

VITFOSS A/S

Ballesvej 2, 7000 Fredericia

CVR no. 82 77 62 14

ANNUAL REPORT FOR 2020

Adopted at the annual general meeting on 7 June 2021

chairman

Brian Kærgaard Mathiesen

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Statement by management on the annual report

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

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

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

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

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

Fredericia, 7 June 2021

Executive board

Bøje Schaumann Kjær
CEO

Jacob Holm Pedersen

Supervisory board

Niels Dengsø Jensen
chairman

Jesper Pagh

Kristian Johnsen Hundebøll

Lars Aage Sørensen

Hans Robin Philip

Independent auditor's report

To the shareholder of Vitfoss A/S

Opinion

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

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

Basis for Opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Hellerup, 7 June 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Tue Stensgård Sørensen
statsautoriseret revisor
MNE no. mne32200

Company details

The company

Vitfoss A/S
Ballesvej 2
7000 Fredericia

CVR no.: 82 77 62 14

Reporting period: 1 January - 31 December 2020

Domicile: Fredericia

Supervisory board

Niels Dingsø Jensen, chairman
Jesper Pagh
Kristian Johnsen Hundebøll
Lars Aage Sørensen
Hans Robin Philip

Executive board

Bøje Schaumann Kjær, CEO
Jacob Holm Pedersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
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:

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-----------|-----------|-----------|-----------|-----------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Revenue | 1,042,948 | 1,085,772 | 1,168,634 | 1,122,937 | 1,130,628 |
| Gross profit | 108,229 | 90,261 | 106,186 | 97,865 | 75,792 |
| Profit/loss before net financials | 35,673 | 24,656 | 54,401 | 45,148 | 30,597 |
| Net financials | 95,257 | 19,827 | 12,154 | 202,014 | 1,515 |
| Profit/loss for the year | 129,487 | 42,501 | 68,577 | 236,193 | 51,432 |
| Balance sheet | | | | | |
| Balance sheet total | 2,531,675 | 2,407,976 | 2,292,908 | 2,210,771 | 2,118,315 |
| Investment in property, plant and equipment | 29,368 | 55,079 | 34,248 | 6,709 | 9,367 |
| Equity | 510,911 | 385,705 | 629,039 | 586,308 | 814,148 |
| Financial ratios | | | | | |
| Gross margin | 10.4% | 8.3% | 9.1% | 8.7% | 6.7% |
| EBIT margin | 3.4% | 2.3% | 4.7% | 4.0% | 2.7% |
| Return on assets | 1.4% | 1.0% | 2.4% | 2.1% | 1.4% |
| Solvency ratio | 20.2% | 16.0% | 27.4% | 26.5% | 38.4% |
| Return on equity | 28.9% | 8.4% | 11.3% | 33.7% | 4.9% |

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.

Vitfoss A/S and DLG Ingredients A/S were merged in 2016 and Stormøllen A/S and Vitfoss A/S were merged in 2020. Accounting policy is the book value method and comparative figures are not adjusted.

Management's review

Business review

The company is engaged in the production and sale of customized premix and mineral mixtures for use in compound feed.

In addition, the company leases properties, including production facilities, to Group enterprises which the Group enterprises use for production of their different products.

Vitfoss A/S is the owner of several companies whose activities are primarily related to the DLG Group.

Financial review

The company's income statement for the year ended 31 December 2020 shows a profit of TDKK 129,487, and the balance sheet at 31 December 2020 shows equity of TDKK 510,911.

The result is affected by decreasing revenue due to falling prices and fierce competition which has led to lost volumes. COVID-19 has not had any significant affect on the profit since the products are mainly for activities in the agricultural sector which is not significantly affected.

As of 1st of January 2020 a merger between the fully owned subsidiary Stormøllen A/S and Vitfoss A/S has been completed. The company has applied the book value method and the comparative figures have not been adjusted. The equity has not been affected by the merger.

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.

Expectations for 2021

Management expects a stable development in revenue and earnings next year. It's expected that COVID19 still will not affect the profit for next year since the products are mainly for activities in the agricultural sector which has not been significantly affected.

Risks - management of currency and interest risks

Vitfoss 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.

Statement of social responsibility in accordance with section 99a of the Danish Financial Statements Act

Vitfoss A/S follows the CSR strategy in parent company DLG a.m.b.a., and with reference to ÅRL. 99a, subsection 6, the statement on social responsibility is made in the CSR report for 2020 for DLG a.m.b.a., which is available at www.dlg.dk/csr.

Management's review

Statement of the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

In accordance with the Danish Financial Statements Act the company is required to disclose and describe the target figure for the underrepresented gender on the Board of Directors and further describe the policy for increasing the underrepresented gender across management levels.

Description of target figures for the underrepresented gender

The target figure and time frame for meeting these for Vitfoss A/S is in accordance with the parent company where 3 out of 13 board members in the Board of Directors must be women in 2024. In contrast to the parent company, Vitfoss A/S did not meet its target when no female board members were elected on the most recent annual general meeting.

The policy regarding diversity in additional management levels for Vitfoss A/S is in accordance with the policy of the DLG Group where it is planned to increase the underrepresented gender by recruiting from a diversified and qualified group of potential candidates. A foundation stone for diversity that was laid in 2020, and will be strengthened in 2021, was focus on bias in recruitments and promotions. In our recruitment efforts, we will clarify the most important competencies which a position entails with the recruiting manager during the initial dialogue and describe these competencies in the job ads in a specific and matter-of-fact way in the hope that this will help make the job ads appeal to a more diverse range of potential candidates.

The share of female managers has been constant in recent years, and we will therefore work harder to ensure greater diversity across functions and job levels.

Accounting policies

The annual report of Vitfoss A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

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

The annual report for 2020 is presented in TDKK.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

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

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 of direct and indirect costs of production to generate the year's revenue. Here in commercial goods which include cost of trade in goods and producing goods which include costs of raw materials and consumables, wages and salaries, and depreciation of production plant.

Cost of productions also includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

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.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including rent.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including consumption costs, property taxes and other costs in connection with the renting of properties.

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.

Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the company's income statement after full elimination of depreciation of goodwill in "Income from investments in subsidiaries" and "Income from investments in associates".

Accounting policies

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries which is subject to corporation tax. 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.

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

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

Intangible assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years.

Other intangible assets

Other intangible assets include ongoing and completed development projects with associated intellectual property rights, acquired intellectual property rights and prepayments for intangible assets. Intangible assets are recognized at cost and depreciated for up to 15 years. The amortisation period is determined on the basis of an assessment of the economic life of the acquired and developed assets.

Tangible assets

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost added revaluations and 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.

Accounting policies

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

| | Useful life |
|--|-------------|
| Production buildings | 25-50 years |
| Plant and machinery | 8-20 years |
| Other fixtures and fittings, tools and equipment | 4-10 years |

Assets costing less than DKK 14,100 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.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Investments in subsidiaries and associates

Investments in subsidiaries and 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 subsidiaries and 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 subsidiaries and 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 Vitfoss A/S is adopted are not taken to the net revaluation reserve.

Other securities and investments, fixed assets

Other securities and investments are measured at cost or a lower net realizable value.

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.

Accounting policies

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

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 or a lower net realizable value, which corresponds to nominal value less impairment losses. Impairment losses are calculated on the basis of an individual assessment of the individual receivables and as well as a general impairment loss based on the company's experience from previous years.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Income tax and deferred tax

As management company, Vitfoss A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

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.

Accounting policies

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

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.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

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.'

Derivative financial instruments

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

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

Foreign currency translation

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

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.

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

Foreign subsidiaries, associates and participating interests are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of such entities opening equity at closing rate and on translation of the income statements from the exchange rates at the transaction date to closing rate are taken directly to the fair value reserve under 'Equity' in the consolidated financial statements.

Cash flow statement

No cash flow statement has been prepared according to section 86(4) of the Danish Financial Statements Act.

Financial highlights

Definitions of financial ratios.

| | |
|------------------|---|
| Gross margin | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$ |
| EBIT margin | $\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$ |
| Solvency ratio | $\frac{\text{Equity excl. non-controlling interests, end of year} \times 100}{\text{Total liabilities, end of year}}$ |
| Return on equity | $\frac{\text{Profit/loss for analysis purposes} \times 100}{\text{Average equity excl. non-controlling interests}}$ |

Income statement 1 January 2020 - 31 December 2020

| | Note | 2020 TDKK | 2019 TDKK |
|---|------|-----------------------|----------------------|
| Revenue | 1 | 1,042,948 | 1,085,772 |
| Cost of productions | | <u>-934,719</u> | <u>-995,511</u> |
| Gross profit | | 108,229 | 90,261 |
| Distribution costs | | -35,860 | -37,300 |
| Administrative costs | | <u>-39,868</u> | <u>-34,492</u> |
| Operating profit/loss | | 32,501 | 18,469 |
| Other operating income | | 23,740 | 25,096 |
| Other operating costs | | <u>-20,568</u> | <u>-18,909</u> |
| Profit/loss before financial income and expenses | | 35,673 | 24,656 |
| Income from investments in subsidiaries | | 112,908 | 51,837 |
| Income from investments in associates | | 26,796 | 2,658 |
| Financial income | 2 | 550 | 797 |
| Financial costs | 3 | <u>-44,997</u> | <u>-35,465</u> |
| Profit/loss before tax | | 130,930 | 44,483 |
| Tax on profit/loss for the year | 4 | <u>-1,443</u> | <u>-1,982</u> |
| Net profit/loss for the year | | <u>129,487</u> | <u>42,501</u> |
| Distribution of profit | 5 | | |

Balance sheet at 31 December 2020

| | <u>Note</u> | <u>2020</u> TDKK | <u>2019</u> TDKK |
|--|-------------|-------------------------|-------------------------|
| Assets | | | |
| Completed development projects | | 9,415 | 1,757 |
| Goodwill | | 11,574 | 12,826 |
| Development projects in progress | | <u>64</u> | <u>3,065</u> |
| Intangible assets | 6 | <u>21,053</u> | <u>17,648</u> |
| Land and buildings | | 328,799 | 312,446 |
| Plant and machinery | | 146,561 | 134,134 |
| Other fixtures and fittings, tools and equipment | | 388 | 72 |
| Property, plant and equipment in progress | | <u>6,439</u> | <u>6,708</u> |
| Tangible assets | 7 | <u>482,187</u> | <u>453,360</u> |
| Investments in subsidiaries | 8 | 1,324,475 | 1,254,624 |
| Investments in associates | 9 | 260,153 | 258,393 |
| Receivables from group enterprises | 10 | 9,906 | 0 |
| Receivables from associates | 10 | 129,594 | 127,781 |
| Other fixed asset investments | 10 | 22,976 | 23,626 |
| Deferred tax assets | 10 | <u>20,113</u> | <u>20,534</u> |
| Fixed asset investments | | <u>1,767,217</u> | <u>1,684,958</u> |
| Total non-current assets | | <u>2,270,457</u> | <u>2,155,966</u> |
| Raw materials and consumables | | 59,696 | 56,995 |
| Work in progress | | 366 | 2,160 |
| Finished goods and goods for resale | | <u>20,455</u> | <u>15,068</u> |
| Stocks | | <u>80,517</u> | <u>74,223</u> |

Balance sheet at 31 December 2020 (continued)

| | <u>Note</u> | <u>2020</u> TDKK | <u>2019</u> TDKK |
|---------------------------------|-------------|--------------------------------|--------------------------------|
| Assets | | | |
| Trade receivables | | 30,155 | 38,853 |
| Receivables from subsidiaries | | 126,117 | 134,599 |
| Receivables from associates | | 10,159 | 600 |
| Other receivables | | 13,242 | 3,335 |
| Prepayments | | <u>1,023</u> | <u>55</u> |
| Receivables | | <u>180,696</u> | <u>177,442</u> |
| | | | |
| Cash at bank and in hand | | <u>5</u> | <u>345</u> |
| | | | |
| Total current assets | | <u>261,218</u> | <u>252,010</u> |
| | | | |
| Total assets | | <u><u>2,531,675</u></u> | <u><u>2,407,976</u></u> |

Balance sheet at 31 December 2020

| | <u>Note</u> | <u>2020</u> TDKK | <u>2019</u> TDKK |
|---|-------------|-------------------------|-------------------------|
| Equity and liabilities | | | |
| Share capital | | 150,001 | 150,001 |
| Reserve for net revaluation under the equity method | | 100,261 | 11,014 |
| Reserve for development expenditure | | 7,393 | 2,391 |
| Reserve for current value of hedging | | -318 | 0 |
| Retained earnings | | <u>253,574</u> | <u>222,299</u> |
| Equity | 11 | <u>510,911</u> | <u>385,705</u> |
| Other provisions | | <u>23,064</u> | <u>15,871</u> |
| Total provisions | | <u>23,064</u> | <u>15,871</u> |
| Mortgage loans | | <u>117,323</u> | <u>126,273</u> |
| Total non-current liabilities | 12 | <u>117,323</u> | <u>126,273</u> |
| Short-term part of long-term debt | 12 | 11,984 | 11,922 |
| Trade payables | | 100,770 | 87,363 |
| Payables to subsidiaries | | 1,711,406 | 1,713,860 |
| Payables to associates | | 1 | 19,268 |
| Corporation tax | | 3,755 | 2,485 |
| Other payables | | 50,879 | 44,298 |
| Deferred income | | 1,174 | 931 |
| Derivative financial instruments, liabilities | | <u>408</u> | <u>0</u> |
| Total current liabilities | | <u>1,880,377</u> | <u>1,880,127</u> |
| Total liabilities | | <u>1,997,700</u> | <u>2,006,400</u> |
| Total equity and liabilities | | <u>2,531,675</u> | <u>2,407,976</u> |
| Staff | 13 | | |
| Rent and lease liabilities | 14 | | |
| Mortgages and collateral | 15 | | |
| Financial instruments | 16 | | |
| Related parties and ownership structure | 17 | | |
| Fee to auditors appointed at the general meeting | 18 | | |

Statement of changes in equity

| | Share capital | Reserve for net revaluation under the equity method | Reserve for development expenditure | Reserve for current value of hedging | Retained earnings | Total |
|--|----------------|---|-------------------------------------|--------------------------------------|-------------------|----------------|
| Equity at 1 January 2020 | 150,001 | 11,014 | 2,391 | 0 | 222,299 | 385,705 |
| Net effect from merger and acquisition under the pooling of interests method | 0 | -11,883 | 0 | 0 | 11,883 | 0 |
| Adjusted equity at 1 January 2020 | 150,001 | -869 | 2,391 | 0 | 234,182 | 385,705 |
| Exchange adjustment, foreign | 0 | 4,605 | 0 | 0 | -791 | 3,814 |
| Fair value adjustment of hedging instruments | 0 | -8,364 | 0 | -318 | 0 | -8,682 |
| Other equity movements | 0 | 1,274 | 0 | 0 | -687 | 587 |
| Transfers, reserves | 0 | -36,090 | 1,370 | 0 | 34,720 | 0 |
| Net profit/loss for the year | 0 | 139,705 | 3,632 | 0 | -13,850 | 129,487 |
| Equity at 31 December 2020 | 150,001 | 100,261 | 7,393 | -318 | 253,574 | 510,911 |

Notes

1 Revenue

For competitive reasons, the net revenue distribution by product areas and segments is not shown.

| | 2020 TDKK | 2019 TDKK |
|--|----------------|---------------|
| 2 Financial income | | |
| Interest received from group enterprises | 374 | 13 |
| Interest received from associates | 0 | 2 |
| Other financial income | 176 | 782 |
| | 550 | 797 |
| 3 Financial costs | | |
| Impairment losses on financial assets | 0 | 14 |
| Interest paid to group enterprises | 42,980 | 32,368 |
| Other financial costs | 1,934 | 2,847 |
| Exchange loss | 83 | 236 |
| | 44,997 | 35,465 |
| 4 Tax on profit/loss for the year | | |
| Current tax for the year | 3,844 | 2,485 |
| Deferred tax for the year | -5,591 | -3,606 |
| Adjustment of tax concerning previous years | -258 | 0 |
| Adjustment of deferred tax concerning previous years | 3,448 | 3,103 |
| | 1,443 | 1,982 |
| 5 Distribution of profit | | |
| Reserve for net revaluation under the equity method | 139,705 | 51,647 |
| Transferred to reserve for development expenditure | 3,632 | 2,391 |
| Retained earnings | -13,850 | -11,537 |
| | 129,487 | 42,501 |

Notes

6 Intangible assets

| | Completed development projects | Goodwill | Development projects in progress |
|--|--------------------------------------|----------------------|--|
| Cost at 1 January 2020 | 10,838 | 25,026 | 3,065 |
| Net effect from merger and acquisition | 4,071 | 0 | 0 |
| Additions for the year | 5,481 | 0 | 64 |
| Disposals for the year | -1,120 | 0 | 0 |
| Transfers for the year | 3,065 | 0 | -3,065 |
| Cost at 31 December 2020 | <u>22,335</u> | <u>25,026</u> | <u>64</u> |
| Impairment losses and amortisation at 1 January 2020 | 9,081 | 12,200 | 0 |
| Net effect from merger and acquisition | 3,860 | 0 | 0 |
| Depreciation for the year | 1,070 | 1,252 | 0 |
| Reversal of depreciation of sold assets | -1,091 | 0 | 0 |
| Impairment losses and amortisation at 31 December 2020 | <u>12,920</u> | <u>13,452</u> | <u>0</u> |
| Carrying amount at 31 December 2020 | <u>9,415</u> | <u>11,574</u> | <u>64</u> |

The company's development projects relate to product development and IT in order to gain a stronger position in the market.

Notes

7 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 2020 | 591,986 | 365,551 | 4,409 | 6,708 |
| Net effect from merger and acquisition | 26,702 | 31,804 | 0 | 0 |
| Additions for the year | 12,623 | 11,382 | 404 | 4,959 |
| Disposals for the year | -5,617 | -14,783 | -81 | -5,228 |
| Cost at 31 December 2020 | <u>625,694</u> | <u>393,954</u> | <u>4,732</u> | <u>6,439</u> |
| Impairment losses and depreciation at 1 January 2020 | 279,540 | 231,417 | 4,337 | 0 |
| Depreciation for the year | 7,825 | 12,371 | 88 | 0 |
| Net effect from merger and acquisition | 12,145 | 13,490 | 0 | 0 |
| Reversal of impairment and depreciation of sold assets | -2,615 | -9,885 | -81 | 0 |
| Impairment losses and depreciation at 31 December 2020 | <u>296,895</u> | <u>247,393</u> | <u>4,344</u> | <u>0</u> |
| Carrying amount at 31 December 2020 | <u><u>328,799</u></u> | <u><u>146,561</u></u> | <u><u>388</u></u> | <u><u>6,439</u></u> |

Notes

| | 2020 | 2019 |
|---|-------------------------|-------------------------|
| | TDKK | TDKK |
| 8 Investments in subsidiaries | | |
| Cost at 1 January 2020 | 1,228,987 | 989,363 |
| Additions for the year | 0 | 242,564 |
| Disposals for the year | -24,829 | -2,940 |
| Cost at 31 December 2020 | <u>1,204,158</u> | <u>1,228,987</u> |
| Revaluations at 1 January 2020 | 25,637 | 42,586 |
| Disposals for the year | -11,883 | 5,031 |
| Exchange rate adjustment | 16,735 | -7,681 |
| Other adjustments | 0 | -1,924 |
| Net profit/loss for the year | 121,095 | 64,208 |
| Received dividend | -16,250 | -60,000 |
| Fair value adjustment of hedging instruments for the year | -8,364 | -1,204 |
| Other equity movements, net | 1,277 | -2,674 |
| Depreciation of goodwill | -8,187 | -14,854 |
| Equity investments with negative net asset value transferred to provisions | 257 | 2,149 |
| Revaluations at 31 December 2020 | <u>120,317</u> | <u>25,637</u> |
| Carrying amount at 31 December 2020 | <u>1,324,475</u> | <u>1,254,624</u> |
| Remaining positive difference included in the above carrying amount at 31 December 2020 | <u>81,591</u> | <u>133,782</u> |

Notes

Investments in subsidiaries are specified as follows:

| Name | Registered office | Ownership interest |
|------------------------------------|-------------------|--------------------|
| DLG Service A/S | Denmark | 100% |
| DLG Trading A/S | Denmark | 100% |
| Købmand E. Hedegaard ApS | Denmark | 100% |
| A/S C.A. Qvade & Co. | Denmark | 100% |
| Dansk Frysetørring A/S | Denmark | 100% |
| UAB Vitfoss | Lithuania | 100% |
| SIA Vitfoss | Latvia | 100% |
| Vitfoss Romania SRL. | Romania | 95% |
| Samsø Korn A/S | Denmark | 100% |
| Vitfoss Hungaria Kft. | Hungary | 100% |
| Vilofoss Négoce SAS | France | 100% |
| Vilofoss Polska Sp. Z.o.o. | Poland | 100% |
| DLG Finance A/S | Denmark | 100% |
| Svenska Foder AB | Sweden | 100% |
| LFG af 10. oktober 2016 A/S | Denmark | 100% |
| Vitfoss China Holding A/S | Denmark | 67% |
| Vitfoss Ltd. | England | 100% |
| Vitfoss Bulgarien EOOD | Bulgaria | 100% |
| Ejendomsselskabet af 8/11 2017 A/S | Denmark | 100% |
| FTB af 8/11 2017 A/S | Denmark | 100% |
| DANÆG Holding A/S | Denmark | 50% |
| Crop ApS | Denmark | 80% |
| KK Spain June 2018 S.A. | Spain | 100% |
| Nutriproof SPRL | Belgium | 100% |

Notes

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| | TDKK | TDKK |
| 9 Investments in associates | | |
| Cost at 1 January 2020 | 257,145 | 301,407 |
| Additions for the year | 0 | 10,138 |
| Disposals for the year | 0 | -54,400 |
| Cost at 31 December 2020 | <u>257,145</u> | <u>257,145</u> |
| Revaluations at 1 January 2020 | 1,248 | 35,787 |
| Disposals for the year | 0 | -360 |
| Exchange rate adjustment | -12,130 | 725 |
| Other adjustments | 0 | -5 |
| Net profit/loss for the year | 30,821 | 3,498 |
| Received dividend | -19,840 | -37,192 |
| Other equity movements, net | -1 | 0 |
| Depreciation of goodwill | -4,025 | -1,205 |
| Equity investments with negative net asset value transferred to provisions | <u>6,935</u> | <u>0</u> |
| Revaluations at 31 December 2020 | <u>3,008</u> | <u>1,248</u> |
| Carrying amount at 31 December 2020 | <u>260,153</u> | <u>258,393</u> |
| Remaining positive difference included in the above carrying amount at 31 December 2020 | <u>28,589</u> | <u>4,416</u> |

Notes

Investments in associates are specified as follows:

| <u>Name</u> | <u>Registered office</u> | <u>Ownership interest</u> |
|-----------------------------|--------------------------|---------------------------|
| Scandagra Group AB | Sweden | 50% |
| Scandagra Polska Sp. Z.o.o. | Poland | 50% |
| Henan Puai Feed Co., Ltd | China | 3% |
| LDI AB | Sweden | 50% |
| AV Nutrismart Holding ApS | Denmark | 50% |
| Protekta Inc. (USA) | USA | 50% |
| Protekta Ltd | Canada | 50% |

Notes

10 Fixed asset investments

| | Receivables from group enterprises | Receivables from associates | Other fixed asset investments | Deferred tax assets |
|--|--|--------------------------------|-------------------------------------|------------------------|
| Cost at 1 January 2020 | 9,906 | 127,781 | 23,626 | 20,534 |
| Exchange rate adjustment | 0 | -384 | 0 | 0 |
| Additions for the year | 0 | 2,197 | 0 | 0 |
| Disposals for the year | 0 | 0 | -650 | -421 |
| Cost at 31 December 2020 | <u>9,906</u> | <u>129,594</u> | <u>22,976</u> | <u>20,113</u> |
| Carrying amount at 31 December 2020 | <u>9,906</u> | <u>129,594</u> | <u>22,976</u> | <u>20,113</u> |

11 Equity

The share capital consists of:

| | Nominal value |
|----------------------------|-----------------------|
| 1 a shares of TDKK 149,700 | 149,700 |
| 1 a shares of TDKK 300 | 300 |
| 1 a share of TDKK 1 | <u>1</u> |
| | <u>150,001</u> |

There have been no changes in the share capital during the last 5 years.

Notes

12 Long term debt

| | Debt at 1 January 2020 | Debt at 31 December 2020 | Instalment next year | Debt outstanding after 5 years |
|----------------|------------------------------|--------------------------------|-------------------------|--------------------------------------|
| Mortgage loans | <u>138,195</u> | <u>129,307</u> | <u>11,984</u> | <u>75,147</u> |
| | <u>138,195</u> | <u>129,307</u> | <u>11,984</u> | <u>75,147</u> |

The priority debt is secured by a mortgage on properties with a book value at the status date of TDKK 167,935.

The mortgage further includes the production facilities and machines belonging to the properties. Exchange rate losses are depreciated and expensed as the loans are settled.

Notes

| | 2020 TDKK | 2019 TDKK |
|---|----------------------|----------------------|
| 13 Staff | | |
| Wages and Salaries | 80,229 | 74,272 |
| Pensions | 6,823 | 6,858 |
| Other social security expenses | 1,194 | 1,347 |
| Reimbursement of wages and salaries | -1,184 | -768 |
| | <u>87,062</u> | <u>81,709</u> |
| Wages and Salaries, pensions, other social security expenses and reimbursement of wages and salaries are recognised in the following items: | | |
| Cost of sales | 32,716 | 34,317 |
| Distribution expenses | 21,118 | 22,104 |
| Administrative expenses | 33,228 | 25,288 |
| | <u>87,062</u> | <u>81,709</u> |
| including remuneration to the Executive and Supervisory Boards of: | | |
| Executive Board | 5,520 | 5,322 |
| | <u>5,520</u> | <u>5,322</u> |
| Average number of employees | <u>124</u> | <u>140</u> |

Notes

| | 2020 | 2019 |
|--------------------------------------|--------------|--------------|
| | TDKK | TDKK |
| 14 Rent and lease liabilities | | |
| Operating lease liabilities. | | |
| Total future lease payments: | | |
| Within 1 year | 122 | 290 |
| Between 1 and 5 years | 3,906 | 4,055 |
| After 5 years | 140 | 169 |
| | <u>4,168</u> | <u>4,514</u> |

15 Mortgages and collateral

Vitfoss A/S is an administration company in a Danish joint taxation. Vitfoss A/S is therefore liable in accordance with the rules of the Danish Corporation Tax Act.

Reference is made to note 12 for information regarding mortgages.

16 Financial instruments

Vitfoss A/S has a mortgage with a floating interest rate which is exposed to CIBOR fluctuations. The risk is hedged using interest swaps with maturity in the end of 2027. They have a contractual value of TDKK 76,143 and a negative fair value of TDKK -408.

Notes

17 Related parties and ownership structure

Controlling interest

DLG a.m.b.a., Ballesvej 2, 7000 Fredericia

Other related parties

Companies in which the main shareholder has a controlling influence and subsidiaries belonging to the DLG Group as well as subsidiaries belonging to the Vitfoss Group.

The company's executive board and board of directors.

Transactions

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

Consolidated financial statements

The company is included in the consolidated report for the parent company.

The group annual report may be obtained at the following address:

DLG a.m.b.a, Ballesvej 2, 7000 Fredericia

18 Fee to auditors appointed at the general meeting

Fees to the auditor are not disclosed with reference to the Danish Financial Statements Act, section 96, subsection 2 and 3.