

DANKALK K/S

Aggersundvej 50, 9670 Løgstør

CVR no. 31 47 73 79

ANNUAL REPORT FOR 2021

Adopted at the annual general meeting on 29 April 2022

chairman

Bent Nissen

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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 Dankalk K/S for the financial year 1 January - 31 December 2021.

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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

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.

Løgstør, 29 April 2022

Executive board

Jens Søndergaard
CEO

Supervisory board

Bent Nissen
chairman

Antti Salminen

Per Erik Mikael Svensson

Jørn Munk Andersen

Independent auditor's report

To the shareholders of Dankalk K/S

Opinion

We have audited the financial statements of Dankalk K/S for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 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, 29 April 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Tue Stensgård Sørensen
statsautoriseret revisor
MNE no. mne32200

Claus Lyngsø Sørensen
statsautoriseret revisor
MNE no. mne34539

Company details

The company

Dankalk K/S
Aggersundvej 50
9670 Løgstør

Telephone: 33687400

Website: www.dankalk.dk

CVR no.: 31 47 73 79

Reporting period: 1 January - 31 December 2021

Domicile: Vesthimmerlands

Supervisory board

Bent Nissen, chairman
Antti Salminen
Per Erik Mikael Svensson
Jørn Munk Andersen

Executive board

Jens Søndergaard, CEO

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
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:

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	39,162	35,189	22,514	27,267	17,915
Profit/loss before net financials	15,805	15,550	6,281	10,108	3,814
Net financials	250	199	128	106	49
Profit/loss for the year	16,055	15,749	6,409	10,214	3,863
Balance sheet					
Balance sheet total	323,514	321,277	306,814	310,659	301,201
Investment in property, plant and equipment	13,647	11,301	8,291	6,244	25,421
Equity	295,430	295,124	285,784	289,589	283,238
Number of employees	24	24	24	23	23
Financial ratios					
Return on assets	4.9%	5.0%	2.0%	3.3%	1.3%
Solvency ratio	91.3%	91.9%	93.1%	93.2%	94.0%
Return on equity	5.4%	5.4%	2.2%	3.6%	1.4%

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

Dankalk K/S operates lime plants in Aggersund and Mjels, where the company extracts, produces and trades lime-based products.

Financial review

The company's income statement for the year ended 31 December 2021 shows a profit of TDKK 16,055, and the balance sheet at 31 December 2021 shows equity of TDKK 295,430.

2021 was a very satisfying year for Dankalk K/S with great activity in both the production of raw lime and the sale of finished products. The net profit is on the same level as the profit in 2020, which was a record year for Dankalk K/S.

Again this year new products have been added to the portfolio, products that complement the other products that Dankalk K/S offers.

Dankalk's plant has been fully utilised and efficiency has been high, helped by the large digitisation project of the factory, has contributed to a more efficient operation. The staff has shown great understanding for complying with the current Covid-19 guidelines, thereby avoiding the major Covid-19 outbreaks among the staff.

Significant events occurring after the end of the financial year

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

Expected development

Dankalk K/S expects a profit in 2022 of approximately 14 – 16 MDKK which requires the right quantities of good quality raw lime for production, as well as a large sale of dealer products.

Impact on the external environment and measures taken to prevent, reduce or mitigate damage

Extraction

In the next few years, the extraction area in Aggersund will be expanded, where the land areas adjacent to the lime quarry will be taken into operation for the production of raw lime.

Production

During the year Dankalk has been ISO 50001 Certified, which is an energy management system where Dankalk K/S commits to make an annual energy improvement of production.

Part of the surplus heat from production is allocated to Løgstør District Heating. District heating has been looking at various measures that make the entire amount of surplus heat from Dankalk K/S' production available for district heating.

Accounting policies

The annual report of Dankalk K/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The annual report for 2021 is presented in TDKK.

Changes in classification in the income statement

Comparative figures in the income statement have been restated to match this year's presentation. The adjustment of the comparative figures have no effect on operating profit.

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

Basis of recognition and measurement

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

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

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

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

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

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, production costs and other operating income and expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Cost of productions

Cost of productions comprises the cost of acquiring or manufacturing the products sold by the company to generate the year's revenue. Manufacturing companies recognise direct and indirect costs of production, including costs of raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation of production plant, adjustments being made for changes in inventories of finished goods and work in progress. Manufacturing companies recognise cost of sales and inventory write-downs for wastage, obsolete inventories and impairment losses.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to carry through sales campaigns, etc. in the year, including costs related to sales staff, advertising, exhibitions and amortisation of distribution- and sales-related activities.

Administrative costs

Administrative expenses comprise expenses incurred in the year related to management, administrative staff, office premises, office expenses, depreciation, etc.

Staff costs

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

Depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses and foreign currency transactions.

Accounting policies

Balance sheet

Intangible assets

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, however maximally 20 years.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Manufacturing plants	5-50 years
Plant and machinery	2-25 years
Other fixtures and fittings, tools and equipment	3-20 years

Assets costing less than DKK 30,700 are expensed in the year of acquisition.

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

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

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

Accounting policies

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

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.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions relate to the re-establishment of limestone quarries. These are recognized and measured as the best estimate at the balance sheet date of the costs necessary to settle the liabilities.

Tax on profit/loss for the year

The company is not an independent tax subject and the tax is the responsibility of the company's owners.

Liabilities

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'.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Accounting policies

Cash flow statement

With reference to The Danish Financial Statements Act section 86 subsection 4, the cash flow analysis is omitted, as the cash flow statement is prepared in the consolidated financial statements for DLG a.m.b.a.

Financial highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary operations after tax} \times 100}{\text{Average equity}}$

Income statement 1 January 2021 - 31 December 2021

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Gross profit		39,162	35,189
Distribution costs		-21,225	-16,634
Administrative costs		<u>-2,132</u>	<u>-3,005</u>
Operating profit/loss		15,805	15,550
Financial income	2	292	238
Financial costs	3	<u>-42</u>	<u>-39</u>
Profit/loss before tax		16,055	15,749
Net profit/loss for the year		<u><u>16,055</u></u>	<u><u>15,749</u></u>
Distribution of profit	4		

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Assets			
Acquired patents		1,990	2,143
Intangible assets	5	<u>1,990</u>	<u>2,143</u>
Land and buildings		116,146	117,770
Plant and machinery		72,137	80,248
Other fixtures and fittings, tools and equipment		8,932	3,297
Property, plant and equipment in progress		68	4
Tangible assets	6	<u>197,283</u>	<u>201,319</u>
Total non-current assets		<u>199,273</u>	<u>203,462</u>
Raw materials and consumables		26,928	27,563
Finished goods and goods for resale		14,465	13,135
Stocks	7	<u>41,393</u>	<u>40,698</u>
Trade receivables		14,657	11,249
Receivables from group enterprises		56,430	63,885
Other receivables		170	109
Prepayments		220	121
Receivables		<u>71,477</u>	<u>75,364</u>
Cash and cash equivalents		<u>11,371</u>	<u>1,753</u>
Total current assets		<u>124,241</u>	<u>117,815</u>
Total assets		<u><u>323,514</u></u>	<u><u>321,277</u></u>

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Equity and liabilities			
Share capital		279,375	279,375
Proposed dividend for the year		<u>16,055</u>	<u>15,749</u>
Equity		<u>295,430</u>	<u>295,124</u>
Other provisions	8	<u>5,528</u>	<u>5,437</u>
Total provisions		<u>5,528</u>	<u>5,437</u>
Trade payables		13,707	11,766
Payables to group enterprises		1,728	1,278
Other payables		<u>7,121</u>	<u>7,672</u>
Total current liabilities		<u>22,556</u>	<u>20,716</u>
Total liabilities		<u>22,556</u>	<u>20,716</u>
Total equity and liabilities		<u><u>323,514</u></u>	<u><u>321,277</u></u>
Staff	1		
Rent and lease liabilities	9		
Contingent liabilities	10		
Related parties and ownership structure	11		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2021	279,375	0	15,749	295,124
Ordinary dividend paid	0	0	-15,749	-15,749
Net profit/loss for the year	0	16,055	0	16,055
Proposed dividend for the year	0	-16,055	16,055	0
Equity at 31 December 2021	<u>279,375</u>	<u>0</u>	<u>16,055</u>	<u>295,430</u>

Notes

	2021 TDKK	2020 TDKK
1 Staff		
Wages and Salaries	13,401	13,091
Pensions	1,294	1,269
Other social security expenses	243	196
Other staff expenses	1,005	855
	<u>15,943</u>	<u>15,411</u>
Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Cost of sales	13,389	13,138
Distribution expenses	1,935	1,716
Administrative expenses	619	557
	<u>15,943</u>	<u>15,411</u>
Average number of employees	<u>24</u>	<u>24</u>
 Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Financial income		
Interest received from group enterprises	279	210
Exchange gains	13	28
	<u>292</u>	<u>238</u>
3 Financial costs		
Other financial costs	42	37
Exchange loss	0	2
	<u>42</u>	<u>39</u>

Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK		
4 Distribution of profit				
Proposed dividend for the year	<u>16,055</u>	<u>15,749</u>		
	<u>16,055</u>	<u>15,749</u>		
5 Intangible assets				
		<u>Acquired pa- tents</u>		
Cost at 1 January 2021		<u>3,062</u>		
Cost at 31 December 2021		<u>3,062</u>		
Impairment losses and amortisation at 1 January 2021		919		
Depreciation for the year		<u>153</u>		
Impairment losses and amortisation at 31 December 2021		<u>1,072</u>		
Carrying amount at 31 December 2021		<u>1,990</u>		
6 Tangible assets				
	<u>Land and buildings</u>	<u>Plant and machinery</u>	<u>Other fixtures and fittings, tools and equipment</u>	<u>Property, plant and equipment in progress</u>
Cost at 1 January 2021	151,757	188,037	9,923	4
Additions for the year	2,737	3,783	7,059	68
Disposals for the year	-486	-7,685	-4,708	0
Transfers for the year	4	0	0	-4
Cost at 31 December 2021	<u>154,012</u>	<u>184,135</u>	<u>12,274</u>	<u>68</u>

Notes

6 Tangible assets (continued)

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Impairment losses and depreciation at 1 January 2021	33,987	107,789	6,626	0
Impairment losses for the year	1,200	0	0	0
Depreciation for the year	2,965	11,524	1,055	0
Reversal of impairment and depreciation of sold assets	-286	-7,315	-4,339	0
Impairment losses and depreciation at 31 December 2021	37,866	111,998	3,342	0
Carrying amount at 31 December 2021	116,146	72,137	8,932	68

	2021 TDKK	2020 TDKK
7 Stocks		
Raw materials and consumables	26,928	27,563
Finished goods and goods for resale	14,465	13,135
	41,393	40,698
Deployed after 1 year	22,307	22,565

Notes

	2021 TDKK	2020 TDKK
8 Other provisions		
Balance at beginning of year at 1 January 2021	5,437	5,347
Provision in year	91	90
Balance at 31 December 2021	5,528	5,437
Over 5 years	5,528	5,437
	5,528	5,437
9 Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	870	947
Between 1 and 5 years	1,586	2,038
After 5 years	555	746
	3,011	3,731

Lease obligations have been entered into:

With annual obligation	654	653
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The lease obligation was entered into in 2003 with a basic amount of TDKK 500 which is price adjusted annually according to the net price index. The agreement expires on June 30, 2023.

10 Contingent liabilities

Guarantees have been made to public authorities for a total of TDKK 6,584, of which Dankalk K/S has provided a guarantee of a total of TDKK 1,600, which is included under cash and cash equivalents, while the parent company DLG amba has provided guarantees of a total of TDKK 4,984. The guarantees relate to re-establishment, including the provisions under note 7.

Notes

11 Related parties and ownership structure

Controlling interest

Dansk Landbrugs Grovvarereselskab a.m.b.a., CVR no. 24246930, Fredericia, Parent company

Transactions

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

Consolidated financial statements

The company is included in the consolidated report for DLG amba, CVR no. 24246930.
The Group annual report can be requested from DLG amba, Ballesvej 2, 7000 Fredericia.