

Sanovo Technology A/S

Datavej 3, DK-5220 Odense SØ

Annual Report for 2022

CVR No 85 48 59 11

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 12 May 2023

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 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2022.

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

Odense, 12 May 2023

Executive Director

Michael Strange Midskov

Board of directors

Thor Stadil
Chairman

Christian Nicholas
Rosenkrantz Stadil

Torben Rosenkrantz-Theil

Independent Auditor's Report

To the Shareholders of Sanovo Technology A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Sanovo Technology A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The consolidated Financial Statements and the parent financial statements are prepared in accordance with the Danish financial statements act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the consolidated financial statements and parent financial statements

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

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

Auditor's Responsibilities for the Audit of the consolidated financial statements and parent financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent financial statements, including the disclosures, and whether the consolidated financial statements and parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

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

Odense, 12 May 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Gert Rasmussen
State Authorised Public Accountant
Identification No: mne35430

Abdul Wahab Ashraf
State Authorised Public Accountant
Identification No: 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*

SANOVO 
TECHNOLOGY GROUP

SANOVO 
PROCESS SOLUTIONS

RAME-HART 

FOODCRAFT 

SANOVO 
TECHNOLOGY PROCESS

SANOVO 
TECHNOLOGY ROBOTICS



НИКГО
ENGINEERING PRODUCTION

* 50-80% ownership

Financial Highlights of the Group

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	1.111.135	1.043.111	861.752	1.067.349	823.084
Gross profit	407.275	400.435	338.986	377.916	295.120
EBITDA	120.969	115.603	98.327	125.747	96.872
Profit/loss before financial income and expenses (EBIT)	66.406	62.474	62.094	105.313	56.941
Net financials	-5.257	-4.915	-11.652	-5.126	1.568
Net profit/loss for the year	41.565	41.185	21.955	77.481	40.690
Balance sheet					
Balance sheet total	903.417	789.668	699.815	632.930	455.879
Equity	316.883	268.782	215.872	226.805	172.437
Investment in property, plant and equipment, including new subsidiaries	47.796	40.548	24.730	19.520	15.077
Number of employees	565	558	413	378	373
Ratios					
Gross margin	36,7%	38,4%	39,3%	35,4%	35,9%
Profit margin	6,0%	6,0%	7,2%	9,9%	6,9%
Return on assets	7,4%	7,9%	8,9%	16,6%	12,5%
Solvency ratio	35,1%	34,0%	30,8%	35,8%	37,8%
Return on equity	13,1%	15,3%	10,2%	34,2%	23,6%

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 1.111m. Consolidated EBIT is DKK 66,406k compared to DKK 62,474k in 2022, an increase of DKK 3,932k. The result was lower than expected going into 2022, influenced by more issues. High inflation during 2022 reduced the consumers disposable income, which entailed a trade down effect where expensive protein sources such as meat and fish were replaced by eggs. This helped our customers, the egg producers due to higher demand for eggs. At the same time egg supply declined due to many outbreaks of avian flu and surging feed cost, causing high egg prices. We managed to compensate for the inflation during 2022 by increasing prices and hence maintained an overall margin on our sale a bit higher than in 2021.

The new grader series GraderPro has now been concluded and comprises on sizes from 75 cases to more than 700 cases. The market has welcomed this new series of graders and the current order intake support our great expectations for the sale of these machines. Together with our other series of Graders we now believe to have the most attractive combination of offers to our customers on grading machines.

Further to that our new series of breaking machines named BreakerPro has been brought to the market during 2022 and we have already orders on or sold several machines in a very short time. These new series of machines are optimized, so consumption of energy and water has been reduced. The yield has also been improved to the benefit of our customers.

During the last year, we have initiated a total renovation of our factory in Aalten in the Netherlands and by doing this, we are now up to date on our facilities there and our possibilities to support growth on our grading systems have been optimized.

Shortly after the outbreak of the war in Ukraine, Sanovo Technology decided to cease all operations in Russia and Belarus. This has had a negative impact on the EBIT in 2022 caused by missing turnover in these countries.

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

At the date of the Annual Report for 2021 Management expected EBIT for 2022 to be in the range of DKK 60m-100m. We achieved DKK 66m and hence in line with the lower part of the range within our expectations. The main reasons were outlined above.

Expected development

The revenue for 2023 is expected to increase with at least 10 %, which is supported by the groups record high order intake.

The expected development in EBITDA for 2023 follows the increase in revenue.

Particular risks

Currency risks

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

From time to time the currency risk is hedged.

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

Capital resources

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

Business risks

The group is one of the leading global suppliers of machinery to the 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 global egg prices.

The company is exposed to fluctuations in foreign exchange rates and interest levels. The exchange rate risk may from time to time be mitigated through forward currency contracts. Credit risk related to financial assets are equivalent to the values in the balance sheet. There are no material risks related to individual customers or partners. A substantial prepayment or guarantee is always required before larger projects are initiated. The payment terms hereafter agreed based on the completion and delivery of the project.

The general funding and cash management is centralized within the parent company to the extent

this is beneficial. In general, the credit line is short term.

Research and development

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

Subsequent events

No subsequent events that could affect the group's financial position has occurred after the financial year end.

Data Ethics policy

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

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

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

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

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

Accounting Policies

Basis of Preparation

The Annual Report of Sanovo Technology A/S for 2022 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 2022 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	2022 DKK	2021 DKK
Revenue	2	1.111.135.387	1.043.110.635
Other income on operations	3	909.675	6.399.660
Expenses for raw materials and consumables		-620.349.243	-582.374.814
Other external expenses	4	-84.421.262	-66.700.124
Gross profit		<u>407.274.557</u>	<u>400.435.357</u>
Staff expenses	5	-286.305.283	-284.832.654
EBITDA		<u>120.969.274</u>	<u>115.602.703</u>
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-54.563.444	-53.128.239
Profit/loss before financial income and expenses		<u>66.405.830</u>	<u>62.474.464</u>
Income from investments in associates after tax	7	458.584	306.558
Financial income	8	21.449.740	18.327.007
Financial expenses	9	-27.164.856	-23.548.684
Profit/loss before tax		<u>61.149.298</u>	<u>57.559.345</u>
Tax on profit/loss for the year	10	-19.584.655	-16.374.215
Net profit/loss for the year		<u>41.564.643</u>	<u>41.185.130</u>

Consolidated Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Completed development projects	11	81.359.479	82.816.020
Development projects in process	11	25.192.512	0
Acquired rights	11	3.791.097	25.264.179
Goodwill	11	15.898.777	19.734.427
		<u>126.241.865</u>	<u>127.814.626</u>
Intangible assets			
Land and buildings	12	98.230.687	71.365.660
Plant and machinery	12	23.603.407	24.105.449
Assets under construction	12	533.160	0
Other fixtures, fittings, tools and equipment	12	14.251.812	20.530.544
		<u>136.619.066</u>	<u>116.001.653</u>
Property, plant and equipment			
Investments in associates	13	8.725.892	8.267.308
Other fixed asset investments	14	2.230.800	2.230.800
		<u>10.956.692</u>	<u>10.498.108</u>
Fixed asset investments			
Fixed assets		<u>273.817.623</u>	<u>254.314.387</u>

Consolidated Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Inventories	15	<u>264.610.851</u>	<u>215.244.597</u>
Trade receivable s	17	175.390.408	178.084.498
Receivables from group companies		579.025	6.731.896
Receivables from associates		4.122.142	2.636.239
Receivable corporation tax		3.242.700	9.399.841
Deferred tax asset s	16	8.515.265	4.107.604
Other receivables	####	44.474.886	16.937.779
Prepayments	18	32.041.554	35.699.841
Receivables		<u>268.365.980</u>	<u>253.597.698</u>
Cash and cash equivalents		<u>96.622.617</u>	<u>66.511.308</u>
Current assets		<u>629.599.448</u>	<u>535.353.603</u>
Assets		<u>903.417.071</u>	<u>789.667.990</u>

Consolidated Balance Sheet at 31 December

Liabilities and equity

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Share capital		15.625.000	15.625.000
Reserve for development expenditure		83.110.553	63.383.396
Exchange rate reserve		10.945.383	-2.175.344
Reserve for current value of hedging		3.427.070	0
Retained earnings		174.885.196	165.507.995
Proposed dividend for the year		10.000.000	10.000.000
		<hr/>	<hr/>
Equity excl. minority interests		297.993.202	252.341.047
Minority interests		18.889.477	16.440.636
		<hr/>	<hr/>
Equity		<u>316.882.679</u>	<u>268.781.683</u>
Provision for deferred tax	16	20.556.845	19.726.756
Other provisions	19	10.025.920	9.413.892
		<hr/>	<hr/>
Provisions		<u>30.582.765</u>	<u>37.661.402</u>

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Credit institutions	21	50.294.722	66.184.543
Other payables	22	15.874.321	20.782.854
Long-term debt	20	<u>66.169.043</u>	<u>86.967.397</u>
Short part long term debt	20	19.558.448	19.558.448
Credit institutions	21	24.854.372	83.210.835
Trade payables		124.694.359	111.416.141
Payables to group companies		1.010.456	852.055
Payables to associates		0	0
Corporation tax		8.134.622	4.223.429
Other payables	22	121.282.190	114.723.206
Prepayments received from customers		190.248.137	70.834.148
Short-term debt		<u>489.782.584</u>	<u>396.257.508</u>
Debt		<u>555.951.627</u>	<u>483.224.905</u>
Liabilities and equity		<u>903.417.071</u>	<u>789.667.990</u>
Proposed distribution of profit	23		
Rent and lease liabilities	25		
Contingent liabilities and other financial obligations	26		
Related parties and ownership	28		

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 2022	15.625.000	63.383.396	-2.175.344	0	165.507.995	10.000.000	252.341.047	16.440.636	268.781.683
Transfers, reserves, previous years	0	0	0	0	0	0	0	0	0
	15.625.000	63.383.396	-2.175.344	0	165.507.995	10.000.000	252.341.047	16.440.636	268.781.683
Exchange adjustments, foreign enterprises	0	0	13.120.727	0	0	0	13.120.727	-11.444	13.109.283
Dividend paid	0	0	0	0	0	-10.000.000	-10.000.000	0	-10.000.000
Tax	0	0	0	-966.610	0	0	-966.610	0	-966.610
Value adjustment of hedging instruments	0	0	0	4.393.680	0	0	4.393.680	0	4.393.680
Transfers, reserves	0	19.727.157	0	0	-19.727.157	0	0	0	0
Other equity movements	0	0	0	0	0	0	0	0	0
Net profit/loss for the year	0	0	0	0	29.104.357	10.000.000	39.104.357	2.460.286	41.564.643
Equity at 31 December 2022	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

Consolidated Cash Flow Statement

	Note	2022 DKK	2021 DKK
Net profit/loss for the year		41.564.643	41.185.130
Adjustments	29	79.404.631	74.417.573
Change in working capital	30	84.838.814	-21.107.778
Cash flows from operating activities before financial income and expenses		<u>205.808.088</u>	<u>94.494.925</u>
Financial income		21.449.740	18.327.007
Financial expenses		-27.164.856	-23.548.684
Income taxes paid/received		-12.127.283	253.311
Cash flows from operating activities		<u>187.965.689</u>	<u>89.526.559</u>
Purchase of intangible assets		-59.284.801	-40.765.629
Purchase of property, plant and equipment		-48.614.752	-86.826.497
Purchase of fixed assets investments		0	-2.230.800
Sale of intangible assets		22.389.806	2.091.411
Sale of property, plant and equipment		11.901.651	4.058.204
Sale of fixed assets investments		0	22.303.200
Cash flows from investing activities		<u>-73.608.096</u>	<u>-101.370.111</u>

Consolidated Cash Flow Statement

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Raising/repayment provisions incl. badwill		0	0
Raising/repayment of mortgage loans		0	0
Raising/repayment of loans from credit institutions		-74.246.284	2.309.405
Dividends paid		-10.000.000	-10.000.000
		<hr/>	<hr/>
Cash flows from financing activities		-84.246.284	-7.690.595
		<hr/>	<hr/>
Changes in cash and cash equivalents		30.111.309	-19.534.147
		<hr/>	<hr/>
Cash and cash equivalents at 1 January		66.511.308	86.045.455
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		96.622.617	66.511.308
		<hr/>	<hr/>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		96.622.617	66.511.308
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		96.622.617	66.511.308
		<hr/>	<hr/>

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

	Europe	Asia	Americas	Rest of the world	Total
	DKK	DKK	DKK	DKK	DKK
Business segments:					
Food Technology	466.205.004	139.611.101	505.319.282	0	1.111.135.387
Total revenue 2022	466.205.004	139.611.101	505.319.282	0	1.111.135.387

	2022	2021
	DKK	DKK
3 Other income on operations		
COVID-19 compensation, fixed costs	124.995	0
COVID-19 compensation, salaries	423.630	6.379.560
Rent income - External	328.050	0
Rent income - Group	33.000	20.100
	<u>909.675</u>	<u>6.399.660</u>

4 Fee to shareholder appointed auditor

	2022	2021
	DKK	DKK
Fee for annual audit		
Shareholder appointed auditor	-999.799	-1.263.842
Local auditor	-70.676	-63.215
Fee for other types of declarations		
Shareholder appointed auditor	-320.081	-156.686
Local auditor	0	0
Tax advisory cost		
Shareholder appointed auditor	-369.341	-39.500
Local auditor	0	0
Other costs auditor		
Shareholder appointed auditor	0	-135.009
Local auditor	0	0
	<u>-1.759.897</u>	<u>-1.658.252</u>

Notes to the Consolidated Annual Report

	2022	2021
	DKK	DKK
5 Staff expenses		
Salaries	-242.628.124	-241.950.742
Pensions	-23.941.664	-23.233.265
Other social security expenses	-19.735.495	-19.648.647
	<u>-286.305.283</u>	<u>-284.832.654</u>
Average number of employees	<u>565</u>	<u>558</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed.		
6 Amortisation, depreciation and impairment of property, plant and equipment and intangible assets		
Intangible assets	-38.467.756	-30.945.168
Buildings, Plant and machinery	-20.611.603	-22.907.288
Profit/loss on disposals of the year	4.515.915	724.217
	<u>-54.563.444</u>	<u>-53.128.239</u>
7 Income from investments in associates before tax		
Share of profit in associates	458.584	306.558
	<u>458.584</u>	<u>306.558</u>

Notes to the Consolidated Annual Report

	2022	2021
	<u>DKK</u>	<u>DKK</u>
8 Financial income		
Exchange adjustments	14.422.065	13.927.689
Financial income, Group	10.181	57.114
Financial income, Associated	89.745	0
Other financial income	6.927.749	4.342.204
	<u>21.449.740</u>	<u>18.327.007</u>
9 Financial expenses		
Exchange adjustments	-17.621.686	-15.928.614
Financial expense, Group	-1.195	-982
Financial expense, Associated	-53.342	-16.770
Other financial expenses	-9.488.633	-7.602.318
	<u>-27.164.856</u>	<u>-23.548.684</u>
10 Tax on profit/loss for the year		
Current tax for the year	-22.227.924	-12.183.935
Deferred tax for the year	2.138.252	-4.677.622
Adjustment concerning previous years	505.017	487.342
Other taxes	<u>0</u>	<u>0</u>
Total tax for the year	<u>-19.584.655</u>	<u>-16.374.215</u>

Notes to the Consolidated Annual Report

11 Intangible assets

	Acquired rights projects	Completed development projects	Development projects in progress	Goodwill
	DKK	DKK	DKK	DKK
Impairment losses and depreciation at 1 January	62.815.445	160.614.245	0	61.693.158
Exchange adjustment	1.099.316	0	0	246.600
Additions for the year	3.248.858	29.497.515	25.192.512	0
Disposals for the year	-33.808.813	-1.555.256	0	0
Cost at 31 December	<u>33.354.806</u>	<u>188.556.504</u>	<u>25.192.512</u>	<u>61.939.758</u>
Impairment losses and amortisation at 1 January	-37.551.266	-77.798.225	0	-41.958.731
Exchange adjustment	-1.099.426	0	0	-246.600
Depreciation for the year	-5.000.017	-29.632.089	0	-3.835.650
Impairment losses and amortisation for the year	0	0	0	0
Impairment losses and amortisation on assets sold	14.087.000	233.289	0	0
Impairment losses and amortisation at 31 December	<u>-29.563.709</u>	<u>-107.197.025</u>	<u>0</u>	<u>-46.040.981</u>
Carrying amount at 31 December	<u>3.791.097</u>	<u>81.359.479</u>	<u>25.192.512</u>	<u>15.898.777</u>
Amortised over	<u>3-10 years</u>	<u>3-10 years</u>	<u>0 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 2022	95.073.221	77.474.430	0	91.764.374
Exchange adjustment	-4.254	0	0	823.206
Additions during the year	32.059.865	7.133.656	533.160	8.069.119
Disposals during the year	-2.290.532	-931.883	0	-13.785.849
Cost at 31 December 2022	<u>124.838.300</u>	<u>83.676.203</u>	<u>533.160</u>	<u>86.870.850</u>
Revaluation at 1 January 2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revaluation at 31. December 2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 January 2022	-23.707.561	-53.368.981	0	-71.233.830
Exchange adjustment	991	2	0	-705.904
Depreciation for the year	-4.667.474	-7.635.700	0	-8.308.429
Impairment losses and depreciation on assets sold	1.766.431	931.883	0	7.629.125
Impairment losses and depreciation at 31. december 2022	<u>-26.607.613</u>	<u>-60.072.796</u>	<u>0</u>	<u>-72.619.038</u>
Carrying amount at 31. december 2022	<u>98.230.687</u>	<u>23.603.407</u>	<u>533.160</u>	<u>14.251.812</u>
Depreciated over	<u>10-50 years</u>	<u>3-7 years</u>	<u>0 years</u>	<u>3-5 years</u>

Notes to the Consolidated Annual Report

	2022 DKK	2021 DKK
13 Investments in associates		
Cost at 1 January	8.203.580	30.506.780
Net effect from merger and acquisition	0	0
Additions during the year	0	0
Disposals during the year	0	-22.303.200
Cost at 31 December	<u>8.203.580</u>	<u>8.203.580</u>
Valuation adjustments at 1 January	63.728	2.018.023
Disposals for the year	0	-2.260.853
Exchange adjustment, beginning of year	0	0
Net effect from merger and acquisition	0	0
Net profit/loss for the year	1.163.524	1.011.498
Amortization of goodwill	<u>-704.940</u>	<u>-704.940</u>
Revaluations at 31 December	<u>522.312</u>	<u>63.728</u>
Carrying amount at 31 December	<u>8.725.892</u>	<u>8.267.308</u>

Specification of investments in associates:

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

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

Notes to the Consolidated Annual Report

	2022	2021
	DKK	DKK
15 Inventories		
Raw materials and consumables	145.470.039	95.016.291
Work in progress	47.195.952	57.011.272
Finished goods and goods for resale	71.944.860	63.217.034
	<u>264.610.851</u>	<u>215.244.597</u>
16 Provision for deferred tax		
Provision for deferred tax at 1 January	15.619.152	15.892.151
Corrections previous years	-1.439.320	0
Amounts recognized in the income statement for the year	-2.138.252	-272.999
Provision for deferred tax at 31 December	<u>12.041.580</u>	<u>15.619.152</u>
Deferred tax asset	8.515.265	4.107.604
Provision for deferred tax	<u>-20.556.845</u>	<u>-19.726.756</u>
Provision for deferred tax at 31 December	<u>-12.041.580</u>	<u>-15.619.152</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>		
17 Receivables		
DKK 2.674.985 are due more than 12 months from the balance date.		
18 Prepayments		
Prepayments at 1 January	35.699.841	4.104.013
Amounts for the year	-3.658.287	31.595.828
Prepayments at 31 December	<u>32.041.554</u>	<u>35.699.841</u>

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

Notes to the Consolidated Annual Report

	2022	2021
	DKK	DKK
19 Other provisions		
Other provisions at 1 January	9.413.892	9.096.562
Provision in year	10.025.920	9.373.892
Applied in the year	-9.413.892	-9.056.562
Other provisions at 31 December	<u>10.025.920</u>	<u>9.413.892</u>
Other provisions comprise obligations concerning warranty commitments.		
20 Debt		
Payments falling due within one year are stated under short-term debt.		
Other debt is recognised in long-term debt.		
21 Credit institutions		
After 5 years	4.183.031	6.042.156
Between 1 and 5 years	46.111.691	60.142.387
Long-term part	<u>50.294.722</u>	<u>66.184.543</u>
Short part long term debt	19.558.448	19.558.448
Within 1 year	24.854.372	83.210.835
	<u>94.707.542</u>	<u>168.953.826</u>
22 Other payables		
After 5 years	9.181.471	9.007.773
Between 1 and 5 years	6.692.850	11.775.081
Long-term part	<u>15.874.321</u>	<u>20.782.854</u>
Within 1 year	121.282.190	114.723.206
	<u>137.156.511</u>	<u>135.506.060</u>

Notes to the Consolidated Annual Report

	2022 DKK	2021 DKK
23 Proposed distribution of profit		
Proposed dividend for the year	10.000.000	10.000.000
Minority interests' share of net profit/loss of subsidiaries	2.460.286	2.242.500
Retained earnings	29.104.357	28.942.630
	<u>41.564.643</u>	<u>41.185.130</u>
24 Financial instruments		
Forward exchange contracts are used to hedge future cash flows. The Group's primary currency exposure relates to sales in other currencies than the functional currency of the individual Group entities.		
Forward exchange contracts are used to secure future cash flows covering the following net amounts and periods:		
DKK		
DKK/USD	4.393.680	
The fair value of forward exchange contracts is included in other receivables with a positive value of DKK 4,393k.		
The contract have a maturity within 3-6 months.		
25 Rent and lease liabilities		
Group		
Within 1 year	7.498.536	7.280.136
Between 1 and 5 years	19.581.780	24.807.864
After 5 years	6.112.944	7.418.640
	<u>33.193.260</u>	<u>39.506.640</u>
External		
Within 1 year	2.408.381	2.229.641
Between 1 and 5 years	3.904.067	4.230.673
After 5 years	0	0
	<u>6.312.448</u>	<u>6.460.314</u>
26 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

- 27 Mortgages and collateral
The company has solidarity guarantee toward bank debt for 75 mil. Kr. to companies that are associated with Thornico Food & Food Technology Group A/S.

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

- 28 Related parties and ownership

Basis

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

Other related parties

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

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	60%
Sanovo Technology Asia	Malaysia	100%
Sanovo Biosecurity A/S, merged with Sanovo Technology Process 25/8-2021	Denmark	100%
Sanovo Technology Process A/S	Denmark	100%
Sanovo Capital A/S	Denmark	100%
Sanovo Technology Comercio De Maquinas	Brazil	100%
Sanovo Technology Robotics A/S	Denmark	100%

Notes to the Consolidated Annual Report

	2022	2021
	DKK	DKK
29 Cash flow statement - adjustments		
Financial income	-21.449.740	-18.327.007
Financial expenses	27.164.856	23.548.684
Depreciation and impairment losses, incl. gain and loss on sale	54.563.444	53.128.239
Revaluation of properties and other assets		
Adjustment, beginning of year, concerning associate, previous years		
Income on investments in associates	-458.584	-306.558
Other equity adjustments	0	0
Income tax in income statement	19.584.655	16.374.215
	<u>79.404.631</u>	<u>74.417.573</u>
30 Cash flow statement - change of working capital		
Change in inventories	-49.366.254	-20.297.984
Change in receivables	-16.517.762	-30.448.096
Change in other provisions	612.028	8.838.084
Change in suppliers etc	150.110.802	20.800.218
	<u>84.838.814</u>	<u>-21.107.778</u>

Parent Company Income Statement 1 January - 31 December

	Note	2022	2021
Gross profit	1	115.447.458	91.728.618
Staff costs	2	-88.644.330	-77.910.132
Profit/loss before amortisation/depreciation and impairment losses		26.803.128	13.818.486
Depreciation, amortisation and impairment of losses	3	-11.947.341	-19.631.588
Profit/loss before net financials		14.855.787	-5.813.102
Income from investments in subsidiaries	4	38.643.971	53.014.065
Income from investments in associates	5	458.584	306.558
Financial income	6	7.096.153	4.420.018
Financial cost	7	-21.301.838	-17.729.982
Profit/loss before tax		39.752.657	34.197.557
Tax on profit/loss for the year	8	-648.300	4.745.073
Profit/loss for the year		39.104.357	38.942.630
Distribution of profit	9		

Parent Company Balance Sheet at 31 December

Assets	<u>Note</u>	<u>2022</u>	<u>2021</u>
Completed development projects		3.974.899	8.231.257
Acquired rights		0	21.412.253
Intangible assets	10	<u>3.974.899</u>	<u>29.643.510</u>
Plant and machinery		3.214.293	4.700.802
Other fixtures and fittings, tools and equipment		2.278.004	2.991.204
Leasehold improvements		1.356.858	1.162.432
Tangible assets	11	<u>6.849.155</u>	<u>8.854.438</u>
Investments in subsidiaries	12	298.401.421	317.921.193
Investments in associates	13	8.725.892	8.267.308
Receivables from subsidiaries	14	6.092.770	360.857
Other fixed asset investments	14	2.230.800	2.230.800
Fixed asset investments		<u>315.450.883</u>	<u>328.780.158</u>
Total non-current assets		<u>326.274.937</u>	<u>367.278.106</u>

Parent Company Balance Sheet at 31 December

	Note	2022	2021
Raw materials and consumables		19.115.456	15.289.580
Work in progress		31.525.036	32.010.851
Finished goods and goods for resale		30.038.056	15.920.218
		<hr/>	<hr/>
Stocks		80.678.547	63.220.649
		<hr/>	<hr/>
Trade receivables	17	13.623.654	21.165.578
Receivables from subsidiaries		98.404.247	81.067.393
Receivables from associates		4.122.142	2.636.239
Other receivables		5.872.878	5.149.011
Deferred tax asset	16	3.073.429	0
Corporation tax		0	2.655.344
Prepayments	15	1.634.574	2.626.595
		<hr/>	<hr/>
Receivables		126.730.923	115.300.160
		<hr/>	<hr/>
Cash and cash equivalents		58.675.985	19.153.605
		<hr/>	<hr/>
Total current assets		266.085.455	197.674.413
		<hr/>	<hr/>
Assets		592.360.392	564.952.519
		<hr/>	<hr/>

Parent Company Balance Sheet at 31 December

Liabilities and equity	<u>Note</u>	<u>2022</u>	<u>2021</u>
Share capital		15.625.000	15.625.000
Reserve for development expenditure		3.100.421	5.207.281
Reserve for current value adjustments of currency gains		10.945.383	-2.175.344
Reserve for current value of hedging		3.427.070	0
Retained earnings		254.895.327	223.684.110
Proposed dividend for the year		10.000.000	10.000.000
Equity		<u>297.993.202</u>	<u>252.341.047</u>
Provision for deferred tax	16	0	1.444.233
Other provisions	18	1.488.051	668.825
Total provisions		<u>1.488.051</u>	<u>2.113.058</u>
Banks		30.000.000	45.000.000
Other payables		7.746.644	11.820.223
Total non-current liabilities	19	<u>37.746.644</u>	<u>56.820.223</u>

Parent Company Balance Sheet at 31 December

	Note	2022	2021
Short-term part of long-term debet	19	15.000.000	15.000.000
Banks		38.655.722	63.356.770
Prepayments received from customers		56.969.213	25.414.721
Trade payables		34.029.083	18.685.879
Payables to subsidiaries		91.591.696	114.500.756
Payables to associates		0	0
Other payables		13.720.821	16.720.065
Corporation tax payable		5.165.961	
Total current liabilities		<u>255.132.496</u>	<u>253.678.191</u>
Total liabilities		<u>292.879.139</u>	<u>310.498.414</u>
Total equity and liabilities		<u>592.360.392</u>	<u>564.952.519</u>
Rent and lease liabilities	21		
Mortgages and collateral	21		
Related parties and ownership structure	22		

Statement of changes in Equity for Parent Company

	Share capital	Reserve for development expenditure	Reserve for current value adjustments of currency gains	Reserve for current value of hedging	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2022	15.625.000	5.207.281	-2.175.344	0	223.684.110	10.000.000	252.341.047
Exchange adjustments	0	0	13.120.727	0	0	0	13.120.727
Ordinary dividend paid	0	0	0	0	0	-10.000.000	-10.000.000
Value adjustment of hedging instruments	0	0	0	4.393.680	0	0	4.393.680
Transfers, reserves	0	-2.106.860	0	0	2.106.860	0	0
Tax	0	0	0	-966.610	0	0	-966.610
Net profit/loss for the year	0	0	0	0	29.104.357	10.000.000	39.104.357
Equity at 31. december 2022	15.625.000	3.100.421	10.945.383	3.427.070	254.895.327	10.000.000	297.993.202

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</u>
1 Other operating income		
Rent income	871.191	35.675
Administration services	22.929.584	22.203.531
	<u>23.800.775</u>	<u>22.239.206</u>
2 Staff cost		
Wages and salaries	-80.775.911	-70.238.073
Pensions	-6.686.130	-6.558.974
Other social security costs	-1.182.289	-1.113.085
	<u>-88.644.330</u>	<u>-77.910.132</u>
Average number of employees	<u>136</u>	<u>140</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>2022</u>	<u>2021</u>
3 Depreciation, amortisation and impairment of losses		
Depreciation intangible assets	-8.667.101	-13.437.756
Depreciation tangible assets	-3.648.713	-6.259.032
Gain/loss on disposal	368.473	65.200
	<u>-11.947.341</u>	<u>-19.631.588</u>
which breaks down as follows:		
Completed development projects	-6.976.661	-6.675.996
Acquired rights	-1.690.440	-6.761.760
Plant and machinery	-1.600.459	-1.630.089
Other fixtures and fittings, tools and equipment	-1.571.084	-4.005.981
Leasehold improvements	-477.170	-622.962
Loss(-)/profit on sale of property, plant and equipment	368.473	65.200
	<u>-11.947.341</u>	<u>-19.631.588</u>
4 Income from investments in subsidiaries		
Share of profits of subsidiaries	41.311.680	56.862.160
Amortisation of goodwill	-3.169.794	-3.169.494
Adjustments previous years	502.085	-678.601
	<u>38.643.971</u>	<u>53.014.065</u>
5 Income from investments in associates		
Share of profits of associates	1.163.524	1.011.498
Amortisation of goodwill	-704.940	-704.940
	<u>458.584</u>	<u>306.558</u>

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</u>
6 Financial income		
Interest received from subsidiaries	279.580	175.755
Interest received from associates	69.249	33.464
Other financial income	6.747.324	4.210.799
Exchange adjustments	0	0
	<u>7.096.153</u>	<u>4.420.018</u>
7 Financial costs		
Financial expenses, group entities	-3.383.795	-918.634
Other financial costs	-1.546.855	-1.601.919
Exchange adjustments costs	-16.371.188	-15.209.429
	<u>-21.301.838</u>	<u>-17.729.982</u>
8 Tax on profit/loss for the year		
Current tax for the year	-5.165.961	2.655.344
Deferred tax for the year	4.517.661	1.990.844
Adjustment of tax concerning previous years	0	98.885
	<u>-648.300</u>	<u>4.745.073</u>
9 Distribution of profit		
Proposed dividend for the year	10.000.000	10.000.000
Retained earnings	29.104.357	28.942.630
	<u>39.104.357</u>	<u>38.942.630</u>

Notes to the Parent Company Annual Report

10 Intangible assets

	Completed development projects	Acquired rights	Total
Cost at 1 January	45.894.273	33.808.813	79.703.086
Additions for the year	4.042.270	0	4.042.270
Disposals for the year	-1.555.256	-33.808.813	-35.364.069
Transfers for the year	0	0	0
Cost at 31 December	<u>48.381.287</u>	<u>0</u>	<u>48.381.287</u>
Impairment losses and amortisation at 1 January	37.663.016	12.396.560	50.059.576
Amortisation for the year	6.743.372	0	6.743.372
Depreciation disposed assets	233.289	1.690.440	1.923.729
Reversal of impairment and depreciation of sold assets	-233.289	-14.087.000	-14.320.289
Impairment losses and amortisation at 31 December	<u>44.406.388</u>	<u>0</u>	<u>44.406.388</u>
Carrying amount at 31 December	<u>3.974.899</u>	<u>0</u>	<u>3.974.899</u>

Special assumptions regarding development projects and tax assets

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

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

The following factors could trigger such change in circumstances
- Change of the project's expectations

11 Tangible assets

	Plant and ma- chinery	Other fixtures and fittings, tools and equipment	Leasehold im- provements	Total
Cost at 1 January	12.376.409	32.388.944	8.650.826	53.416.179
Additions for the year	113.950	857.884	671.596	1.643.430
Disposals for the year	0	0	0	0
Cost at 31 December	<u>12.490.359</u>	<u>33.246.828</u>	<u>9.322.422</u>	<u>55.059.609</u>
Impairment losses and depreciation at 1 January	7.675.607	29.397.740	7.488.394	44.561.741
Depreciation for the year	1.600.459	1.571.084	477.170	3.648.713
Depreciation disposed assets	0	0	0	0
Impairment losses and depreciation at 31 December	<u>9.276.066</u>	<u>30.968.824</u>	<u>7.965.564</u>	<u>48.210.454</u>
Carrying amount at 31 December	<u>3.214.293</u>	<u>2.278.004</u>	<u>1.356.858</u>	<u>6.849.155</u>

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</u>
12 Investments in subsidiaries		
Cost at 1 January	363.776.551	355.176.551
Additions during the year	24.774.372	8.600.000
Cost at 31 December	<u>388.550.923</u>	<u>363.776.551</u>
Revaluation at 1 January	-45.855.358	-117.551.377
Disposals for the year	0	0
Exchange adjustment	13.120.727	8.039.627
Net effect from merger and acquisition	0	0
Net profit/loss for the year	41.311.680	56.862.160
Received dividend	-82.644.100	0
Adjustments previous years	502.085	-678.601
Amortisation of goodwill	-3.169.794	-3.169.494
Equity investments with negative net asset value amortised over receivables	-13.414.742	10.642.327
Revaluation at 31 December	<u>-90.149.502</u>	<u>-45.855.358</u>
Carrying amount at 31 December	<u><u>298.401.421</u></u>	<u><u>317.921.193</u></u>

Specification of investments in subsidiaries:

Name:	<u>Registered office</u>	<u>Ownership interest</u>
Sanovo Technology USA Inc.	USA	100%
Sanovo Technology Japan Ltd.	Japan	100%
Sanovo Technology Italia S.r.l.	Italy	100%
Ramé-Hart Inc.	USA	100%
Staalkat Beheer B.V.	Netherlands	100%
Sanovo Technology Netherlands B.V.	Netherlands	100%
Sanovo Process Solutions A/S	Denmark	100%
Shanghai Sanovo Technology China	China	100%
Sanovo Technology Mexico	Mexico	100%
Investeringsselskabet af 1. september ApS	Denmark	100%
Foodcraft Inc.	USA	100%
Foodcraft Equipment Inc.	USA	100%
Sanovo Logistic ApS	Denmark	100%
NIKRO s.r.o.	Slovakia	60%
Sanovo Technology Asia	Malaysia	100%
Sanovo Biosecurity A/S	Denmark	100%
Sanovo Technology Process A/S	Denmark	100%
Sanovo Capital A/S	Denmark	100%
Sanovo Technology Comercio De Maquinas	Brazil	100%
Sanovo Technology Robotics A/S	Denmark	100%

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</u>
13 Investments in associates		
Cost at 1 January	8.203.579	8.203.579
Net effect from merger and acquisition	0	0
Additions for the year	0	0
Cost at 31 December	<u>8.203.579</u>	<u>8.203.579</u>
Revaluation at 1 January	63.729	-242.829
Net effect from merger and acquisition	0	0
Net profit/loss for the year	1.163.524	1.011.498
Amortisation of goodwill	-704.940	-704.940
Revaluation at 31 December	<u>522.313</u>	<u>63.729</u>
Carrying amount at 31 December	<u>8.725.892</u>	<u>8.267.308</u>
Specification of investments in associates:		
Name:	<u>Registered office</u>	<u>Ownership interest</u>
Ovotrack BV	Netherlands	50%
14 Fixed asset investments		
	<u>Other fixed asset investments</u>	<u>Receivables from subsidiaries</u>
Cost at 1 January	2.230.800	12.809.890
Exchange adjustment	0	0
Additions for the year	0	9.295.625
Disposal for the year	0	-14.400.531
Cost at 31 December	<u>2.230.800</u>	<u>7.704.984</u>
Revaluations 1 January	0	-12.449.033
Disposal for the year		12.449.033
Transfers for the year	0	-1.612.214
Revaluations at 31 December	<u>0</u>	<u>-1.612.214</u>
Carrying amount at 31 December	<u>2.230.800</u>	<u>6.092.770</u>
15 Prepayments		
Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.		

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</u>
16 Provision for deferred tax		
Provision for deferred tax at 1 January	1.444.232	3.579.085
Correction previous years tax	0	-144.008
Current year provision	-4.517.661	-1.990.844
Provision for deferred tax at 31 December	<u>-3.073.429</u>	<u>1.444.233</u>
Intangible assets	-1.643.327	3.374.316
Property, plant and equipment	-2.679.375	-3.125.542
Inventories	645.346	627.507
Prepaid costs	610.526	577.851
Other taxable temporary differences	-6.600	-9.900
	<u>-3.073.429</u>	<u>1.444.232</u>
17 Receivables		
DKK 2.674.985 are due more than 12 months from the balance date.		
18 Other provisions		
Balance at beginning of year	668.825	818.998
Provision in year	1.488.051	668.825
Applied in the year	-668.825	-818.998
Saldo ultimo	<u>1.488.051</u>	<u>668.825</u>

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	45.000.000	30.000.000	15.000.000	0
Other payables	11.820.223	7.746.644	0	7.746.644
	<u>56.820.223</u>	<u>37.746.644</u>	<u>15.000.000</u>	<u>7.746.644</u>

20 Financial instruments

Forward exchange contracts are used to hedge future cash flows. The Group's primary currency exposure relates to sales in other currencies than the functional currency of the individual Group entities.

Forward exchange contracts are used to secure future cash flows covering the following net amounts and periods:

	DKK
DKK/USD	4.393.680

The fair value of forward exchange contracts is included in other receivables with a positive value of DKK 4,393k.

The contracts have a maturity within 3-6 months.

	2022	2021
21 Rent and lease liabilities		
Group		
Within 1 year	7.498.536	7.280.136
Between 1 and 5 years	19.581.780	24.807.864
After 5 years	6.112.944	7.418.640
	<u>33.193.260</u>	<u>39.506.640</u>
External		
Within 1 year	1.429.270	1.267.353
Between 1 and 5 years	902.752	1.304.846
After 5 years	0	0
	<u>2.332.022</u>	<u>2.572.198</u>

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

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

Notes to the Parent Company Annual Report

22 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.

23 Morgages and collateral

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

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

24 Related parties and ownership structure

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

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