

**DLG FINANCE A/S**

Ballesvej 2, 7000 Fredericia

CVR no. 19 44 33 96

**ANNUAL REPORT FOR 2020**

Adopted at the annual general meeting on 26 May 2021

chairman

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**Brian Kærgaard Mathiesen**

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## **Statement by management on the annual report**

The supervisory and executive boards have today discussed and approved the annual report of DLG Finance A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

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

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

Fredericia, 26 May 2021

### **Executive board**

Lars Aage Sørensen

### **Supervisory board**

Kristian Johnsen Hundebøll  
chairman

Brian Kærgaard Mathiesen

Lars Aage Sørensen

## **Independent auditor's report**

### ***To the shareholder of DLG Finance A/S***

#### **Opinion**

We have audited the financial statements of DLG Finance A/S for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

#### **Basis for Opinion**

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

#### **Management's responsibilities for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

## **Independent auditor's report**

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

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

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

### **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.

## Independent auditor's report

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.

Hellerup, 26 May 2021

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

Tue Stensgård Sørensen  
Statsautoriseret revisor  
MNE no. mne32200

## Company details

### The company

DLG Finance A/S  
Ballesvej 2  
7000 Fredericia

Telephone: 33 68 30 00

CVR no.: 19 44 33 96

Reporting period: 1 January - 31 December 2020

Domicile: Fredericia

### Supervisory board

Kristian Johnsen Hundebøll, chairman  
Brian Kærgaard Mathiesen  
Lars Aage Sørensen

### Executive board

Lars Aage Sørensen

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's review**

### **Business review**

The company's purpose is to manage and provide the financing activities of the DLG Group.

### **Financial review**

The company's income statement for the year ended 31 December 2020 shows a profit of TDKK 3,654, and the balance sheet at 31 December 2020 shows equity of TDKK 86,511.

The profit for 2020 is positively affected by exchange rate gains. Additionally, the profit is not affected by COVID-19 since DLG Finance is managing the financing activities of the DLG Group which is not significantly affected.



## **Accounting policies**

The annual report of DLG Finance A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

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

The annual report for 2020 is presented in TDKK.

### **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.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

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

## **Income statement**

### **Administrative costs**

Administrative expenses comprise expenses incurred in the year related to management fee and administration.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

## **Accounting policies**

### **Tax on profit/loss for the year**

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

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**

#### **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.

#### **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 at net realisable value.

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

## Accounting policies

### Liabilities

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

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### 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', 'Other payables' or 'Derivative financial instruments, liabilities', respectively.

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

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

### Foreign currency translation

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

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

## Income statement 1 January 2020 - 31 December 2020

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
Administrative costs		-1,805	-1,650
<b>Operating profit/loss</b>		<b>-1,805</b>	<b>-1,650</b>
Financial income	1	69,700	59,117
Financial costs	2	-61,902	-65,418
<b>Profit/loss before tax</b>		<b>5,993</b>	<b>-7,951</b>
Tax on profit/loss for the year	3	-2,339	-1,637
<b>Net profit/loss for the year</b>		<b><u>3,654</u></b>	<b><u>-9,588</u></b>
Retained earnings		3,654	-9,588
		<b><u>3,654</u></b>	<b><u>-9,588</u></b>

**Balance sheet at 31 December 2020**

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>Assets</b>			
Other receivables		148,103	1,237
Deferred tax assets		<u>3,006</u>	<u>2,238</u>
<b>Fixed asset investments</b>		<u><b>151,109</b></u>	<u><b>3,475</b></u>
<b>Total non-current assets</b>		<u><b>151,109</b></u>	<u><b>3,475</b></u>
Receivables from group enterprises		2,327,485	2,151,922
Receivables from associates		299	148
Other receivables		553	149,501
Prepayments		<u>0</u>	<u>855</u>
<b>Receivables</b>		<u><b>2,328,337</b></u>	<u><b>2,302,426</b></u>
<b>Cash at bank and in hand</b>		<u><b>292</b></u>	<u><b>148,584</b></u>
<b>Total current assets</b>		<u><b>2,328,629</b></u>	<u><b>2,451,010</b></u>
<b>Total assets</b>		<u><u><b>2,479,738</b></u></u>	<u><u><b>2,454,485</b></u></u>

**Balance sheet at 31 December 2020**

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>Equity and liabilities</b>			
Share capital		500	500
Reserve for current value of hedging		-9,973	0
Retained earnings		95,984	90,999
<b>Equity</b>		<b><u>86,511</u></b>	<b><u>91,499</u></b>
Banks		1,851,671	1,843,848
Derivative financial instruments, liabilities		12,786	0
<b>Total non-current liabilities</b>	<b>4</b>	<b><u>1,864,457</u></b>	<b><u>1,843,848</u></b>
Banks		13,520	73,518
Payables from group enterprises		501,563	432,762
Payables to associates		3,811	2,552
Corporation tax		541	0
Other payables	6	9,335	10,306
<b>Total current liabilities</b>		<b><u>528,770</u></b>	<b><u>519,138</u></b>
<b>Total liabilities</b>		<b><u>2,393,227</u></b>	<b><u>2,362,986</u></b>
<b>Total equity and liabilities</b>		<b><u><u>2,479,738</u></u></b>	<b><u><u>2,454,485</u></u></b>
Contingent liabilities	7		
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## Statement of changes in equity

	Share capital	Reserve for current value of hedging	Retained earnings	Total
Equity at 1 January 2020	500	-1,204	92,203	91,499
Fair value adjustment of hedging instruments	0	-11,296	127	-11,169
Net profit/loss for the year	0	0	3,654	3,654
Changes in equity of tax	0	2,527	0	2,527
<b>Equity at 31 December 2020</b>	<b>500</b>	<b>-9,973</b>	<b>95,984</b>	<b>86,511</b>

## Notes

	2020 TDKK	2019 TDKK
<b>1 Financial income</b>		
Interest received from group enterprises	67,153	54,351
Other financial income	368	4,766
Exchange gains	721	0
Fair value adjustments of financial instrumentations	1,458	0
	<u>69,700</u>	<u>59,117</u>
<b>2 Financial costs</b>		
Interest paid from group enterprises	2,698	1,793
Other financial costs	59,204	59,312
Exchange loss	0	4,313
	<u>61,902</u>	<u>65,418</u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	3,068	-340
Deferred tax for the year	-1,046	-1,409
Adjustment of tax concerning previous years	39	624
Adjustment of deferred tax concerning previous years	278	2,762
	<u>2,339</u>	<u>1,637</u>



## Notes

### 4 Long term debt

	Debt at 1 January 2020	Debt at 31 December 2020	Instalment next year	Debt outstanding after 5 years
Banks	1,843,848	1,851,671	0	122,748
Derivative financial instruments, liabilities	0	12,786	0	0
	<b><u>1,843,848</u></b>	<b><u>1,864,457</u></b>	<b><u>0</u></b>	<b><u>122,748</u></b>

### 5 Financial instruments

DLG Finance issued Sculdscheins(SSD) in June 2019. The SSD is with both variable interest and fixed interest 3-7 years tranches. The floating interest rate tranches has been hedged 100% using interest rate swaps. The interest rate swaps have a contractual value of TDKK 198,500 and a negative fair value of TDKK -12,786. Further, DLG Finance has foreign exchange contracts for hedging of fair value of non-current liabilities with a contractual value of TDKK 13,553 and a negative fair value of TDKK -38.

	2020 TDKK	2019 TDKK
<b>6 Other payables</b>		
Other accrued expenses	9,296	7,527
Derivative financial instruments liabilities	38	2,779
	<b><u>9,334</u></b>	<b><u>10,306</u></b>

### 7 Contingent liabilities

DLG Finance is jointly taxed with the parent company Vitfoss A/S (Management company) and is jointly and severally liable with other jointly taxed companies.

The DLG Group has entered into a syndicated loan agreement, in which DLG Finance is jointly and severally liable with the other guarantors in the agreement. The syndicated agreement include a borrowing allowance of up to TEUR 625,000.

The ultimate parent company DLG a.m.b.a. provides a guarantee for the issued Schuldschein bonds.

## Notes

### **8 Related parties and ownership structure**

Parent company: Vitfoss A/S, Ballesvej 2, 7000 Fredericia, CVR nr. 82 77 62 14

Group Financial statement is available at Dansk Landbrugs Grovvarereselskab a.m.b.a., Ballesvej 2, 7000 Fredericia, CVR nr. 24 24 69 30