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***Torben Herman***  
***Christensen Holding A/S***

Taarbæk Strandvej 42C, DK-2930 Klampenborg

**Annual Report for 1 January - 31  
December 2020**

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CVR No 32 65 41 69

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/6 2021

Klaus Ewald Madsen  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Torben Herman Christensen Holding A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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

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

Klampenborg, 30 June 2021

## Executive Board

Torben Herman Christensen  
Executive Officer

## Board of Directors

Klaus Ewald Madsen  
Chairman

Simon Christensen

Julie Bjørn Christensen

Torben Herman Christensen

Bente Christensen

# Independent Auditor's Report

To the Shareholder of Torben Herman Christensen 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 2020 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 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Torben Herman Christensen Holding A/S for the financial year 1 January - 31 December 2020, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 Financials 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.

# Independent Auditor's Report

## 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 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 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 Group's and 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

## Independent Auditor's Report

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 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, 30 June 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ulrik Ræbild  
State Authorised Public Accountant  
mne33262

Claus Damhave  
State Authorised Public Accountant  
mne34166

## Company Information

### **The Company**

Torben Herman Christensen Holding A/S  
Taarbæk Strandvej 42C  
DK-2930 Klampenborg

CVR No: 32 65 41 69  
Financial period: 1 January - 31 December  
Incorporated: 20 November 2009  
Financial year: 12nd financial year  
Municipality of reg. office: Lyngby-Taarbæk

### **Board of Directors**

Klaus Ewald Madsen, Chairman  
Simon Christensen  
Julie Bjørn Christensen  
Torben Herman Christensen  
Bente Christensen

### **Executive Board**

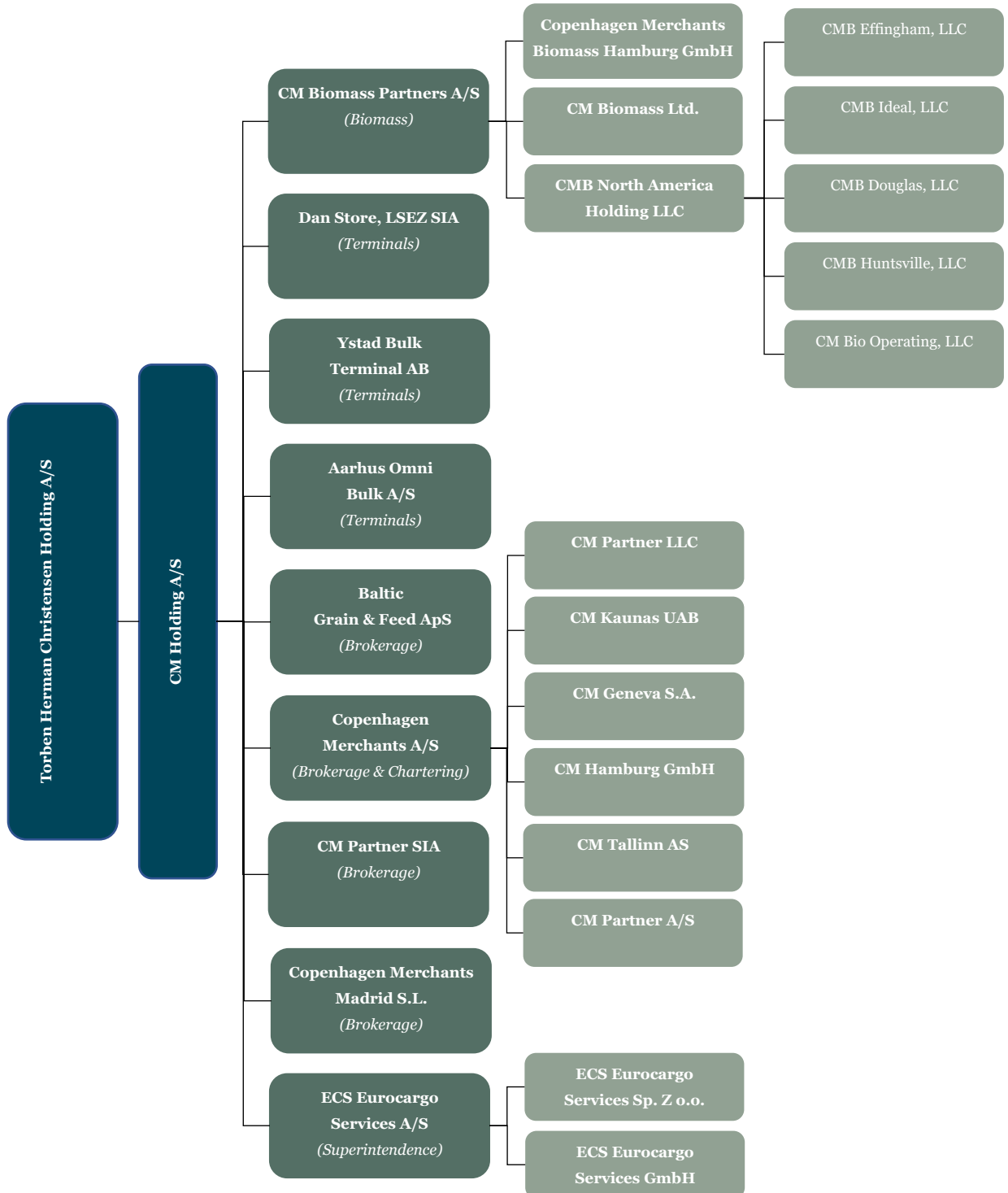
Torben Herman Christensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Group Chart

Torben Herman Christensen Holding A/S structure





# Financial Highlights

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

	<b>Group</b>				
	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	3.506.819	3.170.985	2.289.808	1.616.737	1.308.925
Gross profit/loss	290.325	209.321	152.853	121.585	110.167
Profit/loss before financial income and expenses	155.549	91.864	54.519	40.044	32.898
Net financials	2.155	-11.212	-2.213	1.333	3.725
Net profit/loss for the year	125.911	60.607	39.964	32.696	28.929
<b>Balance sheet</b>					
Balance sheet total	1.083.263	906.214	653.777	600.329	473.272
Equity	508.546	366.466	302.099	259.362	225.186
<b>Cash flows</b>					
Cash flows from:					
- operating activities	80.883	-98.762	4.614	-2.078	6.562
- investing activities	-55.127	-37.193	-19.190	-33.385	-40.140
including investment in property, plant and equipment	-15.913	-7.440	-23.002	-26.429	-42.897
- financing activities	-9.660	144.407	-15.541	20.354	25.195
Change in cash and cash equivalents for the year	16.097	8.452	-30.117	-15.109	-8.383
Number of employees	151	144	124	109	106
<b>Ratios</b>					
Gross margin	8,3%	6,6%	6,7%	7,5%	8,4%
Profit margin	4,4%	2,9%	2,4%	2,5%	2,5%
Return on assets	14,4%	10,1%	8,3%	6,7%	7,0%
Solvency ratio	46,9%	40,4%	46,2%	43,2%	47,6%
Return on equity	28,8%	18,1%	14,2%	13,5%	13,2%

For definitions of ratios, see under accounting policies.

# Management's Review

## Key activities

The Group primarily offers services related to agri-bulk products and biomass. The services encompass brokerage, trading, freight and inspection as well as ownership and management of port terminals.

## Development in the year

The income statement of the Group for 2020 shows a profit of DKK 125,910,882, and at 31 December 2020 the balance sheet of the Group shows equity of DKK 508,546,431.

Management considers the net profit for the year to be satisfactory.

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

In 2020, the Company delivered a result which was significantly higher than the expectations stated in the 2019 annual report. This was driven by growth in almost all business segments.

## Use of financial instruments

### Special risks - operating risks and financial risks

#### *Foreign exchange risks*

A proportion of the Group'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.

## Targets and expectations for the year ahead

Management expects continued growth in business volume and a satisfactory result before tax of ordinary operation of DKK 80-90 million.

## External environment

The Group's activities are not considered to have an extensive impact on the external environment.

# Management's Review

## Statement of corporate social responsibility

### *Business model*

Torben Herman Christensen Holding A/S (hereinafter referred to as "CM") is a privately owned group of businesses spanning across different industries; Biomass, Brokerage, Logistics, Terminals, and Superintendence, benefiting from the syn-ergies created between the business operations.

Although operating in different industries, we all have the same core values in common. The overarching value is trust, which is enrooted in how we conduct business and make business decisions. Commitment, proactivity, partnership, and integrity are all values based upon trust and are reflected in how corporate social responsibility is integrated within the business strategy.

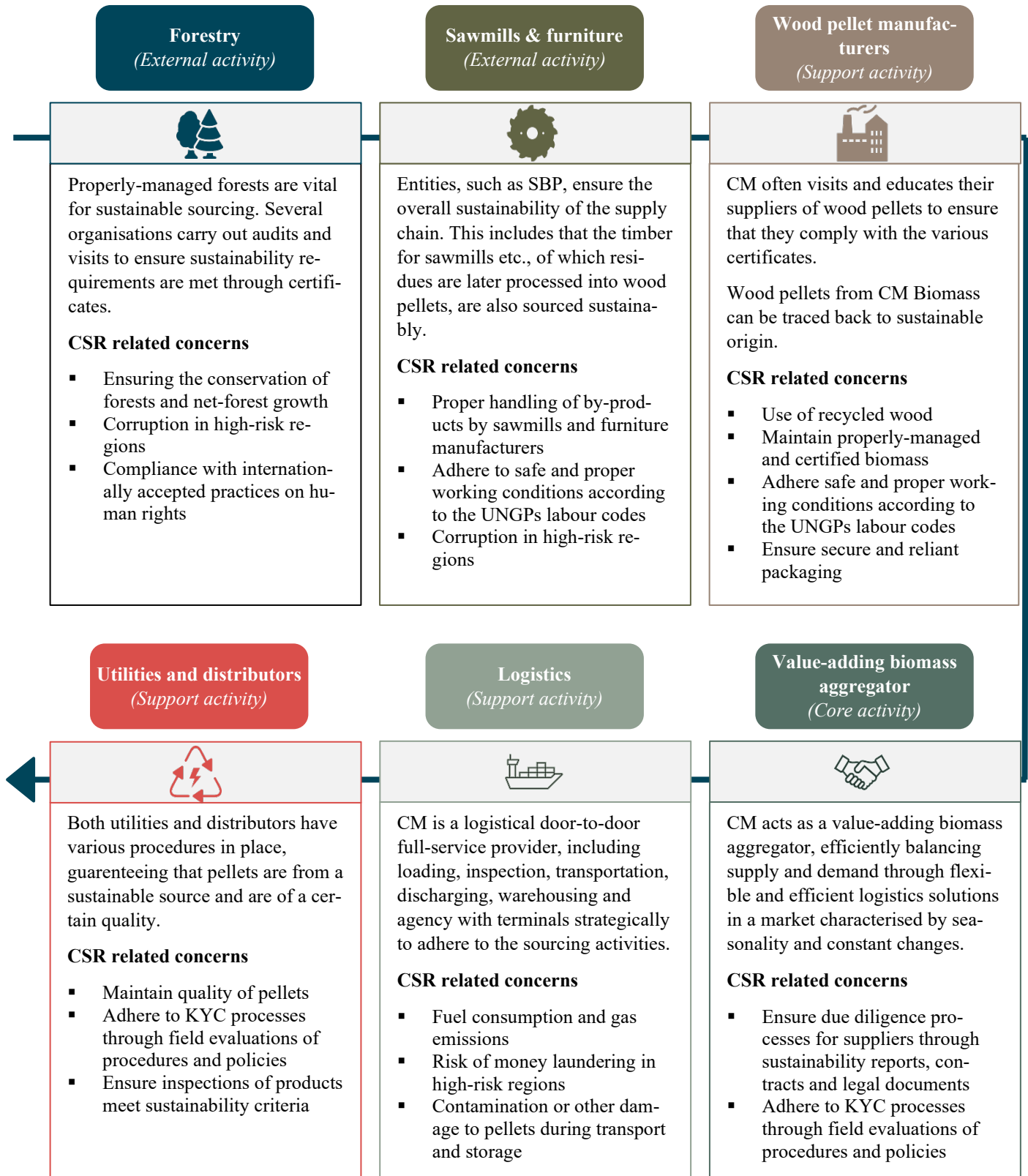
- ❖ CM is based on **commitment**. Commitment to constantly improve, and commitment to our clients and partners to be reliable by conducting business efficiently and responsibly.
- ❖ CM is **proactive** and strives to transform our challenges into opportunities. We try to mitigate risks ahead of time and train our employees to act decisively.
- ❖ CM values great **partnerships** that last, partnerships where we grow together. Therefore, CM carefully chooses employees, suppliers, and collaborators, while being transparent, to create a foundation for mutual trust, unity, and loyalty.
- ❖ CM prioritises **integrity** over profit. We are professional and honest.

Torben Herman Christensen Holding A/S approaches CSR by dividing its activities and companies into the five main business units, as each unit has its own business model and related CSR risks. Terminals and Superintendence, however, are excluded from the 2020 CSR report as these business units are deemed to have insignificant CSR risks. Our logistics division consists of multiple activities, including railway, shipping and chartering; however, the main focus will be on chartering, as this is our core activity within Logistics. The links in the value chain of the relevant business units and the related CSR concerns of each link are illustrated below.

# Management's Review

CM Biomass

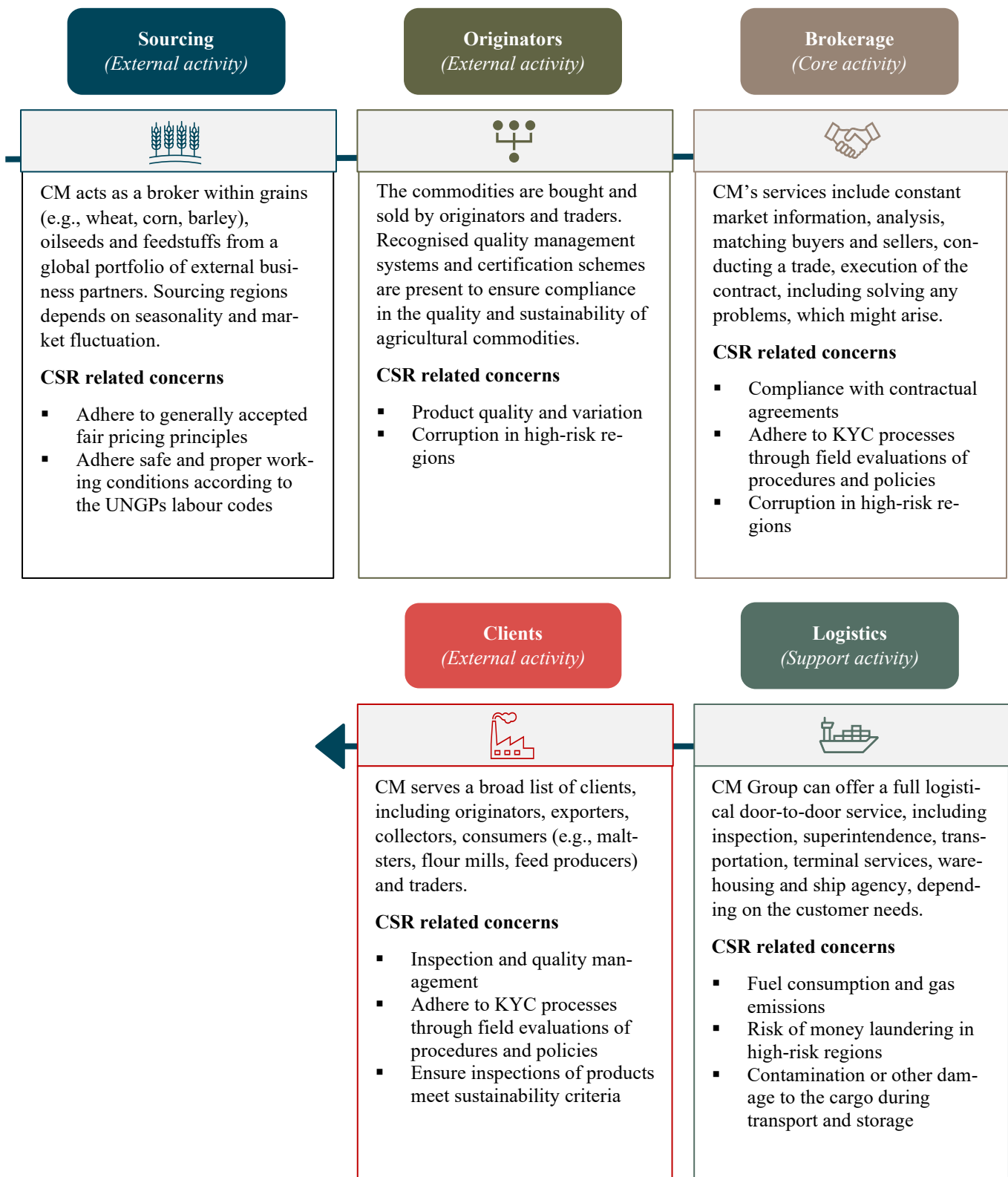
## Flow from forests to end users



# Management's Review

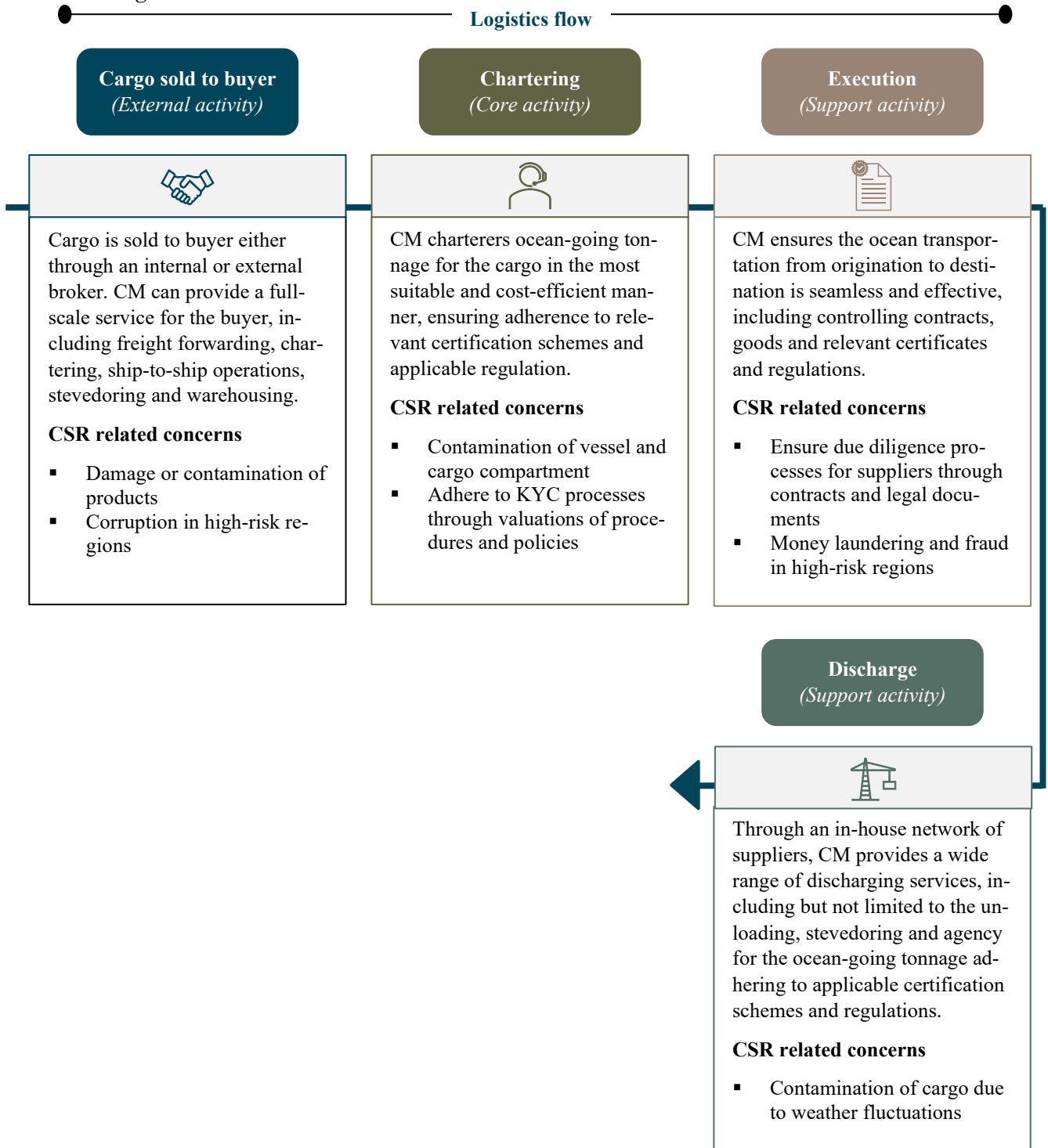
CM Brokerage

Flow from sourcing to end users



# Management's Review

## CM Chartering



## Management's Review

### *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 sustainable energy sources contributes to secure 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 identifies a significant business prospect and job creation in the industry of green energy technologies. The increased prevalence of biomass energy, including the use of wood processing residues, production, aggregation and delivery of biomass, is expected to entail social and economic development of the involved regions.

CM engages in development activities to maximise the efficient use of residues by extending the operational experience. Increasing demand for biomass as an energy source leads to innovation in different biomass types, servicing a variety of customers in different markets. Through our investments in Aarhus, CM identifies growth prospects within development of feed and food ingredients based on regional pulses, which entails a minimal environmental impact throughout the value chain. Rising awareness of a healthy lifestyle and the sustainable nature of pulses are considered market drivers for growth.

The market position of CM is considered strong and growing in a growing market which implies that CM's business prospect is deemed sound and with further potential to increase its activity as well as profitability.

# Management's Review

## Risks related to CSR

CSR Focus Areas	Identified Risks		
	<i>Biomass Trading</i>	<i>Brokerage</i>	<i>Chartering</i>
Environment & Climate	<p>CM Biomass performs onsite visits and uses specialists to evaluate manufacturing and forest management. Furthermore, CMB educates its suppliers to ensure they achieve the required level of compliance with internally recognised sustainability certification standards. However, minor risks are present pertaining to:</p> <ul style="list-style-type: none"> <li>▪ Potential irregularities related to forest management.</li> <li>▪ Contamination or other damage to pellets during transport and storage</li> <li>▪ Residual waste</li> <li>▪ Green House Gas (GHG) emissions</li> </ul>	<p>CM performs onsite visits on core clients and uses specialists to evaluate certification schemes. However, minor risks are present pertaining to:</p> <ul style="list-style-type: none"> <li>▪ Potential irregularities related to sustainable farming.</li> <li>▪ Contamination or other damage to the grain during transport and storage</li> </ul>	<p>Air emissions from shipping contain potential irregularities pertaining to gas emissions and fuel consumption for the chartered vessels.</p>
Human Rights	<p>CM Biomass performs regular checks on adherence to labour codes and conducts field evaluations of procedures and policies. However, in some regions, there are minor risks pertaining to:</p> <ul style="list-style-type: none"> <li>▪ The right for association and collective bargaining</li> <li>▪ Gender or racial discrimination</li> </ul>	<p>In some regions, there is a minor risk pertaining to:</p> <ul style="list-style-type: none"> <li>▪ The right for association and collective bargaining</li> <li>▪ Compulsory or forced labour</li> <li>▪ Gender &amp; racial discrimination</li> </ul>	<p>In the shipping industry, there are risks pertaining to:</p> <ul style="list-style-type: none"> <li>▪ The right for association and collective bargaining</li> <li>▪ Humane working conditions onboard the vessels</li> </ul>
Corruption	<p>CM Biomass operates in accordance with corporate values and principles of best business practices and in line with trade rules and procedures subscribed by the EU and UN.</p> <ul style="list-style-type: none"> <li>▪ However, the extend of CM Biomass's supply chain with operations in many countries, some with a relatively high corruption rate, constitute a risk.</li> </ul>	<p>CM Brokerage operates under corporate values and principles of best business practices and in line with trade rules and procedures subscribed by the EU and UN.</p> <ul style="list-style-type: none"> <li>▪ CM acts as a broker with confined activities in the value chain; however, activities with clients and suppliers still constitute a minor risk to corruption, especially in regions with a high rate of corruption.</li> </ul>	<p>CM 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 shipping industry. Moreover, we invest in long-term business relations to create a trusted network of carriers.</p>



CSR Focus Areas	Identified Risks		
	<i>Biomass Trading</i>	<i>Brokerage</i>	<i>Chartering</i>
Social Impact	<ul style="list-style-type: none"> <li>Accidents can occur when logging wood, at sawmills or other wood processing facilities and pellet productions.</li> <li>CM Biomass employees sometimes work long hours and are often working with short deadlines to serve business partners.</li> <li>The social distancing as a consequence of the Covid-19 pandemic also implies risks to employee welfare.</li> </ul>	<ul style="list-style-type: none"> <li>CM employees sometimes work long hours and are often working with short deadlines to serve business partners.</li> <li>The social distancing as a consequence of the Covid-19 pandemic also implies risks to employee welfare.</li> </ul>	<ul style="list-style-type: none"> <li>CM employees sometimes work long hours and are often working with short deadlines to serve business partners.</li> <li>The social distancing as a consequence of the Covid-19 pandemic also implies risks to employee welfare.</li> </ul>
Conclusion	<p>Overall, the CSR risks for CM Biomass' activities are primarily unlikely or have minor consequences. The identified risks are common across the industry and depend on the individual countries. CMB carries out company background checks, controls with regard to sanctions, and due diligence to ensure accountable sustainability from suppliers. As a trading company, CM Biomass' CSR efforts are focused on sustainable sourcing, pellet production, business partners and transport.</p>	<p>In terms of the Brokerage activities outside the supply chain, the CSR risk level is low. However, there are some risks in the supply chain that CM must guard against, even though incidents seem unlikely. As a brokerage company, CM does not have much influence on the farming of the grain, so CM's CSR efforts are focused on business partners and transport.</p>	<p>There are no substantial CSR risks in chartering. On the other hand, there is some risk pertaining to actual freight, which is typical for the industry. As CM Chartering does not control the handling of the vessels, CM's CSR efforts are focused on business partners.</p>

# Management's Review

## Policies, activities and results

### *Environment & Climate*

CM's policy on environment and climate is to incorporate sustainability, efficient use and logistics 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 investment opportunities. Furthermore, we decided to integrate selected UN Sustainable Development Goals into CM's strategy to ensure that our sustainability commitment is fully implemented in how we conduct business.

At CM Biomass, sustainability is at the core of our business, with wood pellets made from timber processing and forest residues. In total, 98% of our wood pellet suppliers are certified according to recognised sustainable forest management schemes and the remaining adhering to EU Timber Regulation (EUTR). Presently, all of our non-EU biomass suppliers are certified against internationally recognised sustainable forest management and wood-based biomass verification schemes. In high-risk regions, such as Russia, additional monitoring measures are implemented to ensure full compliance with the EUTR.

These certifications ensure legal and sustainable sourcing of wood pellets. In line with sustainable biomass procurement policy, all data needed to evaluate GHG emissions are collected and is made available to customers who request such data.

It is CM Biomass' policy to continuously test and research alternative biomass fuels to explore the growing market for CO2 neutral energy sources. In 2020, CM Biomass continued to work with by-products from sunflower, peanuts, olives, bagasse, and shea, with the most focus on sunflower husk pellets and peanut hull pellets.

Within Brokerage, information about the food safety of grain and whether it is GMO or not is brought to buyers' attention, in accordance with 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, according to GMP+ FSA requirements. Furthermore, the increasing use of sanction clauses provides reliability in meeting sustainability criteria and minimising risks.

Finally, CM Chartering is focused on making sure that shiploads meet legal requirements, that the cargo is described correctly, and that the vessels' previous loads will not affect the following shiploads – this to prevent contamination, combustion and capsizing of vessels. We use internal and external specialists for inspection to make sure we meet described focus areas. CM chartering still had no such incidents in 2020.

### *Human Rights*

CM respect human, social and professional rights as listed in the UN's Guiding Principles on Business and Human Rights (UNGPs), and do not violate them. As a result, in 2020 and the years before, no violations were identified. However, some risks are present throughout the supply chains, primarily due to the wide and growing geographical scope of the business. To mitigate these risks, CM will continue to implement additional procedures, where relevant.

Code of Conduct at CM has always been part of the DNA; however, the increasing expansion of the business has called upon a formalisation of the Code of Conduct to ensure common reference across the organisation.

## Management's Review

### *Corruption & bribery*

CM operates in accordance with corporate values and principles of best business practices and in line with trade rules and procedures subscribed by the EU and UN. A null tolerance policy is carried out with regards to corruption and bribery, which is communicated clearly to employees as they are instructed in their work. CM conducts risk assessment of new suppliers, clients, and business partners before signing any contracts or making any business transactions. For such assessments CM uses relevant industry contacts including but not limited to 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's annual sustainability audits. We expect the highest integrity standards in all business interactions, hence, contractual provisions against corruption and bribery are stipulated for risky areas.

There were no reports of corruption in 2020. However, as CM's operations continue to expand, the need to avoid corruption and mitigate financial risks will increase. Consequently, CM has added further resources for internal controlling. Going forward, CM will look for additional measures, including due diligence and KYC (Know Your Customer) processes.

### *Social Impact & Employee Welfare*

It is CM's policy to provide good working conditions and fair terms to all employees. As most of CM's employees are white-collar, the number of accidents is very low. To continuously improve employee satisfaction and safeguard personal development, CM maintains a flat organisational structure with open communication and a high level of trust between employees and leaders. This includes pro-active identification of possible stress and measures to ensure a healthy work/life balance.

CM's Covid-19 pandemic response has been to introduce procedures to minimise the dissemination of the disease. Local sites under CM ownership have carried out actions in accordance with local regulation to minimise the physical interaction between employees and the physical contact to external stakeholders as much as possible.

Covid-19 has demanded a significant amount of flexibility from the employees. The psychological impact on the employees has been varying. Some have appreciated working from home, and others have been frustrated as a result of many different reasons, e.g., lack of social contact. CM has continuously sought to adopt measures for employees and externals and kept a high level of virtual meeting and event activity to minimise dissemination. This will continue in 2021 and as long as relevant.

CM continues to have a relatively low staff turnover in 2020 at 7,1%, a positive indicator of a good work environment considering the dynamic markets CM is operating in. Throughout the financial year, several social initiatives have taken place to sustain the good work environment and keep engagement levels high while complying with local safety requirements. CM has focused on nurturing and developing trust between employees and business partners to decrease the psychological distance and bureaucracy while increasing performance.

CM has for years supported students with cases for their theses, student employment and internships. In 2020, CM had an average of 7 student assistants, and three of them started working full time for CM after graduation.

# Management's Review

## *Sustainable Development Goals*

In addition to the above policies, activities, and results, CM has committed itself to work dedicated with the UN's Sustainable Development Goals (SDGs). In 2015 UN adopted the 17 SDGs for 2030, which encouraged businesses – among others – to take actions to solve the global challenges. Sustainable energy and responsible production are central priority areas for CM and constitute a natural part of conducting good business. At CM, we contribute with solutions to maximise energy efficiency and ensure commercially sustainable production and consumption.

CM influences the 17 SDGs directly and indirectly, however, we have identified and zoomed in on two goals where we have a significant ability to provide solutions to the challenges.

In 2020 we, therefore, started to implement SDG #7 Affordable and clean energy and SDG #12 Responsible consumption and production into our business strategy. It is our ambition to extent this framework in 2021 and implement initiatives in our business units to work towards the five selected targets:

- ❖ 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.

Going forward in 2021, it is our ambition to work towards more science-based, quantitative, and transparent targets within the SDG framework to track our progress.

## **Management's Review**

### **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 the Company is to have two women represented in the board of directors.

At present, two of the Members of the Board of Directors in Torben Herman Christensen Holding A/S are women. As a result, the target is met, and the Board of Directors has no under-represented gender cf. guidelines from the Danish Business Authority.

Torben Hermann Christensen 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.

CM respects equal treatment unconditionally, however, it should be noted that CM has a low employee turn-over rate and that changes will not be made with the sole purpose of meeting equal gender composition targets.

### **Uncertainty relating to recognition and measurement**

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

### **Unusual events**

The introduction of the global Covid-19 pandemic in March 2020, which caused societal lockdowns, is deemed to have affected employees to a varying degree due to social distancing. Covid-19 also had short term effects on local supply and demand. However, these effects have had an overall neutral impact on the activities and results of the Group for the financial year for 2020. Covid-19 is deemed to be the only extraordinary event.

The consequences of new Covid-19 mutations, where governments globally – in multiple rounds – have imposed societal lockdowns, will continue to impact the world economy going into 2021. However, the introduction of the vaccination is expected to ease the economic pressure, as less social distancing becomes necessary from spring and summer of 2021.

It is estimated that Covid-19 will continue to have a very limited effect on the Group's business in the medium and long term, as the whole value chain is not immediately considered to be severely affected by the pandemic. The demand may be slightly affected in a negative direction, whereas changing dynamics and supply and demand imbalances of different markets imply arbitrage- and new market opportunities for CM.

### **Subsequent events**

The subsidiary CM Holding A/S expects to sell a significant share in one of its subsidiary CM Biomass Partners A/S. This is expected to have a positive effect on the result for 2021.

## Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
<b>Revenue</b>	1	<b>3.506.819.187</b>	<b>3.170.984.526</b>	<b>0</b>	<b>0</b>
Other operating income		5.130.512	1.396.886	0	0
Expenses for raw materials and consumables		-3.169.232.463	-2.903.969.038	0	0
Other external expenses		-52.391.873	-59.091.650	-57.262	-27.131
<b>Gross profit/loss</b>		<b>290.325.363</b>	<b>209.320.724</b>	<b>-57.262</b>	<b>-27.131</b>
Staff expenses	2	-117.442.923	-103.059.735	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-17.333.613	-14.202.966	0	0
Other operating expenses		0	-194.381	0	0
<b>Profit/loss before financial income and expenses</b>		<b>155.548.827</b>	<b>91.863.642</b>	<b>-57.262</b>	<b>-27.131</b>
Income from investments in subsidiaries		0	0	53.613.043	23.228.146
Income from investments in associates	3	17.079.494	-338.096	0	0
Financial income	4	542.797	1.142.705	1.923.651	1.781.331
Financial expenses	5	-15.467.593	-12.016.124	-22.516	-5.359
<b>Profit/loss before tax</b>		<b>157.703.525</b>	<b>80.652.127</b>	<b>55.456.916</b>	<b>24.976.987</b>
Tax on profit/loss for the year	6	-31.792.643	-20.045.154	-409.621	-399.012
<b>Net profit/loss for the year</b>		<b>125.910.882</b>	<b>60.606.973</b>	<b>55.047.295</b>	<b>24.577.975</b>

# Balance Sheet 31 December

## Assets

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Software		4.156.269	5.100.350	0	0
Acquired other similar rights		3.655.927	0	0	0
Goodwill		134.940	161.928	0	0
<b>Intangible assets</b>	<b>7</b>	<b>7.947.136</b>	<b>5.262.278</b>	<b>0</b>	<b>0</b>
Land and buildings		89.031.394	93.754.247	0	0
Other fixtures and fittings, tools and equipment		46.852.455	45.244.330	374.964	374.964
Leasehold improvements		2.945.892	3.329.764	0	0
Property, plant and equipment in progress		4.884.980	23.530	0	0
<b>Property, plant and equipment</b>	<b>8</b>	<b>143.714.721</b>	<b>142.351.871</b>	<b>374.964</b>	<b>374.964</b>
Investments in subsidiaries	9	0	0	199.085.379	139.125.729
Investments in associates	10	144.452.155	115.241.552	0	0
Receivables from group enterprises	11	0	0	60.000.000	60.000.000
Receivables from associates	11	14.023.273	9.895.169	0	0
Other investments	11	1.275.984	3.770.454	748.973	0
Deposits	11	22.652.044	3.445.749	0	0
<b>Fixed asset investments</b>		<b>182.403.456</b>	<b>132.352.924</b>	<b>259.834.352</b>	<b>199.125.729</b>
<b>Fixed assets</b>		<b>334.065.313</b>	<b>279.967.073</b>	<b>260.209.316</b>	<b>199.500.693</b>
Finished goods and goods for resale		310.869.905	253.901.435	0	0
Prepayments for goods		20.420.454	15.829.213	0	0
<b>Inventories</b>		<b>331.290.359</b>	<b>269.730.648</b>	<b>0</b>	<b>0</b>

## Balance Sheet 31 December

### Assets

	Note	Group		Parent Company	
		2020	2019	2020	2019
		DKK	DKK	DKK	DKK
Trade receivables		291.374.774	270.600.712	0	0
Receivables from group enterprises		0	0	5.057.115	3.883.217
Receivables from associates		10.687.112	10.394.155	0	0
Other receivables	17	56.169.031	19.293.644	0	0
Deferred tax asset	14	0	121.387	0	0
Corporation tax		1.054.543	1.341.462	0	0
Corporation tax receivable from group enterprises		0	0	0	8.894.922
Prepayments	12	13.264.868	25.503.908	0	0
<b>Receivables</b>		<b>372.550.328</b>	<b>327.255.268</b>	<b>5.057.115</b>	<b>12.778.139</b>
<b>Cash at bank and in hand</b>		<b>45.357.097</b>	<b>29.260.565</b>	<b>122.482</b>	<b>832.416</b>
<b>Currents assets</b>		<b>749.197.784</b>	<b>626.246.481</b>	<b>5.179.597</b>	<b>13.610.555</b>
<b>Assets</b>		<b>1.083.263.097</b>	<b>906.213.554</b>	<b>265.388.913</b>	<b>213.111.248</b>



# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Share capital		2.000.000	2.000.000	2.000.000	2.000.000
Reserve for net revaluation under the equity method		29.455.849	14.145.661	145.836.132	86.125.729
Reserve for exchange rate adjustments		-870.605	0	0	0
Reserve for hedging transactions		8.391.519	0	0	0
Retained earnings		225.920.624	187.607.824	117.061.255	115.627.756
<b>Equity attributable to shareholders of the Parent Company</b>		<b>264.897.387</b>	<b>203.753.485</b>	<b>264.897.387</b>	<b>203.753.485</b>
Minority interests		243.649.044	162.712.097	0	0
<b>Equity</b>		<b>508.546.431</b>	<b>366.465.582</b>	<b>264.897.387</b>	<b>203.753.485</b>
Provision for deferred tax	14	5.008.816	5.695.512	42.893	40.690
Other provisions	15	3.028.784	0	0	0
<b>Provisions</b>		<b>8.037.600</b>	<b>5.695.512</b>	<b>42.893</b>	<b>40.690</b>
Mortgage loans		5.166.959	5.379.717	0	0
Credit institutions		48.326.516	43.410.591	0	0
Payables to owners and Management		0	519.550	0	0
Other payables		21.261.344	35.818.914	0	0
<b>Long-term debt</b>	16	<b>74.754.819</b>	<b>85.128.772</b>	<b>0</b>	<b>0</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Mortgage loans	16	221.491	231.336	0	0
Credit institutions	16	257.109.621	270.158.849	0	0
Prepayments received from customers		277.835	126.745	0	0
Trade payables		107.391.832	111.437.128	11.250	11.250
Payables to associates		4.161.252	1.015.191	0	0
Payables to owners and Management	16	170.587	200.000	0	0
Corporation tax		9.606.712	11.310.236	407.398	7.840.875
Payables to group enterprises relating to corporation tax		0	0	0	1.435.835
Deposits		114.600	0	0	0
Other payables	16	112.870.317	54.444.203	29.985	29.113
<b>Short-term debt</b>		<b>491.924.247</b>	<b>448.923.688</b>	<b>448.633</b>	<b>9.317.073</b>
<b>Debt</b>		<b>566.679.066</b>	<b>534.052.460</b>	<b>448.633</b>	<b>9.317.073</b>
<b>Liabilities and equity</b>		<b>1.083.263.097</b>	<b>906.213.554</b>	<b>265.388.913</b>	<b>213.111.248</b>
Subsequent events	23				
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Fee to auditors appointed at the general meeting	22				
Accounting Policies	24				

## Statement of Changes in Equity

### Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for exchange rate adjustments	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	2.000.000	14.145.661	0	0	187.607.824	203.753.485	162.712.097	366.465.582
Exchange adjustments relating to foreign entities	0	-1.509.621	-870.605	0	0	-2.380.226	-2.386.625	-4.766.851
Dividend from associates	0	-345.000	0	0	345.000	0	0	0
Fair value adjustment of hedging instruments, end of year	0	85.314	0	8.391.519	0	8.476.833	12.460.286	20.937.119
Net profit/loss for the year	0	17.079.495	0	0	37.967.800	55.047.295	70.863.286	125.910.581
<b>Equity at 31 December</b>	<b>2.000.000</b>	<b>29.455.849</b>	<b>-870.605</b>	<b>8.391.519</b>	<b>225.920.624</b>	<b>264.897.387</b>	<b>243.649.044</b>	<b>508.546.431</b>

### Parent Company

Equity at 1 January	2.000.000	86.125.729	0	0	115.627.756	203.753.485	0	203.753.485
Exchange adjustments relating to foreign entities	0	-2.380.226	0	0	0	-2.380.226	0	-2.380.226
Other equity movements	0	8.476.833	0	0	0	8.476.833	0	8.476.833
Net profit/loss for the year	0	53.613.796	0	0	1.433.499	55.047.295	0	55.047.295
<b>Equity at 31 December</b>	<b>2.000.000</b>	<b>145.836.132</b>	<b>0</b>	<b>0</b>	<b>117.061.255</b>	<b>264.897.387</b>	<b>0</b>	<b>264.897.387</b>

## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 DKK	2019 DKK
Net profit/loss for the year		125.910.882	60.606.973
Adjustments	18	46.877.891	45.069.017
Change in working capital	19	-42.471.991	-179.620.663
<b>Cash flows from operating activities before financial income and expenses</b>		<b>130.316.782</b>	<b>-73.944.673</b>
Financial income		542.797	1.142.705
Financial expenses		-15.385.051	-10.146.932
<b>Cash flows from ordinary activities</b>		<b>115.474.528</b>	<b>-82.948.900</b>
Corporation tax paid		-34.591.169	-15.813.107
<b>Cash flows from operating activities</b>		<b>80.883.359</b>	<b>-98.762.007</b>
Purchase of intangible assets		-6.298.972	-592.503
Purchase of property, plant and equipment		-15.913.234	-7.439.966
Fixed asset investments made etc		-37.675.204	-48.253.045
Sale of property, plant and equipment		0	250.000
Sale of fixed asset investments etc		4.507.906	0
Dividends received from subsidiaries		-92.004	-84.224
Dividends received from associates		345.000	18.926.816
<b>Cash flows from investing activities</b>		<b>-55.126.508</b>	<b>-37.192.922</b>
Repayment of mortgage loans		-222.603	-229.667
Change in loans from credit institutions		-8.133.303	131.617.245
Change in balances with affiliated parties		-1.304.413	10.467.452
Minority interests		0	2.552.135
<b>Cash flows from financing activities</b>		<b>-9.660.319</b>	<b>144.407.165</b>
<b>Change in cash and cash equivalents</b>		<b>16.096.532</b>	<b>8.452.236</b>
Cash and cash equivalents at 1 January		29.260.565	20.808.329
<b>Cash and cash equivalents at 31 December</b>		<b>45.357.097</b>	<b>29.260.565</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		45.357.097	29.260.565
<b>Cash and cash equivalents at 31 December</b>		<b>45.357.097</b>	<b>29.260.565</b>

# Notes to the Financial Statements

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
<b>1 Revenue</b>				
<b>Geographical segments</b>				
Revenue, Denmark	827.019.869	681.199.286	0	0
Revenue, exports	2.679.799.318	2.489.785.240	0	0
	<b>3.506.819.187</b>	<b>3.170.984.526</b>	<b>0</b>	<b>0</b>
<b>Business segments</b>				
Biomass	3.022.030.950	2.708.820.662	0	0
Logistics	355.941.615	367.853.505	0	0
Broker	77.158.018	49.727.765	0	0
Other	51.688.604	44.582.594	0	0
	<b>3.506.819.187</b>	<b>3.170.984.526</b>	<b>0</b>	<b>0</b>
<b>2 Staff expenses</b>				
Wages and salaries	105.864.657	91.358.302	0	0
Pensions	2.225.795	1.747.036	0	0
Other social security expenses	6.750.659	6.860.426	0	0
Other staff expenses	2.601.812	3.093.971	0	0
	<b>117.442.923</b>	<b>103.059.735</b>	<b>0</b>	<b>0</b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b>1.210.900</b>	<b>1.227.000</b>	<b>0</b>	<b>0</b>
<b>Average number of employees</b>	<b>151</b>	<b>144</b>	<b>0</b>	<b>0</b>
<b>3 Income from investments in associates</b>				
Share of profits of associates	17.749.586	331.996	0	0
Amortisation of goodwill	-670.092	-670.092	0	0
	<b>17.079.494</b>	<b>-338.096</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
<b>4 Financial income</b>				
Interest received from group enterprises	0	0	1.923.651	1.781.331
Interest received from associates	476.306	896.475	0	0
Other financial income	66.491	246.230	0	0
	<b>542.797</b>	<b>1.142.705</b>	<b>1.923.651</b>	<b>1.781.331</b>
<b>5 Financial expenses</b>				
Other financial expenses	10.080.679	11.613.300	22.516	5.359
Exchange adjustments, expenses	5.386.914	402.824	0	0
	<b>15.467.593</b>	<b>12.016.124</b>	<b>22.516</b>	<b>5.359</b>
<b>6 Tax on profit/loss for the year</b>				
Current tax for the year	32.386.368	19.591.803	407.398	381.788
Deferred tax for the year	-565.309	715.105	2.203	2.936
Adjustment of tax concerning previous years	-28.416	-261.754	20	14.288
	<b>31.792.643</b>	<b>20.045.154</b>	<b>409.621</b>	<b>399.012</b>

## Notes to the Financial Statements

### 7 Intangible assets

#### Group

	Software	Acquired other similar rights	Goodwill	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	7.637.620	0	10.602.628	18.240.248
Additions for the year	561.070	5.737.902	0	6.298.972
Cost at 31 December	<u>8.198.690</u>	<u>5.737.902</u>	<u>10.602.628</u>	<u>24.539.220</u>
Impairment losses and amortisation at 1 January	2.537.270	0	10.440.700	12.977.970
Amortisation for the year	1.505.151	2.081.975	26.988	3.614.114
Impairment losses and amortisation at 31 December	<u>4.042.421</u>	<u>2.081.975</u>	<u>10.467.688</u>	<u>16.592.084</u>
<b>Carrying amount at 31 December</b>	<b><u>4.156.269</u></b>	<b><u>3.655.927</u></b>	<b><u>134.940</u></b>	<b><u>7.947.136</u></b>
Amortised over	<u>5 years</u>	<u>10 years</u>	<u>10 years</u>	

Software consist of a ERP system and other software for use in the Group.

# Notes to the Financial Statements

## 8 Property, plant and equipment

### Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	150.486.768	73.379.048	4.171.645	23.520	228.060.981
Exchange adjustment	780.571	-333.631	-281.272	0	165.668
Additions for the year	407.159	10.483.553	503.316	4.884.980	16.279.008
Disposals for the year	0	-1.328.656	0	0	-1.328.656
Transfers for the year	0	23.520	0	-23.520	0
<b>Cost at 31 December</b>	<b>151.674.498</b>	<b>82.223.834</b>	<b>4.393.689</b>	<b>4.884.980</b>	<b>243.177.001</b>
Impairment losses and depreciation at 1 January	56.732.521	28.134.718	841.881	0	85.709.120
Exchange adjustment	213.705	-92.809	-47.232	0	73.664
Depreciation for the year	5.696.878	7.863.103	653.148	0	14.213.129
Reversal of impairment and depreciation of sold assets	0	-533.633	0	0	-533.633
<b>Impairment losses and depreciation at 31 December</b>	<b>62.643.104</b>	<b>35.371.379</b>	<b>1.447.797</b>	<b>0</b>	<b>99.462.280</b>
<b>Carrying amount at 31 December</b>	<b>89.031.394</b>	<b>46.852.455</b>	<b>2.945.892</b>	<b>4.884.980</b>	<b>143.714.721</b>
Depreciated over	20-50 years	3-20 years	5-25 years		



## Notes to the Financial Statements

	<b>Parent Company</b>	
	2020	2019
	DKK	DKK
<b>9 Investments in subsidiaries</b>		
Cost at 1 January	53.000.000	53.000.000
Additions for the year	250.000	0
Cost at 31 December	<u>53.250.000</u>	<u>53.000.000</u>
Value adjustments at 1 January	86.125.729	62.173.142
Exchange adjustment	-2.380.226	257.260
Net profit/loss for the year	53.613.043	23.228.146
Fair value adjustment of hedging instruments for the year	8.476.833	467.181
Value adjustments at 31 December	<u>145.835.379</u>	<u>86.125.729</u>
<b>Carrying amount at 31 December</b>	<b><u>199.085.379</u></b>	<b><u>139.125.729</u></b>

## Notes to the Financial Statements

### 9 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
CM Holding A/S	Copenhagen	60%
Copenhagen Merchants A/S	Copenhagen	100%
Copenhagen Merchants Hamburg GmbH	Germany	100%
CM Partner LLC	Russia	100%
CM Geneva SA	Switzerland	100%
CM Tallinn AS	Estonia	100%
CM Partner A/S	Copenhagen	100%
CM Kaunas UAB	Lithuania	100%
CM Partner SIA	Latvia	100%
Copenhagen Merchants Madrid S.L	Spain	100%
Ystad Bulk Terminal AB	Sweden	100%
ECS Eurocargo Services A/S	Aarhus	100%
ECS Eurocargo Services Sp Z.o.o.	Poland	100%
ECS Eurocargo Services GmbH	Germany	100%
CM Biomass Partners A/S	Copenhagen	68%
CM Biomass Ltd	Russia	68%
Copenhagen Merchants Biomass Hamburg GmbH	Germany	68%
CMB North America Holding LLC	USA	68%
CM Bio Operating, LLC	USA	68%
CMB Douglas LLC	USA	68%
CMB Huntsville LLC	USA	68%
CMB Effingham LLC	USA	68%
CMB Ideal LLC	USA	68%
Dan Store, LSEZ SIA	Latvia	55%
Baltic Grain & Feed ApS	Aarhus	100%
Aarhus Omni Bulk A/S	Aarhus	80%

## Notes to the Financial Statements

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
<b>10 Investments in associates</b>				
Cost at 1 January	101.095.891	52.842.848	0	0
Additions for the year	13.900.415	48.253.043	0	0
Cost at 31 December	114.996.306	101.095.891	0	0
Value adjustments at 1 January	14.145.661	32.971.523	0	0
Exchange adjustment	-1.509.621	345.493	0	0
Net profit/loss for the year	17.749.587	331.996	0	0
Dividends received	-345.000	-18.926.816	0	0
Revaluations for the year, net	-670.092	-670.092	0	0
Fair value adjustment of hedging instruments for the year	85.314	93.557	0	0
Value adjustments at 31 December	29.455.849	14.145.661	0	0
<b>Carrying amount at 31 December</b>	<b>144.452.155</b>	<b>115.241.552</b>	<b>0</b>	<b>0</b>
Remaining positive difference included in the above carrying amount at 31 December	1.632.314	2.302.406	0	0

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Aalborg Kornterminal Holding ApS	Aalborg	35%
Gdansk Bulk Terminal Sp. Z o.o.	Poland	51%
Szczecin Bulk Terminal Sp. Z o.o.	Poland	51%
Fredericia Bulk Terminal I/S	Fredericia	50%
Kalundborg Holding A/S	Kalundborg	50%
Kalundborg Bulk Terminal I/S	Kalundborg	50%
Douglas Pellets LLC	USA	50%
Huntsville Pellets LLC	USA	50%
Effingham Pellets LLC	USA	50%
Ideal Pellets LLC	USA	50%
CM Resource Ltd.	Russia	50%

# Notes to the Financial Statements

## 11 Other fixed asset investments

	Group			Parent Company	
	Receivables from asso- ciates	Other investments	Deposits	Receivables from group enterprises	Other investments
	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	9.895.169	5.639.644	3.445.748	60.000.000	0
Exchange adjustment	0	-2.408	0	0	0
Additions for the year	4.128.104	1.122.744	19.206.296	0	748.973
Disposals for the year	0	-3.532.264	0	0	0
Cost at 31 December	<u>14.023.273</u>	<u>3.227.716</u>	<u>22.652.044</u>	<u>60.000.000</u>	<u>748.973</u>
Impairment losses at 1 January	0	1.869.190	0	0	0
Impairment losses for the year	0	82.542	0	0	0
Impairment losses at 31 December	<u>0</u>	<u>1.951.732</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>14.023.273</u></b>	<b><u>1.275.984</u></b>	<b><u>22.652.044</u></b>	<b><u>60.000.000</u></b>	<b><u>748.973</u></b>

## 12 Prepayments

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

## 13 Distribution of profit

	Group		Parent Company	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
Reserve for net revaluation under the equity method	17.079.796	-338.096	53.613.796	23.228.146
Minority interests' share of net profit/loss of subsidiaries	70.863.286	36.028.998	0	0
Retained earnings	<u>37.967.800</u>	<u>24.916.071</u>	<u>1.433.499</u>	<u>1.349.829</u>
	<b><u>125.910.882</u></b>	<b><u>60.606.973</u></b>	<b><u>55.047.295</u></b>	<b><u>24.577.975</u></b>

## Notes to the Financial Statements

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
<b>14 Provision for deferred tax</b>				
Provision for deferred tax at 1 January	5.574.125	4.859.020	40.690	37.754
Amounts recognised in the income statement for the year	<u>-565.309</u>	<u>715.105</u>	<u>2.203</u>	<u>2.936</u>
<b>Provision for deferred tax at 31 December</b>	<b><u>5.008.816</u></b>	<b><u>5.574.125</u></b>	<b><u>42.893</u></b>	<b><u>40.690</u></b>

### 15 Other provisions

Provision for loss-making contracts	<u>3.028.784</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<b><u>3.028.784</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

### 16 Long-term debt

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:

#### Mortgage loans

After 5 years	4.265.686	4.468.112	0	0
Between 1 and 5 years	<u>901.273</u>	<u>911.605</u>	<u>0</u>	<u>0</u>
Long-term part	5.166.959	5.379.717	0	0
Within 1 year	<u>221.491</u>	<u>231.336</u>	<u>0</u>	<u>0</u>
	<b><u>5.388.450</u></b>	<b><u>5.611.053</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

#### Credit institutions

After 5 years	10.449.739	0	0	0
Between 1 and 5 years	<u>37.876.777</u>	<u>43.410.591</u>	<u>0</u>	<u>0</u>
Long-term part	48.326.516	43.410.591	0	0
Within 1 year	250.000	1.000.000	0	0
Other short-term debt to credit institutions	<u>256.859.621</u>	<u>269.158.849</u>	<u>0</u>	<u>0</u>
Short-term part	257.109.621	270.158.849	0	0
	<b><u>305.436.137</u></b>	<b><u>313.569.440</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

## Notes to the Financial Statements

### 16 Long-term debt (continued)

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
<b>Payables to owners and Management</b>				
Between 1 and 5 years	0	519.550	0	0
Long-term part	0	519.550	0	0
Within 1 year	170.587	200.000	0	0
	<b>170.587</b>	<b>719.550</b>	<b>0</b>	<b>0</b>
<b>Other payables</b>				
Between 1 and 5 years	21.261.344	35.818.914	0	0
Long-term part	21.261.344	35.818.914	0	0
Other short-term payables	112.870.317	54.444.203	29.985	29.113
	<b>134.131.661</b>	<b>90.263.117</b>	<b>29.985</b>	<b>29.113</b>

### 17 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
Assets	28.214.207	1.371.747	0	0

Forward exchange contracts have been concluded to hedge future sale of goods in foreign currencies. At the balance sheet date, the fair value of the forward exchange contracts amounts to TDKK 28.214.

## Notes to the Financial Statements

	<b>Group</b>	
	2020	2019
	DKK	DKK
<b>18 Cash flow statement - adjustments</b>		
Financial income	-542.797	-1.142.705
Financial expenses	15.467.593	12.016.124
Depreciation, amortisation and impairment losses, including losses and gains on sales	17.333.612	14.202.966
Income from investments in associates	-17.079.494	338.096
Tax on profit/loss for the year	31.792.643	20.045.154
Other adjustments	-93.666	-390.618
	<b>46.877.891</b>	<b>45.069.017</b>

### 19 Cash flow statement - change in working capital

Change in inventories	-61.559.711	-148.105.369
Change in receivables	-47.995.905	-85.353.142
Change in other provisions	3.028.784	-652.130
Change in trade payables, etc	43.117.722	53.739.154
Fair value adjustments of hedging instruments	20.937.119	750.824
	<b>-42.471.991</b>	<b>-179.620.663</b>

	<b>Group</b>		<b>Parent Company</b>	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
<b>20 Contingent assets, liabilities and other financial obligations</b>				

#### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	14.593.200	14.761.039	0	0
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The following assets have been placed as security with bankers:

Land and buildings with a carrying amount of	75.415.290	78.993.208	0	0
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## Notes to the Financial Statements

	Group		Parent Company	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
<b>20 Contingent assets, liabilities and other financial obligations</b> (continued)				
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	62.041.718	78.008.874	0	0
Between 1 and 5 years	44.812.631	27.101.427	0	0
After 5 years	1.869.373	7.009.306	0	0
	<b>108.723.722</b>	<b>112.119.607</b>	<b>0</b>	<b>0</b>

The total future rental and lease payments primarily consist of rent and Time Charter agreements. Furthermore, two associated companies (I/S) own warehouses built on leased land, which are on long-term leases. The lease contracts can be terminated by the associated companies within 6 months. The total lease obligation concerning warehouses on leased land amounts to DKK 1.331.000.

### 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 7,404,976. 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 Company's liability.

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

The Group 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 Group 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 Group has made a guarantee of a total of TDKK 7,500 to the associated company, Kalundborg Holding A/S.



# Notes to the Financial Statements

## 21 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Torben Herman Christensen	Principal shareholder

### 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.

	<u>Group</u>		<u>Parent Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	DKK	DKK	DKK	DKK
<b>22 Fee to auditors appointed at the general meeting</b>				
<b>PricewaterhouseCoopers</b>				
Audit fee	644.686	598.475	5.000	5.000
Tax advisory services	154.397	244.913	1.000	1.000
Other services	1.258.845	276.101	3.000	3.000
	<u>2.057.928</u>	<u>1.119.489</u>	<u>9.000</u>	<u>9.000</u>

## 23 Subsequent events

The subsidiary CM Holding A/S expects to sell a significant share in one of its subsidiary CM Biomass Partners A/S. This is expected to have a positive effect on the result for 2021.

# Notes to the Financial Statements

## 24 Accounting Policies

The Annual Report of Torben Herman Christensen Holding A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements for 2020 are presented in DKK.

### Changes in accounting policies

The Company's accounting policy has been changed in 2020 to reflect the amendments made to the Danish Financial Act. The change has resulted in reclassification between equity reserves. The change has not affected the net result for the year or the equity at year end.

The accounting principles applied for the annual report are in all other matters consistent with those applied last year.

### 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.

# Notes to the Financial Statements

## 24 Accounting Policies (continued)

### **Basis of consolidation**

The Consolidated Financial Statements comprise the Parent Company, Torben Herman Christensen 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.

#### ***Business acquisitions carried through before 1 July 2018***

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

#### ***Business acquisitions carried through on or after 1 July 2018***

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

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

## 24 Accounting Policies (continued)

### 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

### 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 retained earnings 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.

# Notes to the Financial Statements

## 24 Accounting Policies (continued)

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.

### Revenue

Information on business segments and geographical segments 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.

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 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 expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

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

# Notes to the Financial Statements

## 24 Accounting Policies (continued)

### 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.

### Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” 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.

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Software are measured at the lower of cost less accumulated amortisation and recoverable amount. 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.

# Notes to the Financial Statements

## 24 Accounting Policies (continued)

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

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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 and associates

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

The items "Investments in subsidiaries" and "Investments in associates" 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 inter-company 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 and associates 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 and the associates.

Subsidiaries and associates 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.

# Notes to the Financial Statements

## 24 Accounting Policies (continued)

### 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. 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 recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions etc.

### 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 income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.



# Notes to the Financial Statements

## 24 Accounting Policies (continued)

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

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.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## 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.

### 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.

# Notes to the Financial Statements

## 24 Accounting Policies (continued)

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