

DANKALK K/S

Aggersundvej 50, 9670 Løgstør

CVR no. 31 47 73 79

ANNUAL REPORT FOR 2023

Adopted at the annual general meeting on 25 April 2024

chairman

Christoffer Hage

Table of contents

	Page
Statements	
Statement by management on the annual report	2
Independent auditor's report	3
Management's review	
Company details	6
Financial highlights	7
Management's review	8
Financial statements	
Accounting policies	9
Income statement 1 January 2023 - 31 December 2023	14
Balance sheet at 31 December 2023	15
Statement of changes in equity	17
Notes	18

Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Dankalk K/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.

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

Løgstør, 25 April 2024

Executive board

Jens Søndergaard
CEO

Supervisory board

Christoffer Hage
chairman

Johnny Heggemslø

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 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.

Independent auditor's report

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.

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, 25 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Tue Stensgård Sørensen
statsautoriseret revisor
mne32200

Claus Lyngsø Sørensen
statsautoriseret revisor
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 2023

Domicile: Community of Vesthimmerland

Supervisory board

Christoffer Hage, chairman
Johnny Heggemli
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:

	2023	2022	2021	2020	2019
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Gross profit/loss	29,862	44,093	39,162	35,189	22,514
Profit/loss before net financials	6,313	16,477	15,805	15,550	6,281
Net financials	1,420	293	250	199	128
Profit/loss for the year	7,733	16,770	16,055	15,749	6,409
Balance sheet					
Balance sheet total	314,705	324,802	323,514	321,277	306,814
Investment in property, plant and equipment	23,683	12,930	13,647	11,301	8,291
Equity	287,108	296,145	295,430	295,124	285,784
Number of employees	24	23	24	24	24
Financial ratios					
Return on assets	2.0%	5.1%	4.9%	5.0%	2.0%
Solvency ratio	91.2%	91.2%	91.3%	91.9%	93.1%
Return on equity	2.7%	5.7%	5.4%	5.4%	2.2%

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 quarry in Aggersund and Mjels. The company extracts, produce and trades lime. Ased products, as well as trades of precipitation chemistry.

Financial review

The company's income statement for the year ended 31 December 2023 shows a profit of kDKK 7,733, and the balance sheet at 31 December 2023 shows equity of kDKK 287,108.

2023 was a difficult year mainly because of low activity in the production of raw Lime as well as less use of Agro Lime and Lime product for other industries. The lower result is explained by a lower capacity utilisation in general due to the weather.

The extensive digitalization within continues as well as installing of a new drying drum. It ensured a stable production with a minimum use of energy.

Purchased goods are on the same level as previous year and new product came in the portfolio during the year. Especially new product for hydrogen sulphide removal segment are running very well.

Expected development

In 2024, dankalk K/S expects the profit to improve compared to 2023 and to be at the same level as 2022. It require a big use, and production, of Lime products for all segments, besides a consistently high sales of trading products.

To improve the quality and get access to the right quantities, dankalk K/S has been digging raw Lime below ground water and uses that in the production. It raises the quality and get access to new segment.

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

The new drying drum and placement of Solar panels makes possibility for reducing the CO2 consumption, which is a main target for Dankalk K/S up to 2030. To reduce CO2 is a main target for Dankalk K/S and the ambition is to reduce the CO2 consumption with 50 % in 2030 compare 2019 figures.

New more energy efficient machinery in the factory as well as in the quarry, is a main priority for dankalk, besides expand the areas with solar panels. It follows the ISO 50001 energy management standard, which Dankalks K/S follows.

Accounting policies

The annual report of Dankalk K/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

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.

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.

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.

Accounting policies

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 comprise 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.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation 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, financial expenses relating to finance leases, 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

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:

Land and buildings	5-50 years
Plant and machinery	2-25 years
Other fixtures and fitting, tools and equipment	3-20 years

Assets costing less than DKK 32,000 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

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.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Income statement 1 January 2023 - 31 December 2023

	<u>Note</u>	<u>2023</u> kDKK	<u>2022</u> kDKK
Gross profit		29,862	44,093
Distribution costs		-20,015	-24,257
Administrative costs		<u>-3,534</u>	<u>-3,359</u>
Operating profit/loss		6,313	16,477
Financial income	2	1,440	329
Financial costs		<u>-20</u>	<u>-36</u>
Net profit/loss for the year		<u>7,733</u>	<u>16,770</u>
Distribution of profit	3		

Balance sheet at 31 December 2023

	<u>Note</u>	<u>2023</u> kDKK	<u>2022</u> kDKK
Assets			
Acquired patents		1,684	1,837
Intangible assets	4	<u>1,684</u>	<u>1,837</u>
Land and buildings		115,816	113,324
Plant and machinery		57,604	65,163
Other fixtures and fittings, tools and equipment		16,558	12,377
Property, plant and equipment in progress		7,353	691
Tangible assets	5	<u>197,331</u>	<u>191,555</u>
Total non-current assets		<u>199,015</u>	<u>193,392</u>
Raw materials and consumables		38,173	34,769
Finished goods and goods for resale		14,220	14,966
Stocks	6	<u>52,393</u>	<u>49,735</u>
Trade receivables		18,639	20,919
Receivables from group enterprises		39,248	58,101
Receivables from associates		939	0
Other receivables		197	266
Prepayments		562	208
Receivables		<u>59,585</u>	<u>79,494</u>
Cash and cash equivalents		<u>3,712</u>	<u>2,181</u>
Total current assets		<u>115,690</u>	<u>131,410</u>
Total assets		<u><u>314,705</u></u>	<u><u>324,802</u></u>

Balance sheet at 31 December 2023

	<u>Note</u>	<u>2023</u> kDKK	<u>2022</u> kDKK
Equity and liabilities			
Share capital		279,375	279,375
Proposed dividend for the year		<u>7,733</u>	<u>16,770</u>
Equity		<u>287,108</u>	<u>296,145</u>
Other provisions	7	<u>5,713</u>	<u>5,620</u>
Total provisions		<u>5,713</u>	<u>5,620</u>
Trade payables		13,014	14,560
Payables to group enterprises		2	512
Payables to associates		3,257	2,409
Other payables		<u>5,611</u>	<u>5,556</u>
Total current liabilities		<u>21,884</u>	<u>23,037</u>
Total liabilities		<u>21,884</u>	<u>23,037</u>
Total equity and liabilities		<u><u>314,705</u></u>	<u><u>324,802</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 2023	279,375	0	16,770	296,145
Ordinary dividend paid	0	0	-16,770	-16,770
Net profit/loss for the year	0	7,733	0	7,733
Proposed dividend for the year	0	-7,733	7,733	0
Equity at 31 December 2023	<u>279,375</u>	<u>0</u>	<u>7,733</u>	<u>287,108</u>

Notes

	2023	2022
	kDKK	kDKK
1 Staff		
Wages and Salaries	13,414	13,815
Pensions	1,503	1,332
Other social security expenses	233	257
Other staff expenses	1,051	961
	<u>16,201</u>	<u>16,365</u>

Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:

Cost of sales	13,309	13,621
Distribution expenses	2,310	2,106
Administrative expenses	582	638
	<u>16,201</u>	<u>16,365</u>

Number of fulltime employees on average	<u>24</u>	<u>23</u>
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Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

	2023	2022
	kDKK	kDKK
2 Financial income		
Interest received from group enterprises	1,279	329
Other financial income	161	0
	<u>1,440</u>	<u>329</u>

3 Distribution of profit		
Proposed dividend for the year	<u>7,733</u>	<u>16,770</u>
	<u>7,733</u>	<u>16,770</u>

Notes

4 Intangible assets

	Acquired pa- tents
Cost at 1 January 2023	3,062
Cost at 31 December 2023	3,062
Impairment losses and amortisation at 1 January 2023	1,225
Depreciation for the year	153
Impairment losses and amortisation at 31 December 2023	1,378
Carrying amount at 31 December 2023	1,684

5 Tangible assets

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 January 2023	153,357	190,997	16,344	691
Additions for the year	5,413	5,623	5,985	6,662
Disposals for the year	0	0	-1,330	0
Cost at 31 December 2023	158,770	196,620	20,999	7,353
Impairment losses and depreciation at 1 January 2023	40,033	125,834	3,967	0
Depreciation for the year	2,921	13,182	1,804	0
Reversal of impairment and depreciation of sold assets	0	0	-1,330	0
Impairment losses and depreciation at 31 December 2023	42,954	139,016	4,441	0
Carrying amount at 31 December 2023	115,816	57,604	16,558	7,353

Notes

	2023	2022
	kDKK	kDKK
6 Stocks		
Raw materials and consumables	38,173	34,769
Finished goods and goods for resale	14,220	14,966
	<u>52,393</u>	<u>49,735</u>
Deployed after 1 year	<u>27,937</u>	<u>23,807</u>

	2023	2022
	kDKK	kDKK
7 Other provisions		
Balance at beginning of year at 1 January 2023	5,620	5,528
Provision in year	93	92
Balance at 31 December 2023	<u>5,713</u>	<u>5,620</u>
Over 5 years	<u>5,713</u>	<u>5,620</u>
	<u>5,713</u>	<u>5,620</u>

8 Subsequent events

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

	2023	2022
	kDKK	kDKK
9 Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	872	1,372
Between 1 and 5 years	23	680
	<u>895</u>	<u>2,052</u>

Notes

10 Contingent liabilities

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

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.