

LFI SILVA INVESTMENTS A/S

ANNUAL REPORT 2021

SCHERFIGSVEJ 7, DK-2100 COPENHAGEN Ø

CVR NO. 39 16 29 97

APPROVED AT THE ANNUAL GENERAL MEETING 22 MARCH 2022

CHAIRMAN OF THE MEETING

BERTIL FROM



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COMPANY INFORMATION

LFI Silva Investments A/S
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DK-2100 Copenhagen Ø

Phone +45 39 12 80 00
Homepage: www.lundbeckfonden.com
E-mail: mail@lundbeckfonden.com
Business Registration No. 39 16 29 97
Place of residence: Copenhagen

OWNER

LFI Silva Investments A/S is owned by Lundbeckfond Invest A/S (97%) and Cresco Capital A/S (3%)

BOARD OF DIRECTORS

Carsten With Thygesen, Chairman
Bertil From
Morten Mølskov Jarlstrup

EXECUTIVE MANAGEMENT

Poul la Cour

AUDITOR

PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

MANAGEMENT REVIEW

PURPOSE

The purpose of LFI Silva Investments A/S is to make investments in commercial forest assets, land, renewable energy and related activities.

ACTIVITIES IN THE FINANCIAL YEAR

In 2021, LFI Silva Investments as well as the market in general, experienced high price increases on forest properties in Scotland.

The company has during the year actively been developing its assets in forests and land and got approval for three forestry grant schemes on two different properties in 2021. The afforestation work is expected to be carried out in 2022.

In 2021, the company divested for strategic reasons four smaller properties with an attractive profit, but during the year the company also pursued acquiring more forest and land, and were successful acquiring a smaller farm for afforestation purposes, which is located next to a forest property already in the ownership of the company. The company was also successful in the bidding process for a forest, but at year end the final legal due diligence was still ongoing, and is expected to be finalised successfully in the first quarter of 2022. At the end of 2021, the company owns above 2,500 hectares of forests and land in Scotland. At year end a Red Book valuation was carried out by an external company with RICS Registered Valuers.

The company was involved in production of renewable energy through production of roundwood for biomass conversion and via ownership and operation of a hydroelectric power station which generated 760,094 kW in 2021.

In 2019, the company bought a property which includes the immediate potential for a wind-turbine project and the company has been pursuing that opportunity in 2021, and signed a Heads of Terms agreement with a larger windmill developer. In 2022 this opportunity will be further pursued, as well as other opportunities for windmill projects on other properties in the portfolio of the company.

FINANCIAL RESULT AND FINANCIAL POSITION

The profit for the year amounted to DKK 105,158 thousand (DKK 40,758 thousand in 2020) and the equity at 31 December 2021 amounted to DKK 363,916 thousand (DKK 245,654 thousand at 31 December 2020).

The Board of Directors finds the result highly satisfactory.



INCOME STATEMENT

FOR THE PERIOD 1 JANUARY – 31 DECEMBER

DKK'000	Note	2021	2020
Other external costs		-530	-1,339
Gross profit		-530	-1,339
Income from investments in subsidiary	1	99,522	45,677
Financial income	2	8,194	1,294
Financial expenses	3	-379	-5,949
Profit/(loss) before tax		106,807	39,683
Tax on profit for the year	4	-1,649	1,075
Profit/(loss) for the year		105,158	40,758
Proposed distribution of profit/(loss):			
Reserve for net revaluation according to equity method		99,522	45,677
Retained earnings		5,636	-4,919
Profit/(loss) for the year		105,158	40,758

BALANCE SHEET

AT 31 DECEMBER, ASSETS

DKK'000	Note	2021	2020
Investment in subsidiary	1	283,204	170,578
Non-current assets		283,204	170,578
Receivables from affiliates		92,151	84,334
Income tax		-	1,075
Receivables		92,151	85,409
Cash and bank balances		6,011	5,105
Current assets		98,162	90,514
Assets		381,366	261,092

BALANCE SHEET

AT 31 DECEMBER, EQUITY AND LIABILITIES

DKK'000	Note	2021	2020
Share capital		710	710
Reserve for net revaluation according to equity method		179,212	66,586
Retained earnings		183,994	178,358
Equity		363,916	245,654
Payables to affiliates		16,023	15,341
Income tax		1,397	-
Other payables		30	97
Current liabilities		17,450	15,438
Liabilities		17,450	15,438
Equity and liabilities		381,366	261,092
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STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY – 31 DECEMBER

DKK'000	Share capital	Reserve for net revaluation according to equity method	Retained earnings	Equity
Equity at 1 January 2021	710	66,586	178,358	245,654
Profit for the year	-	99,522	5,636	105,158
Currency adjustments	-	13,104	-	13,104
Equity at 31 December 2021	710	179,212	183,994	363,916

DKK'000	Share capital	Reserve for net revaluation according to equity method	Retained earnings	Equity
Equity at 1 January 2020	710	29,098	183,277	213,085
Profit for the year	-	45,677	-4,919	40,758
Currency adjustments	-	-8,189	-	-8,189
Equity at 31 December 2020	710	66,586	178,358	245,654

NOTES

1. Investment in subsidiary

DKK'000	2021	2020
Cost at 1 January	103,992	103,992
Additions	-	-
Cost at 31 December	103,992	103,992
Adjustments at 1 January	66,586	29,098
Profit for the year	99,522	45,677
Currency adjustments	13,104	-8,189
Adjustments at 31 December	179,212	66,586
Carrying amount at 31 December	283,204	170,578

Company name:	Interest (%)
LFI Silva Investments Ltd., UK	100%

2. Financial income

DKK'000	2021	2020
Exchange gains	6,875	5
Interest on receivables from subsidiary	1,318	1,289
Other financial income	1	-
Total financial income	8,194	1,294

3. Financial expenses

DKK'000	2021	2020
Exchange losses	-	5,762
Interest on payables to affiliates	378	175
Other financial expenses	1	12
Total financial expenses	379	5,949

4. Tax on profit for the year

DKK'000	2021	2020
Current tax	1,663	-1,075
Prior-year adjustments	-14	-
Tax on profit for the year	1,649	-1,075

5. Contractual obligations

LFI Silva Investments A/S is jointly taxed with Lundbeckfond Invest A/S, ALK-Abelló A/S, Falck A/S, H. Lundbeck A/S, and Insusense ApS, and their respective Danish subsidiaries. The companies have partly a joint and several liability and partly a secondary liability with respect to income taxes etc. for the jointly taxed companies. The companies in the tax pool have partly a joint and several liability and partly a secondary liability with respect to any obligations to withholding tax on interests, royalties and dividends for the jointly taxed companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the companies directly or indirectly owned by Lundbeckfond Invest A/S.

The company has no other obligations at 31 December 2021.

6. Staff conditions

The company has no employees besides the Executive Management. Fees to the Board of Directors of DKK 121 thousand (DKK 175 thousand in 2020) are recognised in other external costs.

7. Related parties

Related parties exercising controlling interest on LFI Silva Investments A/S:

- Lundbeckfond Invest A/S, Scherfigsvej 7, DK-2100 Copenhagen Ø

The ultimate owner is Lundbeckfonden, Scherfigsvej 7, DK-2100 Copenhagen Ø.

Related parties exercising significant influence on LFI Silva Investments A/S:

- The Board of Directors and Executive Management
- Companies in which the company's Executive Management and Board of Directors exercise controlling interest

LFI Silva Investments A/S has not entered into any transactions with related parties that were not on an arm's length basis.

CONSOLIDATED FINANCIAL STATEMENTS

LFI Silva Investments A/S is included in the consolidated financial statements for Lundbeckfonden, Copenhagen, Denmark, Business Registration No. 11 81 49 13.

8. Accounting policies

The annual report for LFI Silva Investments A/S for 2021 has been prepared in accordance with the Danish Financial Statements Act for enterprises of reporting class B with selection of certain options from class C.

The annual report is presented in Danish kroner (DKK), which also is the functional currency of LFI Silva Investments A/S. Amounts in DKK are rounded to DKK thousands.

The accounting policies are unchanged from last year.

TRANSLATION OF FOREIGN CURRENCY

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Exchange differences arising between the exchange rates at the transaction date and the exchange rates at the date of payment are recognised in the income statement under financial items except in case of hedge accounting. In case of hedge accounting, such differences are recognised in the same item as the hedged item.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

The differences between the exchange rates at the time of recognition and the exchange rates at the balance sheet date or settlement are recognised in the income statement under financial items in respect of unhedged items and under the same item in respect of hedged items.

INCOME STATEMENT

Financial items

Financial income and financial expenses comprise:

- Interest income and expenses
- Exchange gains and losses
- Other financial income and expenses

Other external costs

Other external costs comprise expenses for administration.

Income from investment in subsidiary

Income from investment in subsidiary comprises the proportionate share of profit/loss after tax.

Tax

Danish subsidiaries are jointly taxed with Lundbeckfond Invest A/S as the administration company. The current Danish corporate income tax liability is allocated among the companies of the tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses).

Tax for the year, which consists of the year's current tax and the change in deferred tax, is recognised in the income statement as regards the amount that can be attributed to the net profit or loss for the year.

Current tax for the year is calculated based on the income tax rates and rules applicable at the balance sheet date.

BALANCE SHEET

Investment in subsidiary

Investment in subsidiary is measured by the equity method at the proportionately owned share of the equity of the company.

8. Accounting policies (continued)

Receivables

On initial recognition, receivables are measured at fair value and subsequently at amortised cost. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Equity

Dividends are recognised as a liability at the time of adoption of the dividend resolution at the Annual General Meeting (time of declaration).

Corporate income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet, computed as tax calculated on the taxable income for the year, adjusted for provisional tax paid.

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities and their tax base. However, deferred tax is not recognised on temporary differences arising either on initial recognition of goodwill or from a transaction that is not a business combination if the temporary difference ascertained at the time of the initial recognition affects neither the financial result nor the taxable income. The tax value of the assets is calculated based on the planned use of each asset.

Deferred tax assets are recognised in the balance sheet at the value at which the assets are expected to be realised, either through an offset against deferred tax liabilities or as net tax assets to be offset against future positive taxable income.

Balances calculated according to the provision of the Danish Corporate Tax Act on interest deductibility limitations are allocated between the jointly taxed companies according to a joint taxation agreement and are allocated between the companies that are subject to deductibility limitation in proportion to their share of the total limitation. Deferred tax liabilities in respect of these balances are recognised in the balance sheet, whereas deferred tax assets are recognised only if the criteria for recognition of deferred tax assets are met.

Debt

Other payables are measured at amortised cost.

9. Events after the balance sheet date

No events of importance to the annual report have occurred during the period from the balance sheet date until the presentation of the financial statements.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved the annual report of LFI Silva Investments A/S for the financial year ended 31 December 2021.

The financial statements of LFI Silva Investments A/S have been prepared in accordance with the Danish Financial Statements Act.

We consider the accounting policies used to be appropriate. Accordingly, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2021, and of the company's activities for the financial year 1 January - 31 December 2021.

We believe that the Management's review includes a fair review of developments in the company's activities and finances, result for the year and the company's financial position in general.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 22 March 2022

EXECUTIVE MANAGEMENT

Poul la Cour

BOARD OF DIRECTORS

Carsten With Thygesen
Chairman

Bertil From

Morten Mølskov Jarlstrup

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of LFI Silva Investments A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of LFI Silva Investments A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management Review

Management is responsible for Management Review.

Our opinion on the financial statements does not cover Management 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 Review and, in doing so, consider whether Management 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 Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management 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 in Management Review.

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 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 controls that we identify during our audit.

Copenhagen, 22 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33771231

Torben Jensen

State-Authorised Public Accountant

mne18651