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# *CM Holding A/S*

Klubiensvej 22, DK-DK-2150 Nordhavn

## Annual Report for 2023

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CVR No. 27 27 60 24

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 24/5 2024

Bjørn Norholdt  
Eckford-Olsen  
Chairman of the  
General Meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CM Holding A/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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend the Annual Report to be adopted at the Annual General Meeting.

Nordhavn, 7 May 2024

## Executive Board

Simon Christensen

## Board of Directors

Klaus Ewald Madsen  
Chairman

Simon Christensen

Julie Bjørn Christensen

Torben Herman Christensen

Asbjørn Børsting

Jacob Christian Dahl

Sune Suhr Frandsen

# Independent Auditor's report

To the shareholders of CM Holding A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of CM Holding A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the 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 Group 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'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, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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's Review.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

# Independent Auditor's report

- 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 Group's and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 7 May 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Oliver Svane

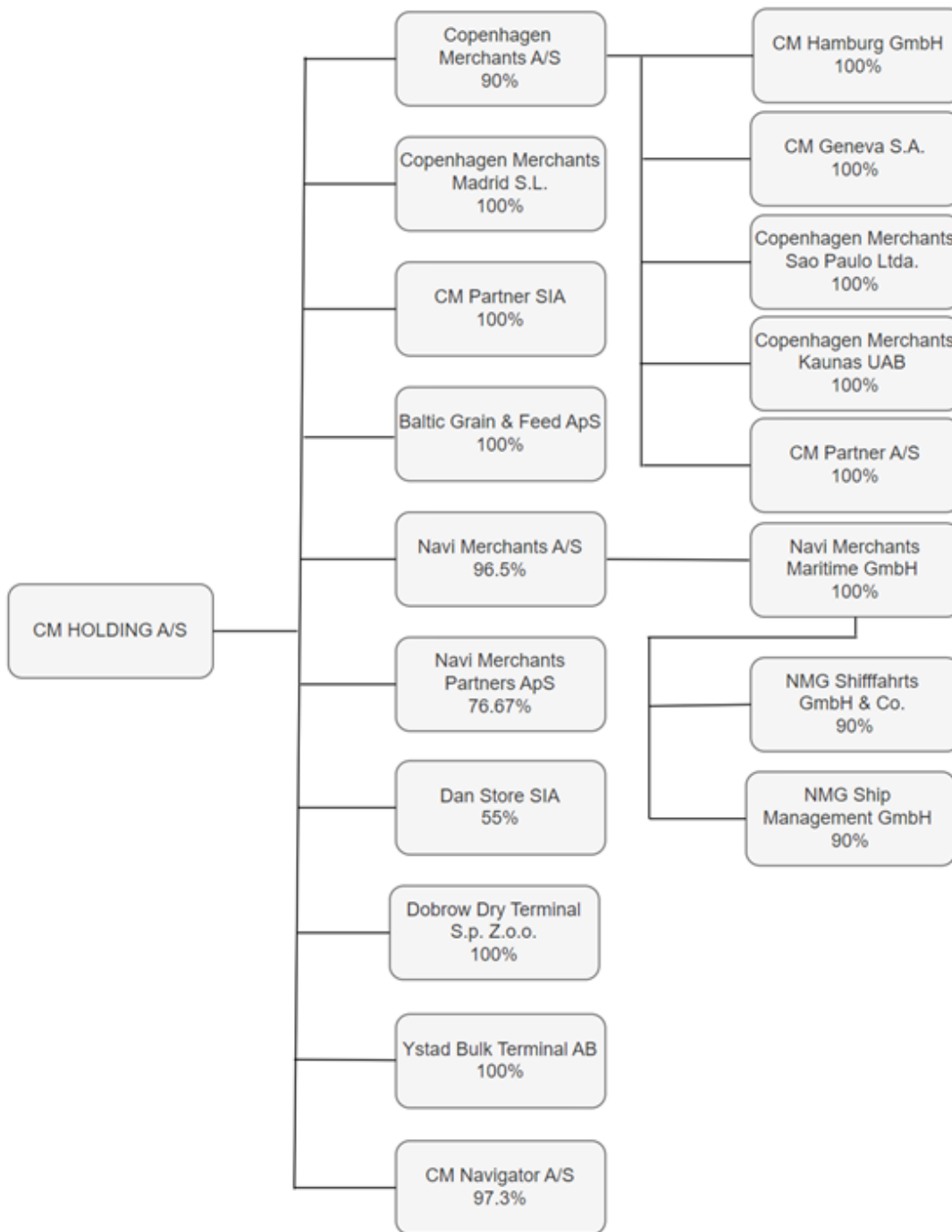
State Authorised Public Accountant

mne49837

## Company information

<b>The Company</b>	CM Holding A/S Klubiensvej 22 DK-DK-2150 Nordhavn  CVR No: 27 27 60 24 Financial period: 1 January - 31 December Incorporated: 3 July 2003 Financial year: 21st financial year Municipality of reg. office: Copenhagen
<b>Board of Directors</b>	Klaus Ewald Madsen, chairman Simon Christensen Julie Bjørn Christensen Torben Herman Christensen Asbjørn Børsting Jacob Christian Dahl Sune Suhr Frandsen
<b>Executive Board</b>	Simon Christensen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

# Group Chart<sup>1</sup>



<sup>1</sup> CM Holding ultimate ownership percentage. United Shipping & Trading Company acquired a majority stake in CM Biomass Holding A/S, and consequently is not consolidated in the annual report. However, as CM Group maintains an active role in CM Biomass, the activities related to the Management's Review is deemed relevant. CM Holding owns 50% stake directly and 25% indirectly in Kalundborg Bulk Terminal I/S.



# Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1,263,244	1,407,918	752,475	3,506,819	3,170,985
Gross profit	118,944	171,640	479,256	290,384	209,348
Profit/loss of primary operations	-2,656	67,463	384,204	155,608	91,891
Profit/loss of financial income and expenses	150,485	106,122	30,928	253	-12,987
Profit/loss from discontinuing activities	0	0	81,301	0	0
Net profit/loss for the year	144,749	158,111	488,733	124,477	59,257
<b>Balance sheet</b>					
Balance sheet total	1,032,918	983,843	821,649	1,078,769	904,570
Investment in property, plant and equipment	-63,808	-7,178	-18,539	-11,028	-7,440
Equity	865,098	747,492	690,282	442,485	301,838
<b>Cash flows</b>					
Cash flows from:					
- operating activities	67,016	43,881	91,680	78,821	-102,301
- investing activities	-48,285	-18,729	360,584	-49,743	-37,193
- financing activities	-73,494	-1,097	-424,642	-12,350	147,824
Change in cash and cash equivalents for the year	-54,763	24,055	27,622	16,728	8,330
Number of employees	103	98	112	151	144
<b>Ratios</b>					
Gross margin	9.4%	12.2%	63.7%	8.3%	6.6%
Profit margin	-0.2%	4.8%	51.1%	4.4%	2.9%
Return on assets	-0.3%	6.9%	46.8%	14.4%	10.2%
Solvency ratio	83.8%	76.0%	84.0%	41.0%	33.4%
Return on equity	18.0%	22.0%	86.3%	33.4%	21.9%

In 2021, the Group sold the majority of its shares in CM Biomass Partners A/S. As the financials for CM Biomass Partners A/S was disclosed as discontinuing activities, the Group's revenue and key figures decreased significantly from 2020 to 2021. Furthermore, the Group sold all of its shares in ECS Eurocargo Services A/S at the end of 2021, which is the primary reason for the decrease in the average number of employees from 2021 to 2022.

For definitions of ratios, see under accounting policies.

# Management's review

## Activities and development in the year

The income statement of the CM Group for 2023 shows a profit of DKK 145 million. As per 31st December 2023 the balance sheet of the CM Group shows an equity of DKK 865 million.

The financial result for the year is above expectations and Management considers it to be satisfactory.

## *Business model*

CM Group Holding A/S (hereinafter “CM Group”) is a privately family-owned group of businesses spanning across different industries, benefiting from the synergies created between the business operations. CM Group operates within these four main areas.

- ❖ Brokerage
- ❖ Shipping
- ❖ Terminals
- ❖ Biomass

Despite operating in various industries, CM Group follows a common set of values based of the Copenhagen Merchants Beliefs & Behaviors (CMBB).

- ❖ We are always in it for the long run
- ❖ We stay curious and passionate – and always ready to give that little extra
- ❖ Growing together is our mantra
- ❖ Challenges are opportunities in disguise
- ❖ Flat structure may not be the academic advise – yet we love it
- ❖ Integrity and trust are the drivers for our behavior
- ❖ Have fun

Trust is fundamental to our business. We prioritize integrity and ethical conduct in all our operations and partnerships, striving to build long-term, mutually beneficial relationships with our stakeholders.

## *Brokerage*

Today, with almost 40 Brokers and Execution specialists, CM Brokerage is one of the largest grain brokering companies in Europe and expanding into overseas markets. Although all offices work very closely together and there is some overlap, each has a specific specialisation. Copenhagen specialises in the Scandinavian, UK and ARAG markets, Kaunas in Baltic States markets, Hamburg engages with international traders in the German and Polish markets. Geneva focuses on the Black Sea market and international destination business, Sao Paulo focuses on South American markets, while Barcelona specializes in the Iberian market.

CM Brokerage increased tonnage in 2023 compared to 2022 levels, despite the on-going war in Ukraine. As a major grain broker, we provide turnkey solutions and as a group, we have the agility enabling fast response in special situations as experienced in the Black Sea market.

In 2023 CM Navigator was established as a company, with a dedicated team based in Copenhagen, Kaunas and Geneva to market and further develop the market information platform. The recent launch of the Freight Navigator is expected to cater to a broader customer base.

# Management's review

## *Shipping*

Navi Merchants is an integral part of the CM Group business services, providing turnkey freight solutions within the dry bulk predominantly within agricultural and biomass cargoes, servicing our clients in the brokerage and biomass businesses.

In the dry bulk freight segment, markets in 2023 were very challenging with declining rates compared to historical highs experienced in 2022, though towards the end of the year freight rates started recovering.

Despite lower freight rates and general challenges faced by the freight industry Navi Merchants continued its growth strategy, which led to the acquisition of first owned tonnage (NM Copenhagen). Moreover, Navi Merchants entered an agreement for the delivery of six new coasters with MDL in Mumbai. In addition, Navi Merchants has taken a 50% ownership stake in two more coaster vessels to be delivered in 2025 and signed TC agreements on multiple newbuild coaster vessels, as a further confirmation of the growth strategy with a focus on more modern and sustainable vessels.

The number of vessels on order is expected to further increase during the next 24 months.

By end of 2023, Navi Merchants had 12 coasters, 7 mini bulkers and 2 Handysize vessels on time charter and one owned coaster, along with other multiple-trip vessels to perform cargo commitments. This resulted in the movement of more than 6 million tons of cargo in 2023 under Navi Merchants' management.

The joint venture around Handysize and Ultramax vessels continued in Norse Maritime after the merger of Norse Maritime and Lignum Maritime and more deliveries will follow in 2024.

## *Terminals*

CM Group provides an international and efficient portfolio of terminals covering strategic regions to support sourcing, storage and handling activities. Ystad Bulk Terminal specialises in handling of wood pellets and other commodities such as grain, woodchips and fertilizer. Ystad Bulk Terminal has a storage capacity of 27.000 MT of bulk in a sectioned warehouse plus 5.000 MT of pallet goods.

Dan Store has a storage capacity of 100.000 MT and offers turnkey solutions for easy handling, including customs clearance plus inbound and outbound railway logistics. With screening equipment for wood pellets that enable high-capacity screening.

CM Group holds co-ownership in a number of other bulk terminals in Denmark and other countries around the Baltic Sea.

# Management's review

## ***Biomass***

Since 2009, CM Biomass has actively engaged in the global transition towards a greener future through biomass. CM Biomass is the world's largest biomass trading house, with over 3.100.000 MT of wood pellet sales in 2023. Since the beginning, the Company has benefitted from the close connection to the CM Group with its many years of experience in commodity trading, shipping, warehousing and wood pellet bagging. CM Biomass, under the majority ownership of United Shipping & Trading Company (hereinafter "USTC"), continued the expansion of the US productions to 10 plants in addition to one plant in Denmark. In total CM Biomass produced around 850.000 MT and welcomed more than 90 new colleagues in 2023. CM Biomass continues to grow presence in Asia with new office in South Korea in addition to existing offices in Singapore, and Vietnam.

USTC owns 67% of CM Biomass, while the remaining 33% is held by the founding family and key senior executives in CM Biomass. CM Group maintains an active role in CM Biomass' operational setting and further development.

## ***Market overview***

There is a well-established consensus that climate change from global warming is linked to the emission of greenhouse gasses from fossil fuels. The use of renewable energy sources contributes to securing the energy supply reliability and increases the sustainable energy mix by minimising the dependence on the import of fossil fuels from politically unstable areas.

CM Group plays a significant role in balancing commodity markets by connecting suppliers and buyers across time, qualities and geographies. Across business segments, CM Group continues to stay active during volatile market movements, to maintain and enhance relations with business partners and explore the embedded market opportunities.

CM Group's market position is considered strong and growing in expanding markets, which implies that CM Group's business prospect is deemed sound and has further potential to increase its activity and profitability.

## **The past year and follow-up on development expectations from last year**

In 2023, the Company delivered a result of ordinary operation which was significantly higher than the expectations stated in the 2022 annual report. This was driven by growth in several business segments, notably Terminals in Denmark and Poland, further development of production and trading of biomass as well as a positive effect following the conclusion of the sales transaction of CM Biomass that was initiated in 2021.

## **Special risks – Foreign exchange risks**

A proportion of the Company's revenue and purchases are made in other currencies than DKK. The hedging is primarily through forward foreign exchange contracts to hedge expected revenue and purchases. There are no speculative currency arrangements.

# Management's review

## Targets and expectations for the year ahead

Considering the geo-political environment with significant impact on several business areas, there is great uncertainty attached to the forecast for 2024. Management expects overall growth in business volume and a satisfactory result before tax of ordinary operation of DKK 80-120 million.

## Statement of corporate social responsibility

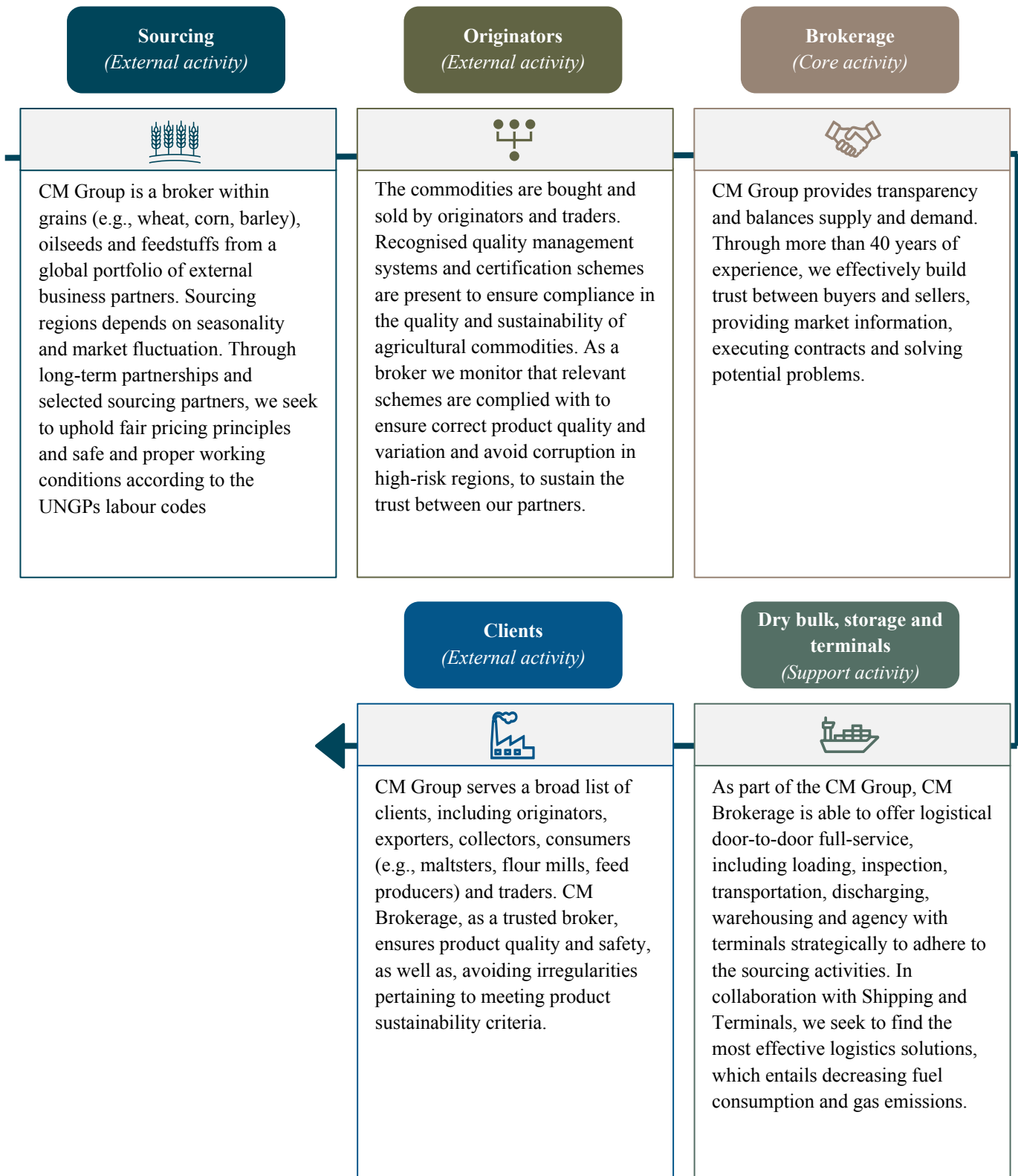
CM Group approaches CSR by dividing its activities and companies into the four main business areas, as each unit has its own business model. The 2023 Management's Review scope includes Brokerage, Shipping, Terminals and Biomass, which directly or indirectly impact society and the environment throughout the value chain. , Terminals are excluded from the 2023 Management's Review as this business unit is deemed to have insignificant CSR risks. The Shipping Services consists of multiple activities, including shipping and chartering; however, the main focus will be chartering, as this is the core activity within Shipping Services.

As a broker, trader, charterer and owner, CM Group generally has some direct CSR impact throughout the value chain. However, we recognise that doing business within these industries may entail externalities related to CSR, which can negatively impact other parts of the value chain over which we have no direct control. Thus, we always aim to follow applicable regulations and recognised standards on good business conduct to mitigate negative impact. The links in the value chain of the relevant business areas and the related CSR concerns of each value chain link are illustrated below.

# Management's review

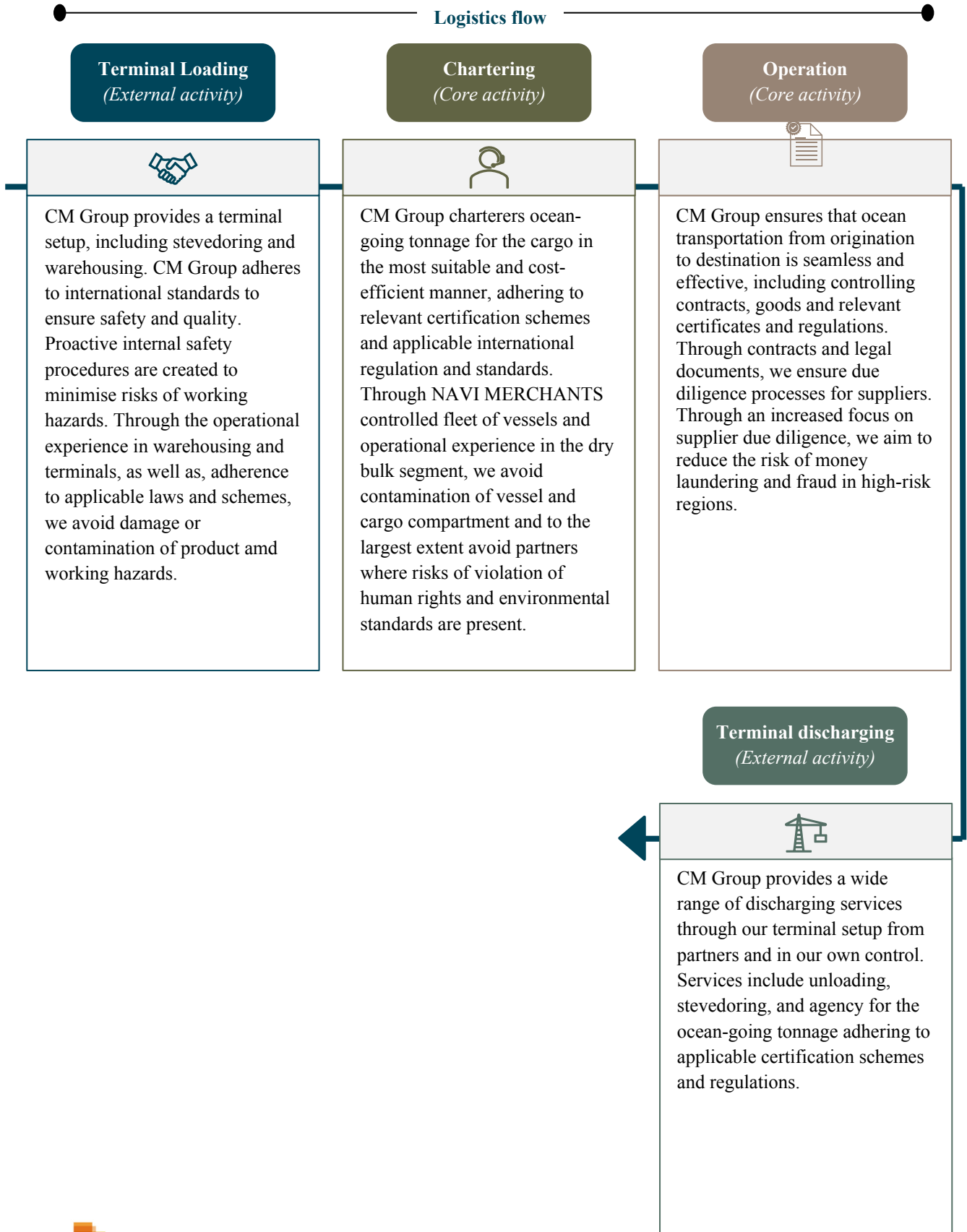
## Brokerage

### Flow from sourcing to end users



# Management's review

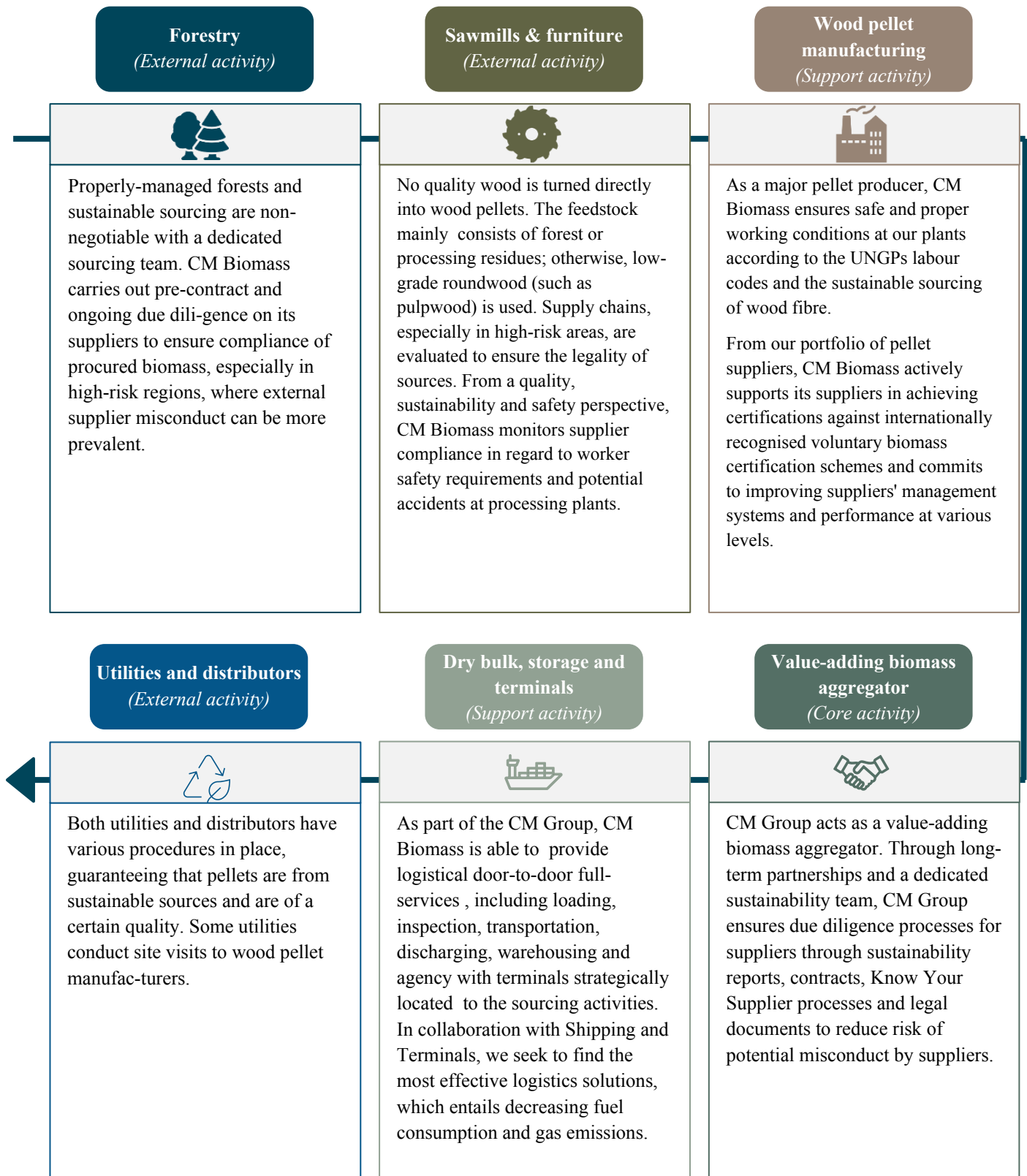
## Shipping



# Management's review

## Biomass

### Flow from forests to end users





# Management's review

## Policies, activities and results

### *Sustainable Development Goals*

CM Group has committed itself to work with the UN's Sustainable Development Goals (hereinafter "SDGs"), enabling dedicated work with sustainability, delivering environmental, social and commercial value. CM Group influences the 17 SDGs directly and indirectly; however, we have significant ability to provide solutions to the challenges within SDG #7 Affordable and clean energy and SDG #12 Responsible consumption and production, as these are core areas in CM Group's business strategy. We are focusing on the following five targets related to the two SDGs.

- ❖ 7.2 Increase the share of renewable energy in the global energy mix.
- ❖ 7.3 Improve the global rate of energy efficiency.
- ❖ 12.2 Achieve the sustainable management and efficient use of natural resources.
- ❖ 12.5 Reduce waste generation through prevention, reduction, recycling, and reuse.
- ❖ 12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Sustainable energy and responsible production are central priority areas for CM Group and constitute a natural part of conducting good business. At CM Group, we contribute with solutions related to renewable energy, energy efficiency and commercial and sustainable production and consumption. Examples are optimization of energy consumption in Aarhus Protein (a CM Group joint venture company) and dry bulk terminals as well as development of alternative renewable energy sources like cashew shells.

### *Environment & Climate*

CM Group's policy on the environment is to incorporate sustainability, and efficient use of raw materials and fuels in everyday business decisions, e.g., in relation to the choice of business partners, agreements with suppliers and identification of opportunities.

In line with the Corporate Responsibility Policy, CM Biomass' environmental commitments aimed at ensuring the use of sustainable raw materials and recognise the importance of biodiversity conservation, the preservation of High Conservation Value Forests, and the protection of distinctive and vulnerable forest ecosystems; assessing the sustainability of our partners' raw materials, and favouring technologies and practices that have a minimum impact on the environment.

CM Group considers the cascade principle, and we urge our partners to utilise wood resources according to economically sound solutions. We promote internationally recognised forest management certifications and biomass schemes among wood pellet producers. The majority of our wood pellet suppliers are already certified, and the remaining adhere to the EU Timber Regulation (EUTR) and national trade requirements.

CM Group's policy is to continuously test and research alternative biomass fuels to explore the growing market for industrial by-products to be used as sources of energy. CM Biomass work with by-products from sunflower, peanuts, olives, etc. to assist the transition to biomass in the energy and hard-to-abate sector. In 2023 CM Biomass grew the product portfolio to include trading of cashew shells.

## Management's review

Within Brokerage, information about the food safety of grain and whether it is GMO or not is brought to the buyers' attention, according to EU legislation, to support them in choosing an appropriate product and supplier. CM Brokerage is GMP+ FSA certified, ensuring feed commodities are protected and handled appropriately under the GMP+ FSA requirements. Furthermore, the increasing use of sanction clauses provides reliability in meeting sustainability criteria and minimising risks. CM Brokerage had no incidents related to environmental CSR risks in 2023.

When moving dry bulk cargo, Navi Merchants adheres to international standards and regulations on maritime pollution by following the International Maritime Organization's ("*IMO*") conventions on marine pollution and the International Convention for the Prevention of Pollution from Ships ("*MARPOL*"). To prevent contamination, combustion and capsizing of vessels, Navi Merchants ensures that shiploads meet legal requirements, that the cargo is described correctly, and that the vessels' loads will not affect the following shiploads. We use internal and external specialists for inspection to meet the described focus areas. Navi Merchants had no such incidents in 2023.

In the design and construction of the new buildings Navi Merchants has special focus on environmental and social impact of the construction and eventual operation of the vessels. We have Code of Conduct that the shipyard must adhere to while building the ships, to mention a few - no child labor; anti-corruption; fair compensation of employees in accordance with national laws; equal opportunities for employees; consider sustainability when procuring power for the construction of our ships and high safety/health standards for their employees, amongst others. The propulsion of the newbuildings will be based on modern and energy efficient engines that run on low sulphur bunker (diesel fuel). We decided not to build vessels that run on future fuels like methanol, hydrogen etc. as the supply of these fuels is very uncertain considering the size of our fleet relative to major ship owners. The vessels will be equipped with battery pack, solar panels and potentially other features to reduce energy consumption based on fossil fuels.

### *Human Rights*

Good business conduct at Navi Merchants has always been part of the DNA; however, the increasing expansion of the business has called upon the establishment of a Code of Conduct to ensure common reference across the organisation, which put forward a set of values and guidelines based on business-economic, environmental, and social responsibilities, in which employees and representatives are expected to behave.

Navi Merchants adheres to international regulations to ensure humane working conditions and maritime safety. CM Group follows IMO's conventions and protocols on marine safety, including other relevant international conventions and regulations; Safety of Life at Sea ("*SOLAS*") and ITF Seafarers' regulations. In 2023 no violations were identified.

CM Group respects human, social and professional rights as listed in the UN's Guiding Principles on Business and Human Rights (UNGPs), and do not violate them. The right for privacy is a priority at CM Group, and we comply with all aspects of the EU General Data Protection Regulation ("*GDPR*"). As a result, in 2023 and the years before, no human rights violations were identified. In the upcoming years, CM Group will remain committed to complying with global regulations and augmenting our compliance protocols to safeguard human rights.

## Management's review

### *Corruption & bribery*

CM Group operates under corporate values and principles of best business practices and in accordance with trade rules and procedures subscribed by the EU and UN. A null tolerance policy regarding corruption and bribery is communicated clearly to employees as they are instructed in their work.

CM Group has due diligence processes in place to ensure accountability from suppliers. During the due diligence process, CM Group collects necessary documents, e.g., chain of custody contracts, company procedures and legal documents on a potential supplier. The Company interviews responsible key personnel and performs applicable risk analyses and assessments.

Before signing any contracts or making business transactions, CM Group conducts risk assessments of new suppliers, clients, and business partners. For such assessments, CM Group uses relevant industry contacts, including P&I Club and Bimco.

Based on risk assessments, selected suppliers are audited internally or with assistance from external consultants or auditors. Anti-corruption procedures and evaluation of internal mitigation measures are a part of CM Group's annual sustainability audits. We expect the highest integrity standards in all business interactions; thus, contractual provisions against corruption and bribery are stipulated for risky areas.

CM Group adheres to anti-corruption practices to eliminate corruption. We follow relevant certification schemes to conduct due diligence measures to mitigate the risks of corruption and money laundering – present in some parts of the industry. Moreover, we invest in long-term business relations to create a trusted network of business partners.

There were no reports of corruption in 2023. However, as CM Group's operations continue to expand, the need to avoid corruption and mitigate financial risks will increase. Consequently, CM Group, as the year before has added further resources for internal controlling and added compliance resources for the Shipping and terminal segments. Going forward, CM Group will continue to enhance and add additional measures according to industry standards, including further development of due diligence and KYC (Know Your Counterparty) processes.

### *Social Impact & Employee Welfare*

CM Group's policy is to provide good working conditions and fair terms to all employees. As most of CM Group's employees are white-collar, the risk of accidents is considered very low. To continuously improve employee satisfaction and safeguard personal development, CM Group maintains a flat organisational structure with open communication and a high level of trust between employees and leaders. This includes proactive identification of possible stress and measures to ensure a healthy work/life balance. Moreover, a new health check initiative was introduced to identify possible health risk. To further provide opportunities for our employees and to develop their professional and personal competencies, the CM Coaching Community was introduced. We continuously work on new initiatives to keep our employees engaged whilst experiencing career growth possibilities.

## Management's review

As a major player in the market, CM Group actively supports and educates suppliers to ensure they achieve the required sustainability certificates, which are, among others, described in the sustainability appendix, being a crucial part of every supplier contract.

The aim of the Code of Conduct is to encourage an open dialogue on all issues related to CM Group's business methods, compliance with CM Group's policies or issues that are considered illegal. The CM Group Whistle blower scheme is set to ensure that all employees within the group have a forum to speak out about reprehensible practices. Since the introduction in 2022, no incidents have been recorded so far.

CM Group continues to have a relatively low staff turnover in 2023 at 10.7%, somewhat higher than 2022 with 6.5%<sup>1</sup>. Several social initiatives have taken place throughout 2023 to sustain a good work environment and keep engagement levels high while complying with local safety requirements. CM Group has focused on nurturing and developing trust between employees and business partners to decrease the psychological distance and bureaucracy while increasing performance and engagement.

CM Group has for years supported students with cases for their theses, student employment and internships. In 2023, CM Group had an average of 8 student assistants compared to 7 in 2022.

### *Data Ethics*

Right to privacy is essential to retain integrity at CM Group. We put effort into ensuring that our data on employees and customers is secured and protected from misuse. Hence, the CM Group's Data Protection Policy and Data Privacy Policy also apply to employees in countries with no prevailing data protection rules or regulations like GDPR. Our policies include specific instructions on processing personal data in accordance with GDPR and provide information on data rights and ethics, such as how we process personal data, how it is stored, the right to information on stored data and its deletion.

Although the nature of our business does not involve the treatment of personal data through artificial intelligence, machine learning or other forms of algorithms, we continuously assess our digital development with respect to data ethics. CM Group does not buy or process GDPR-relevant data from third parties and does not personalise products or services. We conduct internal assessments annually on data processing and ensure continuous awareness of data ethics where relevant through workshops.

### **Statement on gender composition**

The Board of Directors aim to follow the recommendations of the Danish Business Authority with respect to the underrepresented gender. The target of CM is to have at least 28% women on the board of directors by 2028, up from the current 14%.

In 2023 when the board of directors was been strengthened, it was not possible to find and contract female candidates with the relevant profile, despite dedicated efforts. Efforts to meet the target will continue, although having the right competencies remain the first priority irrespective of the gender.

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<sup>1</sup> Employee turnover is calculated as  $\frac{\text{number of leavers}}{\frac{\text{beginning+ending number of employees}}{2}} * 100$  based on company data including CM Biomass Partners A/S

## Management's review

CM Holding A/S does not account for the proportion of the underrepresented gender in the Company's other management levels since the Company has employed fewer than 50 employees in the financial year.

	2023
<b>Board Members</b>	
Total number of members	7
Under represented gender in percentage	14
Target number in percentage	28
Year to meet the gender target	2028
<b>Management</b>	
Total number of management	4
Under represented gender in percentage	0

### Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### Unusual events

The Russian invasion in Ukraine continued to impact the markets where CM Group does business. Large volatility in regional volume availability and pricing presented significant challenges and opportunities. Maritime security and water level challenges in Suez and Panama canals respectively had significant effects on the shipping industry.

### Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet data.

## Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Revenue	1	1,263,243,551	1,407,918,371	0	0
Other operating income		22,639,843	26,782,467	52,615,757	38,973,255
Expenses for raw materials and consumables		-1,119,301,705	-1,211,315,905	0	0
Other external expenses		-47,637,257	-51,745,178	-24,622,976	-19,837,051
<b>Gross profit</b>		<b>118,944,432</b>	<b>171,639,755</b>	<b>27,992,781</b>	<b>19,136,204</b>
Staff expenses	2	-108,236,798	-91,519,138	-35,378,936	-24,951,450
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-13,363,827	-12,657,844	-2,285,568	-3,701,726
<b>Profit/loss before financial income and expenses</b>		<b>-2,656,193</b>	<b>67,462,773</b>	<b>-9,671,723</b>	<b>-9,516,972</b>
Income from investments in subsidiaries		0	0	19,277,590	91,578,980
Income from investments in associates		133,453,226	103,483,520	124,242,409	70,562,681
Income from investments in participating interests		12,628,525	0	0	0
Financial income	3	9,206,211	6,157,426	12,068,668	6,096,703
Financial expenses	4	-4,802,533	-3,518,495	-1,437,172	-3,178,605
<b>Profit/loss before tax</b>		<b>147,829,236</b>	<b>173,585,224</b>	<b>144,479,772</b>	<b>155,542,787</b>
Tax on profit/loss for the year	5	-3,079,973	-15,473,752	-1,703,569	649,500
<b>Net profit/loss for the year</b>	6	<b>144,749,263</b>	<b>158,111,472</b>	<b>142,776,203</b>	<b>156,192,287</b>

## Balance sheet 31 December

### Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Completed development projects		2,076,201	3,736,666	0	3,736,644
Software		571,065	0	571,043	0
Goodwill		0	0	0	0
Development projects in progress		1,122,255	0	0	0
<b>Intangible assets</b>	7	<b>3,769,521</b>	<b>3,736,666</b>	<b>571,043</b>	<b>3,736,644</b>
Land and buildings		88,362,256	89,545,939	23,761,297	24,173,416
Other fixtures and fittings, tools and equipment		87,542,866	35,108,433	11,464,037	11,896,137
Leasehold improvements		2,645,409	3,094,534	99,256	505,515
<b>Property, plant and equipment</b>	8	<b>178,550,531</b>	<b>127,748,906</b>	<b>35,324,590</b>	<b>36,575,068</b>
Investments in subsidiaries	9	0	0	139,465,368	151,213,023
Investments in associates	10	458,573,601	358,041,851	445,545,205	316,065,371
Investments in participating interests	11	39,140,319	0	0	0
Receivables from group enterprises	12	0	0	9,596,240	9,596,240
Receivables from associates	12	103,697,571	121,491,248	103,697,571	121,491,248
Other investments	12	0	0	0	0
Deposits	12	1,533,007	1,734,863	1,051,374	1,051,375
Other receivables	12	1,777,949	1,880,706	0	0
<b>Fixed asset investments</b>		<b>604,722,447</b>	<b>483,148,668</b>	<b>699,355,758</b>	<b>599,417,257</b>
<b>Fixed assets</b>		<b>787,042,499</b>	<b>614,634,240</b>	<b>735,251,391</b>	<b>639,728,969</b>
Finished goods and goods for resale		24,222,740	16,537,605	0	0
<b>Inventories</b>		<b>24,222,740</b>	<b>16,537,605</b>	<b>0</b>	<b>0</b>

## Balance sheet 31 December

### Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Trade receivables		125,563,878	75,168,573	0	0
Receivables from group enterprises		0	0	88,912,026	6,890,793
Receivables from associates		15,397,271	19,997,060	15,397,271	19,511,980
Other receivables		11,422,071	124,182,183	2,317,010	114,137,786
Deferred tax asset	13	4,762,540	3,692,465	0	0
Corporation tax		3,414,374	843,151	420,918	15,737,697
Prepayments	14	19,021,734	31,954,265	1,830,578	4,092,825
<b>Receivables</b>		<b>179,581,868</b>	<b>255,837,697</b>	<b>108,877,803</b>	<b>160,371,081</b>
Cash at bank and in hand		42,070,521	96,833,721	9,543,246	51,996,435
<b>Current assets</b>		<b>245,875,129</b>	<b>369,209,023</b>	<b>118,421,049</b>	<b>212,367,516</b>
<b>Assets</b>		<b>1,032,917,628</b>	<b>983,843,263</b>	<b>853,672,440</b>	<b>852,096,485</b>



## Balance sheet 31 December

### Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Share capital	15	1,250,000	1,250,000	1,250,000	1,250,000
Reserve for net revaluation under the equity method		274,869,724	156,424,864	301,860,632	210,497,003
Reserve for hedging transactions		-1,808,172	0	0	0
Reserve for exchange rate conversion		-1,263,100	-1,552,315	0	0
Retained earnings		545,005,586	526,613,017	514,943,406	470,988,563
Proposed dividend for the year		15,000,000	40,000,000	15,000,000	40,000,000
<b>Equity attributable to shareholders of the Parent Company</b>		<b>833,054,038</b>	<b>722,735,566</b>	<b>833,054,038</b>	<b>722,735,566</b>
Minority interests		32,043,951	24,756,403	0	0
<b>Equity</b>		<b>865,097,989</b>	<b>747,491,969</b>	<b>833,054,038</b>	<b>722,735,566</b>
Provision for deferred tax	13	1,346,493	1,183,642	1,641,009	2,516,522
Other provisions	16	16,210,058	27,410,939	0	0
<b>Provisions</b>		<b>17,556,551</b>	<b>28,594,581</b>	<b>1,641,009</b>	<b>2,516,522</b>
Mortgage loans		4,681,114	4,803,754	4,681,114	4,803,754
Credit institutions		26,187,553	6,599,894	0	0
Other payables		7,810,796	7,793,608	0	0
<b>Long-term debt</b>	17	<b>38,679,463</b>	<b>19,197,256</b>	<b>4,681,114</b>	<b>4,803,754</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Mortgage loans	17	137,062	157,346	137,062	157,346
Credit institutions	17	11,508,917	6,816,794	0	0
Prepayments received from customers		27,602,999	7,294,792	0	261,064
Trade payables		10,065,052	45,580,696	2,534,937	3,044,067
Payables to group enterprises		0	52,348,600	2,759,257	78,112,119
Payables to owners and Management		1,543,185	35,516,968	1,543,185	35,516,968
Corporation tax		803,431	4,107,082	0	0
Deposits		197,700	228,900	197,700	228,900
Other payables	17	59,725,279	36,508,279	7,124,138	4,720,179
<b>Short-term debt</b>		<b>111,583,625</b>	<b>188,559,457</b>	<b>14,296,279</b>	<b>122,040,643</b>
<b>Debt</b>		<b>150,263,088</b>	<b>207,756,713</b>	<b>18,977,393</b>	<b>126,844,397</b>
<b>Liabilities and equity</b>		<b>1,032,917,628</b>	<b>983,843,263</b>	<b>853,672,440</b>	<b>852,096,485</b>
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Fee to auditors appointed at the general meeting	22				
Subsequent events	23				
Accounting Policies	24				

# Statement of changes in equity

## Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,250,000	156,424,864	0	-1,552,315	526,613,017	40,000,000	722,735,566	24,756,403	747,491,969
Ordinary dividend paid	0	0	0	0	0	-40,000,000	-40,000,000	0	-40,000,000
Dissolution of previous years' revaluation	0	-4,340,402	0	0	4,340,402	0	0	0	0
Exchange adjustments relating to foreign entities	0	-446,637	0	289,215	0	0	-157,422	28,024	-129,398
Dividend from group enterprises	0	-17,668,081	0	0	17,668,081	0	0	0	0
Fair value adjustment of hedging instruments, end of year	0	6,451,584	-2,318,169	0	0	0	4,133,415	-84,080	4,049,335
Tax on adjustment of hedging instruments for the year	0	0	509,997	0	0	0	509,997	18,496	528,493
Other equity movements	0	0	0	0	3,056,279	0	3,056,279	5,352,048	8,408,327
Net profit/loss for the year	0	134,448,396	0	0	-6,672,193	15,000,000	142,776,203	1,973,060	144,749,263
<b>Equity at 31 December</b>	<b>1,250,000</b>	<b>274,869,724</b>	<b>-1,808,172</b>	<b>-1,263,100</b>	<b>545,005,586</b>	<b>15,000,000</b>	<b>833,054,038</b>	<b>32,043,951</b>	<b>865,097,989</b>

# Statement of changes in equity

## Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1,250,000	210,497,003	470,988,563	40,000,000	722,735,566
Ordinary dividend paid	0	0	0	-40,000,000	-40,000,000
Dissolution of previous years' revaluation	0	-8,483,691	8,483,691	0	0
Exchange adjustments relating to foreign entities	0	-157,422	0	0	-157,422
Dividend from group enterprises	0	-38,457,253	38,457,253	0	0
Other equity movements	0	4,643,412	3,056,279	0	7,699,691
Net profit/loss for the year	0	133,818,583	-6,042,380	15,000,000	142,776,203
<b>Equity at 31 December</b>	<b>1,250,000</b>	<b>301,860,632</b>	<b>514,943,406</b>	<b>15,000,000</b>	<b>833,054,038</b>

## Cash flow statement 1 January - 31 December

	Note	Group	
		2023	2022
		DKK	DKK
Result of the year		144,749,263	158,111,472
Adjustments	18	-133,460,240	-77,809,965
Change in working capital	19	62,004,624	-16,874,643
<b>Cash flow from operations before financial items</b>		<b>73,293,647</b>	<b>63,426,864</b>
Financial income		9,206,211	6,157,427
Financial expenses		-4,802,533	-3,518,494
<b>Cash flows from ordinary activities</b>		<b>77,697,325</b>	<b>66,065,797</b>
Corporation tax paid		-10,681,744	-22,184,357
<b>Cash flows from operating activities</b>		<b>67,015,581</b>	<b>43,881,440</b>
Purchase of intangible assets		-1,122,255	-2,560,780
Purchase of property, plant and equipment		-63,809,141	-7,178,189
Fixed asset investments made etc		-22,137,895	-10,816,394
Sale of intangible assets		0	437,050
Sale of property, plant and equipment		1,113,390	1,113,390
Sale of fixed asset investments made etc		20,003,110	0
Dividends received from associates		8,658,126	276,000
Dividends received from participating interests		9,009,955	0
<b>Cash flows from investing activities</b>		<b>-48,284,710</b>	<b>-18,728,923</b>
Repayment of mortgage loans		-142,924	-207,092
Repayment of loans from credit institutions		0	-6,816,516
Repayment of payables to group enterprises		-52,348,600	0
Repayment of payables to participating interests		-33,973,783	0
Raising of loans from credit institutions		24,279,782	0
Raising of payables to group enterprises		0	51,984,452
Raising of payables to associates		22,393,466	18,425,207
Raising of payables to participating interests		0	35,516,968
Dividend paid		-40,000,000	-100,000,000
Other adjustments		6,297,988	0
<b>Cash flows from financing activities</b>		<b>-73,494,071</b>	<b>-1,096,981</b>

## Cash flow statement 1 January - 31 December

	Note	Group	
		2023	2022
		DKK	DKK
Change in cash and cash equivalents		-54,763,200	24,055,536
Cash and cash equivalents at 1 January		96,833,721	72,778,185
Cash and cash equivalents at 31 December		42,070,521	96,833,721
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		42,070,521	96,833,721
Cash and cash equivalents at 31 December		42,070,521	96,833,721

# Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>1. Revenue</b>				
<b>Geographical segments</b>				
Revenue, Denmark	463,424,743	667,611,187	0	0
Revenue, outside Denmark	799,818,808	740,307,184	0	0
	<b>1,263,243,551</b>	<b>1,407,918,371</b>	<b>0</b>	<b>0</b>
<b>Business segments</b>				
Shipping	1,134,042,278	1,292,657,578	0	0
Broker	66,944,546	63,671,821	0	0
Other	62,256,727	51,588,972	0	0
	<b>1,263,243,551</b>	<b>1,407,918,371</b>	<b>0</b>	<b>0</b>

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>2. Staff Expenses</b>				
Wages and salaries	87,944,983	81,523,015	24,828,226	21,055,936
Pensions	4,411,862	3,172,187	1,360,180	1,178,927
Other social security expenses	3,506,854	3,309,905	177,485	226,043
Other staff expenses	12,373,099	3,514,031	9,013,045	2,490,544
	<b>108,236,798</b>	<b>91,519,138</b>	<b>35,378,936</b>	<b>24,951,450</b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b>3,208,225</b>	<b>1,988,788</b>	<b>3,208,225</b>	<b>1,988,788</b>
<b>Average number of employees</b>	<b>101</b>	<b>98</b>	<b>26</b>	<b>24</b>

With reference to section 98 B(3) of the Danish Financial Statements Act, the remuneration to the Executive Board and the Board of Directors is disclosed as a whole, as a separate presentation will entail information on remuneration for a single member.

## Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>3. Financial income</b>				
Interest received from group enterprises	0	0	2,005,081	1,190,739
Interest received from associates	7,986,122	4,442,739	7,986,122	4,000,305
Other financial income	1,220,089	992,261	1,084,886	697,042
Exchange adjustments	0	722,426	992,579	208,617
	<b>9,206,211</b>	<b>6,157,426</b>	<b>12,068,668</b>	<b>6,096,703</b>

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>4. Financial expenses</b>				
Interest paid to group enterprises	0	776,536	535,838	1,396,233
Other financial expenses	2,145,317	2,741,959	901,334	1,782,372
Exchange loss	2,657,216	0	0	0
	<b>4,802,533</b>	<b>3,518,495</b>	<b>1,437,172</b>	<b>3,178,605</b>

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>5. Income tax expense</b>				
Current tax for the year	2,897,483	21,400,621	2,579,082	-737,697
Deferred tax for the year	-346,003	-5,987,285	-875,513	27,781
Adjustment of tax concerning previous years	0	60,416	0	60,416
	<b>2,551,480</b>	<b>15,473,752</b>	<b>1,703,569</b>	<b>-649,500</b>
thus distributed:				
Income tax expense	3,079,973	15,473,752	1,703,569	-649,500
Tax on equity movements	-528,493	0	0	0
	<b>2,551,480</b>	<b>15,473,752</b>	<b>1,703,569</b>	<b>-649,500</b>



## Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>6. Profit allocation</b>				
Proposed dividend for the year	15,000,000	40,000,000	15,000,000	40,000,000
Reserve for net revaluation under the equity method	134,448,396	103,483,520	133,818,583	162,141,661
Minority interests' share of net profit/loss of subsidiaries	1,973,060	1,919,185	0	0
Retained earnings	-6,672,193	12,708,767	-6,042,380	-45,949,374
	<b>144,749,263</b>	<b>158,111,472</b>	<b>142,776,203</b>	<b>156,192,287</b>

### 7. Intangible fixed assets

	Group				Parent company
	Completed development projects	Software	Goodwill	Development projects in progress	Software
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	0	10,478,763	10,278,772	0	9,193,825
Exchange adjustment	-327	0	0	0	0
Additions for the year	0	0	0	1,122,255	0
Disposals for the year	0	0	0	0	-3,299,165
Transfers for the year	3,299,165	-3,299,165	0	0	0
Cost at 31 December	<b>3,298,838</b>	<b>7,179,598</b>	<b>10,278,772</b>	<b>1,122,255</b>	<b>5,894,660</b>
Impairment losses and depreciation at 1 January	0	6,742,097	10,278,772	0	5,457,181
Exchange adjustment	-150	0	0	0	0
Depreciation for the year	553,702	535,521	0	0	535,521
Reversal of impairment and depreciation of sold assets	0	0	0	0	-669,085
Transfers for the year	669,085	-669,085	0	0	0
Impairment losses and depreciation at 31 December	<b>1,222,637</b>	<b>6,608,533</b>	<b>10,278,772</b>	<b>0</b>	<b>5,323,617</b>
<b>Carrying amount at 31 December</b>	<b>2,076,201</b>	<b>571,065</b>	<b>0</b>	<b>1,122,255</b>	<b>571,043</b>
Amortised over	5 years	5 years	10 years		5 years

# Notes to the Financial Statements

## 8. Property, plant and equipment

	Group			Parent company		
	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	163,034,539	63,537,494	5,487,672	28,032,277	14,489,029	2,089,773
Exchange adjustment	266,651	200,309	-144,189	0	0	0
Additions for the year	3,321,168	60,033,426	454,547	0	520,569	0
Disposals for the year	-238,247	-1,272,737	0	0	-105,000	0
Cost at 31 December	166,384,111	122,498,492	5,798,030	28,032,277	14,904,598	2,089,773
Impairment losses and depreciation at 1 January	73,488,600	28,429,061	2,393,138	3,858,861	2,592,892	1,584,258
Exchange adjustment	129,829	29,402	-81,309	0	0	0
Depreciation for the year	4,409,284	7,024,529	840,792	412,119	931,669	406,259
Reversal of impairment and depreciation of sold assets	-5,858	-527,366	0	0	-84,000	0
Impairment losses and depreciation at 31 December	78,021,855	34,955,626	3,152,621	4,270,980	3,440,561	1,990,517
<b>Carrying amount at 31 December</b>	<b>88,362,256</b>	<b>87,542,866</b>	<b>2,645,409</b>	<b>23,761,297</b>	<b>11,464,037</b>	<b>99,256</b>
Amortised over	20-50 years	3-20 years	5-25 years	20-50 years	3-5 years	5 years

# Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
<b>9. Investments in subsidiaries</b>		
Cost at 1 January	62,444,331	60,957,031
Additions for the year	25,689,465	1,487,300
Disposals for the year	-8,392,948	0
Cost at 31 December	79,740,848	62,444,331
Value adjustments at 1 January	88,768,692	23,073,198
Disposals for the year	-8,483,691	0
Exchange adjustment	-914,428	-683,486
Net profit/loss for the year	21,788,678	87,499,376
Dividend to the Parent Company	-29,799,127	-25,200,000
Fair value adjustment of hedging instruments for the year	-1,808,172	0
Amortisation of goodwill	-469,949	-469,949
Change in intercompany profit	-9,357,483	4,549,553
Value adjustments at 31 December	59,724,520	88,768,692
<b>Carrying amount at 31 December</b>	<b>139,465,368</b>	<b>151,213,023</b>
Remaining positive difference included in the above carrying amount at	2,643,460	3,113,409

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Copenhagen Merchants A/S	Denmark	90%
Navi Merchants A/S	Denmark	96,5%
Navi Merchants Partners ApS	Denmark	76.67%
CM Navigator A/S	Denmark	97,3%
Baltic Grain & Feed ApS	Denmark	100%
Dan Store LSEZ SIA	Latvia	55%
CM Partner SIA	Latvia	100%
Dobrow Dry Terminal Sp. Z o.o.	Poland	100%
Copenhagen Merchants Madrid S.L.	Spain	100%
Ystad Bulk Terminal AB	Sweden	100%

In January 2024, Baltic Grain & Feed ApS has been liquidated.

## Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>10. Investments in associates</b>				
Cost at 1 January	201,616,987	193,847,091	194,337,060	189,587,060
Additions for the year	22,137,895	7,769,896	9,072,033	4,750,000
Disposals for the year	-910,686	0	0	0
Transfers for the year	-6,369,241	0	0	0
Cost at 31 December	216,474,955	201,616,987	203,409,093	194,337,060
Value adjustments at 1 January	156,424,864	53,255,323	121,728,311	51,658,997
Disposals for the year	-4,340,402	0	0	0
Exchange adjustment	757,006	-877,046	757,006	-1,056,434
Net profit/loss for the year	84,055,641	104,153,609	84,093,107	71,232,770
Dividends received	-8,658,126	-276,000	-8,658,126	-276,000
Fair value adjustment of hedging instruments for the year	6,451,584	839,067	6,451,584	839,067
Other equity movements, net	38,056,363	0	38,056,363	0
Amortisation of goodwill	-292,133	-670,089	-292,133	-670,089
Transfers for the year	-30,356,151	0	0	0
Value adjustments at 31 December	242,098,646	156,424,864	242,136,112	121,728,311
<b>Carrying amount at 31 December</b>	<b>458,573,601</b>	<b>358,041,851</b>	<b>445,545,205</b>	<b>316,065,371</b>
Remaining positive difference included in the above carrying amount at	0	292,133	0	292,133

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
Aalborg Kornterminal Holding ApS	Denmark	50%
Fredericia Bulk Terminal I/S	Denmark	50%
Kalundborg Bulk Terminal I/S	Denmark	50%
Kalundborg Holding A/S	Denmark	50%
CM Biomass Holding A/S	Denmark	24.375%
Aarhus Omni Bulk A/S	Denmark	50%
Gdansk Bulk Terminal Sp. Z o.o.	Poland	51%
Szczecin Bulk Terminal Sp. Z o.o.	Poland	51%
Ribera Sp. Z o.o.	Poland	51%

## Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>11. Investments in participating interests</b>				
Cost at 1 January	0	0	0	0
Transfers for the year	6,369,241	0	0	0
Cost at 31 December	6,369,241	0	0	0
Exchange adjustment	-1,203,643	0	0	0
Net profit/loss for the year	12,628,525	0	0	0
Dividend to the Parent Company	-9,009,955	0	0	0
Transfers for the year	30,356,151	0	0	0
Value adjustments at 31 December	32,771,078	0	0	0
<b>Carrying amount at 31 December</b>	<b>39,140,319</b>	<b>0</b>	<b>0</b>	<b>0</b>

Investments in participating interests are specified as follows:

Name	Place of registered office	Ownership
Norse Maritime A/S	Denmark	13%

## Notes to the Financial Statements

### 12. Other fixed asset investments

#### Group

	Receivables from associates	Other investments	Deposits	Other receivables
	DKK	DKK	DKK	DKK
Cost at 1 January	121,491,248	3,202,192	1,734,863	1,880,706
Exchange adjustment	225,147	0	0	0
Additions for the year	4,996,739	0	0	0
Disposals for the year	-23,015,563	0	-201,856	-102,757
Cost at 31 December	103,697,571	3,202,192	1,533,007	1,777,949
Impairment losses at 1 January	0	3,202,192	0	0
Impairment losses at 31 December	0	3,202,192	0	0
<b>Carrying amount at 31 December</b>	<b>103,697,571</b>	<b>0</b>	<b>1,533,007</b>	<b>1,777,949</b>

#### Parent company

	Receivables from group enterprises	Receivables from associates	Other investments	Deposits
	DKK	DKK	DKK	DKK
Cost at 1 January	9,596,240	121,491,248	3,202,192	1,051,374
Exchange adjustment	0	225,147	0	0
Additions for the year	0	4,996,739	0	0
Disposals for the year	0	-23,015,563	0	0
Cost at 31 December	9,596,240	103,697,571	3,202,192	1,051,374
Impairment losses at 1 January	0	0	3,202,192	0
Impairment losses at 31 December	0	0	3,202,192	0
<b>Carrying amount at 31 December</b>	<b>9,596,240</b>	<b>103,697,571</b>	<b>0</b>	<b>1,051,374</b>

## Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>13. Deferred tax asset</b>				
Deferred tax asset at 1 January	2,508,823	-4,446,768	-2,516,522	-2,488,741
Effect from disposal of subsidiaries and exchange rate adjustments	561,221	968,306	0	0
Amounts recognised in the income statement for the year	-182,490	5,987,285	875,513	-27,781
Amounts recognised in equity for the year	528,493	0	0	0
<b>Deferred tax asset at 31 December</b>	<b>3,416,047</b>	<b>2,508,823</b>	<b>-1,641,009</b>	<b>-2,516,522</b>
Recognised in the balance sheet as follows:				
Assets	4,762,540	3,692,465	0	0
Provisions	-1,346,493	-1,183,642	-1,641,009	-2,516,522
	<b>3,416,047</b>	<b>2,508,823</b>	<b>-1,641,009</b>	<b>-2,516,522</b>

The recognised tax asset primarily comprises timing differences relating to property, plant and equipment, onerous contracts and tax losses carried forward. In the years ahead, the Company or the group of jointly taxed enterprises expect to realise the recognised deferred tax asset; on that basis, the asset has been recognised at 31 December 2023.

### 14. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

### 15. Share capital

The share capital consists of 1,250 shares of a nominal value of DKK 1,000. No shares carry any special rights.

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

## Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>16. Other provisions</b>				
Other provisions consist of onerous freight contracts that are ongoing at the balance sheet date. All contracts will be completed in 2024.				
Onerous contracts	16,210,058	27,410,939	0	0
	<b>16,210,058</b>	<b>27,410,939</b>	<b>0</b>	<b>0</b>

The provisions are expected to mature as follows:

Within 1 year	16,210,058	27,410,939	0	0
After 5 years	0	0	0	0
	<b>16,210,058</b>	<b>27,410,939</b>	<b>0</b>	<b>0</b>

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>17. Long-term debt</b>				

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

<b>Mortgage loans</b>				
After 5 years	4,074,384	4,133,606	4,074,384	4,133,606
Between 1 and 5 years	606,730	670,148	606,730	670,148
Long-term part	4,681,114	4,803,754	4,681,114	4,803,754
Within 1 year	137,062	157,346	137,062	157,346
	<b>4,818,176</b>	<b>4,961,100</b>	<b>4,818,176</b>	<b>4,961,100</b>
<b>Credit institutions</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	26,187,553	6,599,894	0	0
Long-term part	26,187,553	6,599,894	0	0
Other short-term debt to credit institutions	11,508,917	6,816,794	0	0
	<b>37,696,470</b>	<b>13,416,688</b>	<b>0</b>	<b>0</b>



# Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>17. Long-term debt</b>				
<b>Other payables</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	7,810,796	7,793,608	0	0
Long-term part	7,810,796	7,793,608	0	0
Other short-term payables	59,725,279	36,508,279	7,124,138	4,720,179
	<b>67,536,075</b>	<b>44,301,887</b>	<b>7,124,138</b>	<b>4,720,179</b>

	Group	
	2023	2022
	DKK	DKK
<b>18. Cash flow statement - Adjustments</b>		
Financial income	-9,206,211	-6,157,426
Financial expenses	4,802,533	3,518,495
Depreciation, amortisation and impairment losses, including losses and gains on sales	13,363,827	12,657,844
Income from investments in associates	-133,453,226	-103,483,520
Income from investments in participating interests	-12,628,525	0
Tax on profit/loss for the year	3,079,973	15,473,752
Other adjustments	581,389	180,890
	<b>-133,460,240</b>	<b>-77,809,965</b>

	Group	
	2023	2022
	DKK	DKK
<b>19. Cash flow statement - Change in working capital</b>		
Change in inventories	-7,685,135	-3,236,369
Change in receivables	75,297,338	-40,052,831
Change in other provisions	-11,200,881	27,410,939
Change in trade payables, etc	7,995,551	-996,382
Fair value adjustments of hedging instruments	-2,402,249	0
	<b>62,004,624</b>	<b>-16,874,643</b>

## Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>20. Contingent assets, liabilities and other financial obligations</b>				
<b>Charges and security</b>				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a carrying amount of	13,591,762	13,915,022	13,591,762	13,915,022
The following assets have been placed as security with bankers:				
Land and buildings with a carrying amount of	63,016,618	63,582,075	0	0
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	211,372,636	195,137,776	1,724,176	2,704,149
Between 1 and 5 years	12,041,045	87,652,691	1,100,815	4,659,171
After 5 years	5,415,022	1,456,885	0	0
	<b>228,828,703</b>	<b>284,247,352</b>	<b>2,824,991</b>	<b>7,363,320</b>

The total future rental and lease payments primarily consist of rent and Time Charter agreements.

# Notes to the Financial Statements

## 20. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

The Parent Company is jointly and severally liable without restriction for certain Bulk Terminals liabilities.

The Parent Company has issued a letter of support towards the subsidiary Dan Store, LSEZ SIA amounting TEUR 396.

The Parent Company has issued a letter of support towards the subsidiaries Copenhagen Merchants A/S, CM Navigator A/S and Navi Merchants Partners ApS.

The Parent Company is jointly and severally liable for 51% of the commitment with bank in the associated company, Gdansk Bulk Terminal Sp. z.o.o., Poland.

The Parent Company is jointly and severally liable for 51% of the commitment with bank in the associated company, Szczecin Bulk Terminal Sp. z.o.o., Poland.

The Parent Company has made a guarantee of a total of TDKK 2,500 to the associated company, Kalundborg Holding A/S.

## 21. Related parties

	<u>Basis</u>
<b>Related parties</b>	
Rodian Christensen Holding ApS	57,5% ownership
Torben Herman Christensen Holding ApS	25% ownership
Julie Bjørn Christensen Holding ApS	17,5% ownership
Due to a shareholder agreement, Rodian Christensen Holding ApS does not have the controlling interest in CM Holding A/S.	

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no transactions with the Board of Directors, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

## Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
<b>22. Fee to auditors appointed at the general meeting</b>				
<b>PricewaterhouseCoopers</b>				
Audit fee	600,358	485,812	120,000	110,000
Tax advisory services	183,000	383,450	131,500	220,950
Non-audit services	223,580	144,890	178,580	72,000
	<b>1,006,938</b>	<b>1,014,152</b>	<b>430,080</b>	<b>402,950</b>

### 23. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 24. Accounting policies

The Annual Report of CM Holding A/S for 2023 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 remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, CM Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

### Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

# Notes to the Financial Statements

## Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

## Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

## Segment information on revenue

Information on business segments and geographical segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

# Notes to the Financial Statements

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

## **Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

## **Other external expenses**

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

## **Staff expenses**

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.

## **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

## **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

## **Income from investments in subsidiaries, associates and participating interests**

The items "Income from investments in subsidiaries", "Income from investments in associates" and "Income from investments in participating interests" in the income statement include the proportionate share of the profit for the year.

## **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Goodwill*

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

#### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

#### *Other intangible fixed assets*

Software is measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Software are amortised on a straight-line basis over its useful life, which is assessed at 5 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20-50 years
Other fixtures and fittings, tools and equipment	3-20 years
Leasehold improvements	5-25 years

Depreciation period and residual value are reassessed annually.



# Notes to the Financial Statements

## Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

## Investments in subsidiaries, associates and participating interests

Investments in subsidiaries, associates and participating interests are recognised and measured under the equity method.

The items “Investments in subsidiaries”, “Investments in associates” and “Investments in participating interests” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries, associates and participating interests is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries, the associates and the participating interests.

Subsidiaries, associates and participating interests with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## Other fixed asset investments

Other fixed asset investments consist of long-term receivables, deposits and unlisted shares.

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

# Notes to the Financial Statements

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

### *Cash flows from operating activities*

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

# Notes to the Financial Statements

## *Cash flows from investing activities*

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

## *Cash flows from financing activities*

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

## *Cash and cash equivalents*

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## **Financial Highlights**

### **Explanation of financial ratios**

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$