

ANNUAL REPORT 2020

NFCO 1 A/S

FOSS

Approved at General Meeting
May 27, 2021

Chairman of the General Meeting
Nils Christian Foss



ANALYTICS BEYOND MEASURE

NFCO 1 AIS, Nils Foss Allé 1, DK-3400 Hillerød, Denmark
CVR-No 19000346

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Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of NFCO 1 A/S for the financial year 1 January to 31 December 2020.

The annual report is presented 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 financial performance for the financial year 1 January to 31 December 2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hillerød, 25 March, 2021

Executive Board

Peter Alexander Foss

Board of Directors

Nils Christian Foss
Chairman

Peter Alexander Foss

Pernille Foss

Independent Auditor's Report

To the Shareholder of NFCO 1 A/S

Opinion

We have audited the financial statements of NFCO 1 A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 25 March, 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No 33 96 35 56

Nikolaj Thomsen
State Authorized Public Accountant
MNE33276

Management Commentary

Main Activity

NFCO 1 A/S owns and operates forestry and related business as well as owns shares in a subsidiary.

Development in activities and financial conditions

The result of 2020 presented a loss of DKK 368k (in 2019 a gain of DKK 189k) and the equity is positive by DKK 32,846k (2019 amounted to DKK 33,214k).

The profit for the year is as expected.

Uncertainty relating to recognition and measurement

There are no significant uncertainties related to the annual report.

Unusual circumstances

The annual report is not impacted by any unusual circumstances.

Subsequent events

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income Statement

	Note	<u>2020</u>	<u>2019</u>
		DKK	DKK
Other external expenses		-17,410	-18,885
Gross Profit		-17,410	-18,885
Operating Profit		-17,410	-18,885
Loss from investments in group enterprise after tax	1	-637,590	-214,430
Other financial income	2	550,484	443,384
Other financial expenses	3	-187,492	-90,723
Profit from ordinary activities before tax		-292,008	119,346
Tax on profit for the year	4	-76,028	69,929
Profit for the year	5	-368,036	189,275

Balance Sheet

Assets

	Note	<u>2020</u>	<u>2019</u>
		DKK	DKK
Investment in group enterprise	6	16,484,760	17,122,350
Fixed assets		<u>16,484,760</u>	<u>17,122,350</u>
Receivables from group enterprise		26,803,705	22,010,721
Receivables		<u>26,803,705</u>	<u>22,010,721</u>
Cash and cash equivalents		<u>236</u>	<u>5,033</u>
Current assets		<u>26,803,941</u>	<u>22,015,754</u>
Assets		<u><u>43,288,701</u></u>	<u><u>39,138,104</u></u>

Balance Sheet

Liabilities

	Note	<u>2020</u>	<u>2019</u>
		DKK	DKK
Contributed capital	7	1,200,000	1,200,000
Retained earnings		31,645,918	32,013,954
Equity		<u>32,845,918</u>	<u>33,213,954</u>
Payable to group enterprise		10,354,130	5,911,650
Income tax payable		76,028	-
Other payables		12,625	12,500
Current liabilities other than provisions		<u>10,442,783</u>	<u>5,924,150</u>
Equity and Liabilities		<u>43,288,701</u>	<u>39,138,104</u>
Related parties	8		
Ownership	9		

Notes to the Annual Report

	<u>2020</u>	<u>2019</u>
	DKK	DKK
1 Loss from investment in group enterprise after tax		
Share of earnings from subsidiary	-637,590	<u>-214,430</u>
2 Other financial income		
Interest received from affiliated companies	550,484	<u>443,384</u>
	550,484	443,384
3 Other financial expenses		
Interest paid	-12	-50
Interest paid to affiliated companies	-187,480	<u>-90,673</u>
	-187,492	-90,723
4 Tax on profit for the year		
Corporation tax for the year	-76,028	<u>69,929</u>
Tax for the year	-76,028	69,929
Specified on the following:		
Tax on profit for the year	-76,028	-
Tax concerning previous years	-	<u>69,929</u>
Tax for the year	-76,028	69,929
5 Proposed distribution of profit		
Retained earnings	-368,036	<u>189,275</u>
Profit for the year	-368,036	189,275

Notes to the Annual Report

	<u>2020</u>	<u>2019</u>
	DKK	DKK
6 Investment in group enterprise		
Cost beginning of year	27,887,263	27,887,263
Cost end of year	<u>27,887,263</u>	<u>27,887,263</u>
Impairment losses beginning of year	-10,764,913	-10,550,483
Loss for the year	-637,590	-214,430
Impairment losses end of year	<u>-11,402,503</u>	<u>-10,764,913</u>
Carrying amount end of year	<u>16,484,760</u>	<u>17,122,350</u>

Investment in group enterprise	Ownership	Capital
Addit Skov ApS, Denmark	100%	1,000,000

7 Contributed Capital

Contributed capital is composed as follows:

1.200.000 units of shares of DKK 1	<u>1,200,000</u>	<u>1,200,000</u>
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The company is a part of a Danish joint taxation of which N. Foss & Co. A/S is the administrative entity. From 1st July 2012 the ultimate parent company is liable for potential obligations for withholding taxes on interest, royalties and dividends and from 1st January 2013 for company taxes within the joint taxation according to the company tax law.

8 Related parties

N. Foss & Co. A/S are related parties and have a controlling interest in the company.

Transactions with related parties are based on market price (arm's length).

Notes to the Annual Report

9 Ownership

All shares are owned by:

N. Foss & Co. A/S, Hillerød, Denmark

In accordance with The Danish Financial Statements Act § 71 it shall be stated that, the Company's annual report is included in the consolidated financial statement of N. Foss & Co. A/S, Hillerød, Denmark (CVR no. 87974618).

Accounting Principles

Basis of preparation

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises applying certain selections for class C enterprises.

In accordance to The Danish Financial Statements Act § 110 Group Accounts are not generated.

The accounting policies for these financial statements are consistent with those applied last year.

The annual report is prepared in DKK.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Income statement

Other external expenses

Other external expenses comprise expenses related to the ordinary activities.

Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc for the Company's staff.

Other financial income and expenses

These items comprise interest income and expenses, realized and unrealized capital gains and losses on securities, payables and transactions in foreign currencies as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

The Company is part of a Danish joint taxation of which N. Foss & Co. A/S is the administrative entity. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance Sheet

Investment in group enterprises

Investment in group enterprise is recognized and measured under the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the enterprises equity plus or less unamortized positive, or negative, goodwill and plus or less unrealized intra-group profit or loss.

A group enterprise with a negative equity value is measured at zero value, and any receivables from this enterprise is written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprise is transferred to reserve for net revaluation according to the equity method under equity.

Investments in subsidiary is written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortized cost, usually equalling nominal value less provisions for bad debts.

Dividend

The proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

Other financial liabilities are recognized at amortized cost which usually corresponds to nominal value.