

DLG FINANCE A/S

Ballesvej 2, 7000 Fredericia

CVR no. 19 44 33 96

ANNUAL REPORT FOR 2022

Adopted at the annual general meeting on 22 May 2023

chairman

Brian Kærgaard Mathiesen

Table of contents

	Page
Statements	
Statement by management on the annual report	2
Independent auditor's report	3
Management's review	
Company details	6
Management's review	7
Financial statements	
Accounting policies	8
Income statement 1 January 2022 - 31 December 2022	12
Balance sheet at 31 December 2022	13
Statement of changes in equity	15
Notes	16

Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of DLG Finance 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 give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

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

We recommend that the annual report is approved at the Annual General Meeting.

Fredericia, 22 May 2023

Executive board

Christina Nielsen

Supervisory board

Kristian Johnsen Hundebøll
chairman

Hans Robin Philip

Christina Nielsen

Brian Kærgaard Mathiesen

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 2022, 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 2022 and of the results of the company's operations 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 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 and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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, 22 May 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Tue Stensgård Sørensen
State Authorised Public Accountant
MNE no. mne32200

Claus Lyngsø Sørensen
State Authorised Public Accountant
MNE no. mne34539

Company details

The company

DLG Finance A/S
Ballesvej 2
7000 Fredericia

CVR no.: 19 44 33 96

Reporting period: 1 January - 31 December 2022

Domicile: Fredericia

Supervisory board

Kristian Johnsen Hundebøll, chairman
Hans Robin Philip
Christina Nielsen
Brian Kærgaard Mathiesen

Executive board

Christina Nielsen

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 within the DLG Group.

Financial review

The company's income statement for the year ended 31 December 2022 shows a profit of kDKK 21,281, and the balance sheet at 31 December 2022 shows equity of kDKK 149,182.

The profit for 2022 has been positively affected by general interest rate increases and related interest rate hedging, resulting in a significantly better result.

Expected development of the company

It's expected that 2023 will continue to be affected by increasing interest rates for which interest rate hedging is used.

Accounting policies

The annual report of DLG Finance A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as selected provisions applying to reporting class C medium-sized entities.

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

The annual report for 2022 is presented in kDKK.

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 occurred 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

Income from investments in associates

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

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

Investments in associates

Investments in associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Investments in associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in associates are taken to the net revaluation reserve according to the equity method in so far as that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of DLG Finance A/S is adopted are not taken to the net revaluation reserve.

Accounting policies

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.

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.

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.

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'.

Accounting policies

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.

Derivative financial instruments

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

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.

Income statement 1 January 2022 - 31 December 2022

	<u>Note</u>	<u>2022</u> kDKK	<u>2021</u> kDKK
Administrative costs		-4,214	-2,484
Operating profit/loss		-4,214	-2,484
Income from investments in associates		191	1,920
Financial income	1	106,191	68,878
Financial costs	2	-74,260	-65,260
Profit/loss before tax		27,908	3,054
Tax on profit/loss for the year	3	-6,627	-249
Net profit/loss for the year		<u>21,281</u>	<u>2,805</u>
Reserve for net revaluation under the equity method		191	1,920
Retained earnings		21,090	885
		<u>21,281</u>	<u>2,805</u>

Balance sheet at 31 December 2022

	<u>Note</u>	<u>2022</u> kDKK	<u>2021</u> kDKK
Assets			
Investments in associates	4	4,998	4,895
Other receivables		36,846	0
Fixed asset investments		<u>41,844</u>	<u>4,895</u>
Total non-current assets		<u>41,844</u>	<u>4,895</u>
Receivables from group enterprises		2,709,975	2,286,220
Receivables from associates		2,589	17,967
Other receivables		1,580	256
Corporation tax		0	683
Receivables		<u>2,714,144</u>	<u>2,305,126</u>
Cash at bank and in hand		<u>175,025</u>	<u>239,542</u>
Total current assets		<u>2,889,169</u>	<u>2,544,668</u>
Total assets		<u><u>2,931,013</u></u>	<u><u>2,549,563</u></u>

Balance sheet at 31 December 2022

	<u>Note</u>	<u>2022</u> kDKK	<u>2021</u> kDKK
Equity and liabilities			
Share capital		500	500
Reserve for net revaluation under the equity method		2,023	1,920
Reserve for current value of hedging		28,700	-1,942
Retained earnings		<u>117,959</u>	<u>96,869</u>
Equity		<u>149,182</u>	<u>97,347</u>
Provision for deferred tax		<u>6,733</u>	<u>229</u>
Total provisions		<u>6,733</u>	<u>229</u>
Banks		886,422	877,827
Other payables		<u>0</u>	<u>2,511</u>
Total non-current liabilities	5	<u>886,422</u>	<u>880,338</u>
Short-term part of long-term debt	5	0	970,450
Banks		956,678	4,109
Payables to group enterprises		918,769	591,386
Corporation tax		5,933	0
Other payables	6	<u>7,296</u>	<u>5,704</u>
Total current liabilities		<u>1,888,676</u>	<u>1,571,649</u>
Total liabilities		<u>2,775,098</u>	<u>2,451,987</u>
Total equity and liabilities		<u>2,931,013</u>	<u>2,549,563</u>
Contingent liabilities	7		
Related parties and ownership structure	8		

Statement of changes in equity

	Share capital	Reserve for net revalua- tion under the equity method	Reserve for current value of hedging	Retained earnings	Total
Equity at 1 January 2022	500	1,920	-1,942	96,869	97,347
Exchange adjustment, foreign	0	-88	0	0	-88
Fair value adjustment of hedging instruments	0	0	39,285	0	39,285
Net profit/loss for the year	0	191	0	21,090	21,281
Changes in equity of tax	0	0	-8,643	0	-8,643
Equity at 31 December 2022	500	2,023	28,700	117,959	149,182

Notes

	2022	2021
	kDKK	kDKK
1 Financial income		
Interest received from group enterprises	105,149	60,712
Interest received from associates	202	7,933
Other financial income	494	233
Exchange gains	346	0
	<u>106,191</u>	<u>68,878</u>
2 Financial costs		
Interest paid to group enterprises	15,241	2,095
Other financial costs	59,019	62,771
Exchange loss	0	289
Fair value adjustments of financial instruments	0	105
	<u>74,260</u>	<u>65,260</u>
3 Tax on profit/loss for the year		
Current tax for the year	5,933	-683
Deferred tax for the year	165	932
Adjustment of tax concerning previous years	567	0
Adjustment of deferred tax concerning previous years	-38	0
	<u>6,627</u>	<u>249</u>

Notes

	2022 kDKK	2021 kDKK
4 Investments in associates		
Cost at 1 January 2022	2,975	0
Additions for the year	<u>0</u>	<u>2,975</u>
Cost at 31 December 2022	<u>2,975</u>	<u>2,975</u>
Revaluations at 1 January 2022	1,920	0
Exchange adjustment	-88	0
Net profit/loss for the year	<u>191</u>	<u>1,920</u>
Revaluations at 31 December 2022	<u>2,023</u>	<u>1,920</u>
Carrying amount at 31 December 2022	<u>4,998</u>	<u>4,895</u>

Investments in associates are specified as follows:

Name	Registered office	Ownership interest
AS of 1 July 2021 Sp. z.o.o.	Poland	25%

5 Long term debt

	Debt at 1 January 2022	Debt at 31 December 2022	Instalment next year	Debt outstanding after 5 years
Banks	1,848,277	886,422	0	0
Other payables	<u>2,511</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,850,788</u>	<u>886,422</u>	<u>0</u>	<u>0</u>

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 kDKK 198,500 and a positive fair value of kDKK 36,796. Further, DLG Finance has foreign exchange contracts for hedging of fair value of non-current liabilities with a contractual value of kDKK 149,832 and a negative fair value of kDKK 290.

Notes

	2022	2021
	kDKK	kDKK
6 Other payables		
Other accrued expenses	5,811	5,325
Derivative financial instruments liabilities	1,485	377
	<u>7,296</u>	<u>5,702</u>

7 Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Vilofoss A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

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 kEUR 550,000.

The ultimate parent company DLG a.m.b.a. provides a guarantee for the issued Schuldschein bonds and the Bridge loan, with a value of kDKK 1,855,407.

8 Related parties and ownership structure

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

The consolidated financial statements can be obtained from Dansk Landbrugs Grovvarereselskab a.m.b.a., Ballesvej 2, 7000 Fredericia, CVR no. 24 24 69 30.