil Torben Rosenkrantz-Theil	
Executive board	Michael Strange Midskov, director	
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Tværkajen 5 5100 Odense C	
Consolidated financial statements	The Company is included in the consolidated financial statements of 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).	

Financial highlights

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

	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	84.561	80.330	56.229	83.475	89.596
Profit/loss before financials	1.961	2.423	-20.281	1.550	20.611
Net financials	74.717	37.350	23.873	47.302	62.075
Profit/loss for the year	77.482	40.690	3.241	49.498	76.603
Balance sheet total	464.406	415.254	351.219	513.718	461.171
Investment in property, plant and equipment	1.867	4.181	21.575	16.146	6.223
Equity	226.800	172.439	156.264	172.728	180.668
Financial ratios					
Return on assets	0,4%	0,6%	-4,7%	0,3%	5,3%
Solvency ratio	48,8%	41,5%	44,5%	33,6%	39,2%
Return on equity	38,8%	24,8%	2,0%	28,0%	50,6%

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 77.482 and the Equity is at TDKK 226.800 on December 31, 2019. The result is considered satisfactory and better than the budget. Considerable growth was realized for the company and its subsidiaries due to the positive development in the markets.

Expected development of the company, including specific prerequisites and uncertainties
Due to the current Covid-19 situation, the activity and result Year to Date for 2020 are lower than realized in 2019. The magnitude of the financial impact for 2020 is difficult to predict at the moment, but it will be considerable.

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 is being implemented through out 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.

Special risks, including general operation and financial

Management's review

Operation conditions

The company is one of the leading global suppliers of machinery to the food and medicine industry and the company is there for 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. In general, the credit line is short term.

Accounting policies

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

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

The annual report for 2019 is presented in DKK

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

Change in presentation

The accounting principles are unchanged compared to last year, however a change in the comparison figures of 2018 has been made between Intangible assets and Other assets and investments.

An adjustment of 13.039 t.kr. has been made from Other assets and investments (fixed assets investments) to Intangible assets. This reclassification is incorporated due to an incorrect classification of one particular asset.

Neither of the changes has had any impact on the result nor the Equity, it is merely a reclassification between two Assets.

Basis of recognition and measurement

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

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

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

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

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

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 external expenses

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

Staff costs

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

Amortisation, depreciation and impairment losses

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

Financial income and expenses

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

Profit/loss from investments in subsidiaries and associates

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.

Accounting policies

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

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

Developments 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.

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 parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, 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 & equipment	3-5	years

Accounting policies

Leasehold improvements	10	years

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

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

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.'.

Investments in subsidiaries and associates
Investments in subsidiaries and associates 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.

Investments in subsidiaries and associates 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 and associates 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.

Other securities and investments, fixed assets
Investments are measured at fair value.

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.

Accounting policies

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

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

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

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. 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 short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Provisions

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

Provisions are measured at the value in use.

Accounting policies

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

Deferred tax is measured 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.

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 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.

Foreign currency translation

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

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.

Accounting policies

Foreign subsidiaries and associates 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 equity.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to 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 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 according to §86, stk. 4.

Accounting policies

Financial highlights

Definitions of financial ratios.

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

Income statement 1 January 2019 - 31 December 2019

	Note	2019 DKK	2018 TDKK
Gross profit		**84.560.918**	**80.330**
Staff costs	1	-75.894.400	-70.435
Profit/loss before amortisation/depreciation and impairment losses		**8.666.518**	**9.895**
Depreciation, amortisation and impairment of losses	2	-6.706.006	-7.472
Profit/loss before net financials		**1.960.512**	**2.423**
Income from investments in subsidiaries	3	80.414.141	42.469
Income from investments in associates	4	48.632	237
Financial income	5	3.208.127	3.085
Financial costs	6	-8.954.387	-8.441
Profit/loss before tax		**76.677.025**	**39.773**
Tax on profit/loss for the year	7	804.486	917
Profit/loss for the year		**77.481.511**	**40.690**
Distribution of profit	8		

Balance sheet at 31 December 2019

	Note	2019	2018
		DKK	TDKK
Assets			
Completed development projects		0	0
Development projects in progress		20.027.993	13.039
Intangible assets	9	**20.027.993**	**13.039**
Plant and machinery		1.852.128	2.086
Other fixtures and fittings, tools and equipment		8.670.663	14.224
Leasehold improvements		1.978.771	2.449
Tangible assets	10	**12.501.562**	**18.759**
Investments in subsidiaries	11	253.382.020	230.295
Investments in associates	12	535.606	487
Fixed asset investments		**253.917.626**	**230.782**
Total non-current assets		**286.447.181**	**262.580**
Raw materials and consumables		15.682.222	15.636
Work in progress		35.814.796	24.628
Finished goods and goods for resale		12.699.631	27.125
Stocks		**64.196.649**	**67.389**
Trade receivables		30.468.804	17.624
Receivables from subsidiaries		37.821.090	28.364
Receivables from associates		7.089.008	0
Other receivables		1.775.084	2.259
Deferred tax asset	14	3.304.935	2.048
Corporation tax		61.039	0
Prepayments	13	3.739.665	2.143
Receivables		**84.259.625**	**52.438**
Cash at bank and in hand		**29.502.202**	**32.847**

Balance sheet at 31 December 2019 (Fortsat)

	Note	2019	2018
		DKK	TDKK
Assets			
Total current assets		**177.958.476**	**152.674**
Total assets		**464.405.657**	**415.254**

Balance sheet at 31 December 2019

	Note	2019	2018
		DKK	TDKK
Equity and liabilities			
Share capital		15.625.000	15.625
Reserve for development expenditure		20.027.993	13.039
Retained earnings		166.146.853	118.775
Proposed dividend for the year		25.000.000	25.000
Equity		**226.799.846**	**172.439**
Provisions for pensions and similar liabilities	15	3.096.076	0
Other provisions	16	886.364	2.356
Total provisions		**3.982.440**	**2.356**
Banks		77.730.301	23.901
Prepayments received from customers		25.767.631	20.757
Trade payables		12.370.669	27.453
Payables to subsidiaries		105.733.483	149.239
Payables to associates		919.027	750
Corporation tax		0	716
Other payables	17	11.102.260	17.643
Total current liabilities		**233.623.371**	**240.459**
Total liabilities		**233.623.371**	**240.459**
Total equity and liabilities		**464.405.657**	**415.254**
Events after the balance sheet day	18		
Rent and lease liabilities	19		
Contingent liabilities	20		
Mortgages and collateral	21		
Related parties and ownership structure	22		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2019	15.625.000	0	131.814.580	25.000.000	172.439.580
Exchange adjustments	0	0	930.972	0	930.972
Ordinary dividend paid	0	0	0	-25.000.000	-25.000.000
Fair value adjustment of hedging instruments	0	0	947.783	0	947.783
Transfers, reserves	0	20.027.993	-20.027.993	0	0
Net profit/loss for the year	0	0	52.481.511	25.000.000	77.481.511
Equity at 31 December 2019	**15.625.000**	**20.027.993**	**166.146.853**	**25.000.000**	**226.799.846**

Notes

		2019	2018
		DKK	TDKK
1	**Staff costs**		
	Wages and salaries	69.647.874	63.584
	Pensions	5.359.831	4.751
	Other social security costs	886.695	2.105
	Other staff costs	0	-5
		75.894.400	**70.435**
	Average number of employees	122	116

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

2	**Depreciation, amortisation and impairment of losses**		
	Depreciation tangible assets	6.908.782	8.132
	Gain/loss on disposal	-202.776	-660
		6.706.006	**7.472**
	which breaks down as follows:		
	Plant and machinery	500.128	113
	Other fixtures and fittings, tools and equipment	5.780.058	6.159
	Leasehold improvements	628.596	1.860
	Loss/(profit) on sale of property, plant and equipment	-202.776	-660
		6.706.006	**7.472**

Notes

		2019	2018
		DKK	TDKK
3	**Income from investments in subsidiaries**		
	Share of profits of subsidiaries	83.583.934	45.639
	Amortisation of goodwill	-3.169.793	-3.170
		80.414.141	**42.469**

4	**Income from investments in associates**		
	Share of profits of associates	48.632	237
		48.632	**237**

5	**Financial income**		
	Interest received from subsidiaries	360.282	958
	Other financial income	2.847.845	2.128
	Exchange adjustments	0	-1
		3.208.127	**3.085**

6	**Financial costs**		
	Financial expenses, group entities	1.421.162	30
	Other financial costs	418.067	536
	Exchange adjustments costs	7.115.158	7.875
		8.954.387	**8.441**

Notes

		2019	2018
		DKK	TDKK
7	**Tax on profit/loss for the year**		
	Current tax for the year	452.001	1.457
	Deferred tax for the year	-1.255.392	-2.116
	Adjustment of tax concerning previous years	-1.095	-258
		-804.486	**-917**

8	**Distribution of profit**		
	Proposed dividend for the year	25.000.000	25.000
	Retained earnings	52.481.511	15.690
		77.481.511	**40.690**

9 Intangible assets

	Completed development projects	Development projects in progress
Cost at 1 January 2019	24.311.024	13.038.800
Additions for the year	0	6.989.193
Cost at 31 December 2019	24.311.024	20.027.993
Impairment losses and amortisation at 1 January 2019	24.311.024	0
Impairment losses and amortisation at 31 December 2019	24.311.024	0
Carrying amount at 31 December 2019	**0**	**20.027.993**

Notes

9 Intangible assets (Fortsat)

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

10 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	7.008.453	38.935.915	8.524.903	54.469.271
Additions for the year	266.666	1.442.922	157.050	1.866.638
Disposals for the year	0	-2.209.414	0	-2.209.414
Cost at 31 December 2019	7.275.119	38.169.423	8.681.953	54.126.495
Impairment losses and depreciation at 1 January 2019	4.922.863	24.712.944	6.074.586	35.710.393
Depreciation for the year	500.128	5.780.054	628.596	6.908.778
Impairment and depreciation of sold assets for the year	0	-994.238	0	-994.238
Impairment losses and depreciation at 31 December 2019	5.422.991	29.498.760	6.703.182	41.624.933
Carrying amount at 31 December 2019	**1.852.128**	**8.670.663**	**1.978.771**	**12.501.562**

Notes

		2019	2018
		DKK	TDKK
11	**Investments in subsidiaries**		
	Cost at 1 January 2019	327.523.955	328.952
	Additions for the year	5.152.595	-1.353
	Disposals for the year	0	-75
	Cost at 31 December 2019	332.676.550	327.524
	Revaluations at 1 January 2019	-97.232.291	-144.174
	Disposals for the year	0	-2.969
	Exchange adjustment	930.972	3.437
	Net profit/loss for the year	83.583.934	45.640
	Received dividend	-63.206.736	0
	Amortisation of goodwill	-3.169.794	-3.170
	Equity investments with negative net asset value amortised over receivables	-200.615	4.007
	Revaluations at 31 December 2019	-79.294.530	-97.229
	Carrying amount at 31 December 2019	**253.382.020**	**230.295**

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 Technology Pharma A/S	Odense	100%
Sanovo Technology Process A/S	Odense	100%
Sanovo Capital A/S	Odense	100%
Sanovo Technology Comercio De Maquinas	Brazil	100%

Notes

	2019	2018
	DKK	TDKK
12 Investments in associates		
Cost at 1 January 2019	250.000	0
Additions for the year	0	250
Cost at 31 December 2019	250.000	250
Revaluations at 1 January 2019	236.974	0
Net profit/loss for the year	48.632	237
Revaluations at 31 December 2019	285.606	237
Carrying amount at 31 December 2019	**535.606**	**487**

Investments in associates are specified as follows:

Name	Registered office	Ownership interest
Sanovo Technology Robotics A/S	Odense	50%

13 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

		2019	2018
		DKK	TDKK
14	**Provision for deferred tax**		
	Provision for deferred tax at 1 January 2019	-2.048.448	68
	Current year provision	-1.256.487	-2.116
	Provision for deferred tax at 31 December 2019	**-3.304.935**	**-2.048**
	Property, plant and equipment	-4.133.692	-2.834
	Inventories	828.757	786
	Transferred to deferred tax asset	3.304.935	2.048
		0	**0**
	Deferred tax asset		
	Calculated tax asset	3.304.935	2.048
	Carrying amount	**3.304.935**	**2.048**

Calculated deferred tax asseet is expected to be used within few years.

15 Provisions for pensions and similar liabilities

Long-term debt covers provision of holiday allowance, which is due for payment in 2021.

	2019	2018
Provision for the year	3.096.076	0
Balance at 31 December 2019	**3.096.076**	**0**

Notes

	2019	2018
	DKK	TDKK
16 Other provisions		
Balance at beginning of year at 1 January 2019	2.355.349	2.057
Provision in year	254.737	1.625
Applied in the year	-1.723.722	-1.326
Balance at 31 December 2019	**886.364**	**2.356**

17 Other payables

As part of other payables is included a forward contract in foreign currency, which is incorporated at the value 2.332 t.kr on 31st December. This short term contract is made with the company's usual bank connection.

18 Events after the balance sheet day

Due to the current Covid-19 situation, the activity and result Year to Date for 2020 are lower than realized in 2019. The magnitude of the financial impact for 2020 is difficult to predict at the moment, but it will be considerable.

	2019	2018
	DKK	TDKK
19 Rent and lease liabilities		
Operating lease liabilities. Total future lease payments:		
Within 1 year	920.906	953
	920.906	**953**

Remaining obligation is DKK 1.416.368

Notes

19 Rent and lease liabilities (Fortsat)

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 leasehold for 2020 is 5.665 t.kr whilst the liability until December 31 2025 is 33.988 t.kr.

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 276 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 Group A/S, majority shareholder, Odense together with this entity's parent company.

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.

Ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Thornico Food & Food Technology Group A/S, Havnegade 36, 5100 Odense C

Consolidated financial statements

The Company is included in the consolidated financial statements of 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).