# DLG FINANCE A/S

Ballesvej 2, 7000 Fredericia

CVR no. 19 44 33 96

# ANNUAL REPORT FOR 2023

Adopted at the annual general meeting on 14 May 2024

**chairman**

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**Niklas Dupont Tellervo**

## Table of contents

## 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 2023.

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 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

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, 14 May 2024

**Executive board**

Christina Nielsen

**Supervisory board**

| | | |
|---|---|---|
| Kristian Johnsen Hundebøll<br>chairman | Hans Robin Philip | Christina Nielsen |

Niklas Dupont Tellervo

## 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 2023, 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 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 14 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Tue Stensgård Sørensen
State Authorised Public Accountant
mne32200

Claus Lyngsø Sørensen
State Authorised Public Accountant
mne34539

## Company details

| | | |
|---|---|---|
| **The company** | DLG Finance A/S<br>Ballesvej 2<br>7000 Fredericia | |
| | CVR no.: | 19 44 33 96 |
| | Reporting period: | 1 January - 31 December 2023 |
| | Domicile: | Fredericia |
| **Supervisory board** | Kristian Johnsen Hundebøll, chairman<br>Hans Robin Philip<br>Christina Nielsen<br>Niklas Dupont Tellervo | |
| **Executive board** | Christina Nielsen | |
| **Auditors** | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup | |

## Financial highlights

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| | kDKK | kDKK | kDKK | kDKK | kDKK |
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Profit/loss before net financials | -2,792 | -4,214 | -2,484 | -1,805 | -1,650 |
| Net financials | 75,359 | 32,122 | 5,538 | 7,798 | -6,301 |
| Profit/loss for the year | 55,623 | 21,281 | 2,805 | 3,654 | -9,588 |
| **Balance sheet** | | | | | |
| Balance sheet total | 2,432,714 | 2,931,013 | 2,549,563 | 2,479,738 | 2,454,485 |
| Equity | 174,847 | 149,182 | 97,347 | 86,511 | 91,499 |
| **Financial ratios** | | | | | |
| Solvency ratio | 7.2% | 5.1% | 3.8% | 3.5% | 3.7% |
| Return on equity | 34.3% | 17.3% | 3.1% | 4.1% | -20.4% |

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

# Management's review

### Business review

The company's 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 2023 shows a profit of kDKK 55,623, and the balance sheet at 31 December 2023 shows equity of kDKK 174,847.

The profit for 2023 has been positively affected by general interest rate increases and related interest rate hedging, resulting in a significantly better result than expected.

### Expected development of the company

For 2024 the management expects the result will be below 2023 and at the same level of 2022 due to decrasing interest rates which is expected to affect the financials costs.

### Risks - management of currency and interest risks

DLG Finance A/S is a part of the DLG Group's overall financial risk management framework (treasury policy). The group treasury department has the overall responsibility to ensure that the financial positions are within the agreed guidelines and risk limits.

## Accounting policies

For the first time in 2023, the annual report for DLG Finance A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for medium-sized companies in reporting class C, where it was previously prepared according to 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 2023 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 ocurred 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. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

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.

## Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

**Financial Highlights**

Definitions of financial ratios.

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$

## Income statement 1 January 2023 - 31 December 2023

| | Note | 2023<br>kDKK | 2022<br>kDKK |
|---|---|---|---|
| Administrative costs | | -2,792 | -4,214 |
| **Operating profit/loss** | | **-2,792** | **-4,214** |
| Income from investments in associates | | 95 | 191 |
| Financial income | 2 | 204,749 | 106,191 |
| Financial costs | 3 | -129,485 | -74,260 |
| **Profit/loss before tax** | | **72,567** | **27,908** |
| Tax on profit/loss for the year | 4 | -16,944 | -6,627 |
| **Net profit/loss for the year** | | **55,623** | **21,281** |
| Distribution of profit | 5 | | |

## Balance sheet at 31 December 2023

| | Note | 2023<br>kDKK | 2022<br>kDKK |
|---|---|---|---|
| **Assets** | | | |
| Investments in associates | 6 | 5,498 | 4,998 |
| Other receivables | 7 | 0 | 36,846 |
| Deferred tax assets | 7 | 368 | 0 |
| **Fixed asset investments** | | **5,866** | **41,844** |
| **Total non-current assets** | | **5,866** | **41,844** |
| Receivables from group enterprises | | 2,409,410 | 2,709,975 |
| Receivables from associates | | 15,808 | 2,589 |
| Other receivables | | 135 | 1,580 |
| **Receivables** | | **2,425,353** | **2,714,144** |
| **Cash at bank and in hand** | | **1,495** | **175,025** |
| **Total current assets** | | **2,426,848** | **2,889,169** |
| **Total assets** | | **2,432,714** | **2,931,013** |

## Balance sheet at 31 December 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | kDKK | kDKK |
| **Equity and liabilities** | | | |
| Share capital | | 500 | 500 |
| Reserve for net revaluation under the equity method | | 2,523 | 2,023 |
| Reserve for current value of hedging | | -1,663 | 28,700 |
| Retained earnings | | 173,487 | 117,959 |
| **Equity** | | **174,847** | **149,182** |
| Provision for deferred tax | 8 | 0 | 6,733 |
| **Total provisions** | | **0** | **6,733** |
| Banks | | 1,240,342 | 886,422 |
| Other payables | | 2,137 | 0 |
| **Total non-current liabilities** | 9 | **1,242,479** | **886,422** |
| Short-term part of long-term debt | 9 | 111,793 | 0 |
| Banks | | 159,303 | 956,678 |
| Payables to group enterprises | | 732,400 | 918,769 |
| Payables to associates | | 71 | 0 |
| Corporation tax | | 6,838 | 5,933 |
| Other payables | | 4,983 | 7,296 |
| **Total current liabilities** | | **1,015,388** | **1,888,676** |
| **Total liabilities** | | **2,257,867** | **2,775,098** |
| **Total equity and liabilities** | | **2,432,714** | **2,931,013** |
| Subsequent events | 10 | | |
| Contingent liabilities | 11 | | |
| Related parties and ownership structure | 12 | | |

## Statement of changes in equity

| | Share capital | Reserve for net revaluation under the equity method | Reserve for current value of hedging | Retained earnings | Total |
|---|---|---|---|---|---|
| Equity at 1 January 2023 | 500 | 2,023 | 28,700 | 117,959 | 149,182 |
| Exchange adjustment, foreign | 0 | 405 | 0 | 0 | 405 |
| Fair value adjustment of hedging instruments | 0 | 0 | -38,927 | 0 | -38,927 |
| Net profit/loss for the year | 0 | 95 | 0 | 55,528 | 55,623 |
| Changes in equity of tax | 0 | 0 | 8,564 | 0 | 8,564 |
| **Equity at 31 December 2023** | **500** | **2,523** | **-1,663** | **173,487** | **174,847** |

## Notes

### 1 Staff

The company has no employees other than the Executive Board. The executive board has not received any remuneration in 2022 and 2023.

| | 2023 | 2022 |
|---|---|---|
| | kDKK | kDKK |
| **2 Financial income** | | |
| Interest received from group enterprises | 166,845 | 105,149 |
| Interest received from associates | 740 | 202 |
| Other financial income | 35,128 | 494 |
| Exchange gains | 2,036 | 346 |
| | **204,749** | **106,191** |

| | 2023 | 2022 |
|---|---|---|
| **3 Financial costs** | | |
| Interest paid to group enterprises | 36,848 | 15,241 |
| Other financial costs | 92,637 | 59,019 |
| | **129,485** | **74,260** |

| | 2023 | 2022 |
|---|---|---|
| **4 Tax on profit/loss for the year** | | |
| Current tax for the year | 15,402 | 5,933 |
| Deferred tax for the year | 1,542 | 165 |
| Adjustment of tax concerning previous years | 0 | 567 |
| Adjustment of deferred tax concerning previous years | 0 | -38 |
| | **16,944** | **6,627** |

| | 2023 | 2022 |
|---|---|---|
| **5 Distribution of profit** | | |
| Reserve for net revaluation under the equity method | 95 | 191 |
| Retained earnings | 55,528 | 21,090 |
| | **55,623** | **21,281** |

## Notes

| | | 2023 | 2022 |
|---|---|---|---|
| | | kDKK | kDKK |
| **6** | **Investments in associates** | | |
| | Cost at 1 January 2023 | 2,975 | 2,975 |
| | Cost at 31 December 2023 | 2,975 | 2,975 |
| | Revaluations at 1 January 2023 | 2,023 | 1,920 |
| | Exchange adjustment | 405 | -88 |
| | Net profit/loss for the year | 95 | 191 |
| | Revaluations at 31 December 2023 | 2,523 | 2,023 |
| | **Carrying amount at 31 December 2023** | **5,498** | **4,998** |

Investments in associates are specified as follows:

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

| | | Other receivables | Deferred tax assets |
|---|---|---|---|
| **7** | **Fixed asset investments** | | |
| | Cost at 1 January 2023 | 36,846 | 0 |
| | Additions for the year | 0 | 368 |
| | Disposals for the year | -36,846 | 0 |
| | Cost at 31 December 2023 | 0 | 368 |
| | **Carrying amount at 31 December 2023** | **0** | **368** |

## Notes

| | | 2023 | 2022 |
|---|---|---|---|
| | | kDKK | kDKK |
| **8** | **Provision for deferred tax** | | |
| | Provision for deferred tax at 1 January 2023 | 6,733 | 6,733 |
| | Deferred tax recognised in income statement | -1,542 | 0 |
| | Deferred tax recognised in equity | -5,191 | 0 |
| | **Provision for deferred tax at 31 December 2023** | **0** | **6,733** |

**9 Long term debt**

| | Debt at 1 January 2023 | Debt at 31 December 2023 | Instalment next year | Debt outstanding after 5 years |
|---|---|---|---|---|
| Banks | 886,422 | 1,352,135 | 111,793 | 0 |
| Other payables | 0 | 2,137 | 0 | 0 |
| | **886,422** | **1,354,272** | **111,793** | **0** |

DLG Finance is part of the DLG Group syndicated loan agreement. A part of DLG Finances loans are hedged via an interest rate swap. The interest rate swap has a contractual value of kEUR 25,000 and a negative fair value of kDKK 2,137. 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.

**10 Subsequent events**

No events have occured after the balance sheet date which could significantly affect the company's financial position.

**11 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.

# Notes

## 11 Contingent liabilities (continued)

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 1,100,000.

The ultimate parent company DLG a.m.b.a. provides a gurantee for the syndicated loan agreement, with a value of kDKK 2,247,122.

## 12 Related parties and ownership structure

**Controlling interest**

Parent company: Vilofoss A/S, Ballesvej, 7000 Fredericia, CVR nr. 82 77 62 14
The consolidated financial statements can be obtained from Dansk Landbrugs Grovvareselskab a.m.b.a., Ballesvej 2, 7000 Fredericia, CVR no. 24 24 69 30.

**Transactions**

In accordance with The Danish Financial Statements Act section 98c subsection 7, the transactions with related parties are not disclosed.