

2022 2023

CM BIOMASS HOLDING A/S
ANNUAL REPORT

The Annual Report was presented and adopted at
the Company's Annual General Meeting on 20 June 2023

Christian Pagaard Junker

Chairman of the meeting, Christian Pagaard Junker

Financial year: 1 May 2022 - 30 April 2023

CM Biomass Holding A/S · Klubiensvej 22 · 2150 Nordhavn

Company reg. no. 41722614



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Ask Michael Munck, CFO, Simon Christensen, CEO, and Michael Hjorth Christensen, COO.



Simon Rodian Christensen, CEO

**OUR ABILITY TO
SUCCESSFULLY SUPPORT THE
MARKETS THIS YEAR WAS
ENABLED BY OUR ROBUST
AND YET AGILE GLOBAL
PLATFORM**



LETTER FROM THE CEO

A STRONG FOUNDATION FOR YEARS TO COME

Due to our deep roots in trading and logistics, continuously investing heavily in business intelligence, and a strong backbone in risk management, CM Biomass delivers a record year. By remaining able to ensure a steady supply of energy to our clients, CM Biomass has proven our ability to be successful even in the most difficult of times.

2022-23 will be remembered as a landmark year to most in the energy business. Not since the Oil Crisis of 1974 has the World and in particular Europe been struggling to secure the supply of energy to keep heat and production going. And as the past year has been dominated by the tragic war in Ukraine, leading to the subsequent sanctions on Russian wood pellets, adding to the already short supply of wood pellets in the European and global markets, CM Biomass has shown its strengths. As a strong coordinator of markets and a resourceful, compliant, and fast-moving supplier in difficult times.

Against this backdrop, we are exceptionally proud to deliver a record-setting financial year leaving CM Biomass in a strong position to continue our growth in the years to come.

In the end of the past fiscal year, we finalized the acquisition of Ekman's Danish production, Vildbjerg. Subsequently, we acquired the Mohegan Renewable Energy operation, an independent wood pellet producer with three plants in the Southeast US, essentially doubling our staff count by adding 100 new colleagues into our teams while also completing the construction of two greenfield plants in Jackson

and Fruitdale in the US, further adding to our own production.

Looking back now, our rapid growth in the US has been a success, despite the many challenges it posed to our entire organisation: Significant cost increases across the board, shortages of building materials, and few available contractors causing delays. But as the tragic war in Ukraine quickly escalated, leading to some of the most volatile energy markets in years, the plans to upgrade and bring these facilities to full operation and beyond were expedited. These investments have diversified our sourcing to include both fully owned production and more asset-light production in joint ventures.

Investing into a fast ramp-up of production capacity was made possible by our strong financial results and support of our parent company, USTC, as well as the agile mindset of CM Biomass. Due to our heritage as commodity traders and logistic experts, we know how to move on opportunities, and with the strategic support of USTC we were able to secure the necessary funding to ramp up production in the US. Furthermore, we are now also benefitting from sharing offices with USTC in Houston and in Singapore.

The rapid increase in production capacity on the back of an undersupplied market have not been without obstacles, but going forward we expect our production including our joint ventures to soon reach 1 million tonnes of wood pellets of the 3.3 million tonnes of pellets we annually supply on a global basis.

New markets and alternative products

To diversify our business, we have over the past years established offices in Singapore and Vietnam and have been building our supply network in Asia along with expanding our client network towards particularly Japan.

Japan is an interesting new potential market, as the country is looking to increase their wood pellet consumption from almost none a few years ago to upwards of 20 percent of the global demand in the next few years. A task we are perfectly suited to support, as our production, sourcing, and logistics networks enable us to be a flexible supplier complementing suppliers with long-term contracts.

Beyond geographical diversification, we have also been looking beyond biomass as only wood pellets. We have been mapping and testing different other types of biomass residuals for years, but especially during the last year we have had good traction with these initiatives. We have conducted and are still running pilot projects with a range of alternative biomass types, such as different agricultural residues, to new industrial clients who are looking to reduce their fossil fuel consumption, converting from coal, gas, or oil to renewable energy.



Cashew shells.

Global presence ensures stability

As markets were running low on wood pellet supply even before the war in Ukraine, our ability to support the markets was enabled by our continuous global presence: Production in Denmark and the US, continuous sourcing from well-known regions such as The Baltic States, Portugal and Canada, combined with increasing sourcing from Asia and South America and our logistic strength with 50 origination and distribution hubs, ensured that CM Biomass could maintain a steady flow of wood pellets to Europe despite the fallout of supply from Russia and Belarus.



Loading in Malaysia.

Pairing this strength with our dedicated investment in business intelligence, keeping track of products, product flows and market prices through updated intel from around the world, processing vast quantities of data enabled us to develop a deep understanding of the markets and the trends. This enables us to continuously spot opportunities in the market, connecting the dots, and acting on them. Without our many talented colleagues across the world, this would not have been possible, and I owe every single colleague my heartfelt gratitude.

Supply constraints, previously unseen volatility, and opening several new markets while establishing new production facilities have posed a series of challenges for CM Biomass to overcome, arguably making the past year one of the most unpredictable years in our company's history. Being able to overcome all these hurdles makes me proud. And as we look ahead in today's uncertain markets, we stand stronger and more capable, with the right team, the right competencies, and the strong backing of our ownership, leaving us even better prepared for the future now, more than ever.

Our pellet plant in Huntsville, Texas (JV with Steely Lumber)



STRATEGIC EXPANSION CREATES RECORD RESULTS

In a year marred by a global energy crisis and supply constraints, CM Biomass has managed to build on its offices in Singapore and Vietnam, have six new production facilities in the US trimmed and optimised, and a long-term focus on an expanding sourcing and client network in Asia is paying off.

Higher demand and tighter supply lines have been the trend of the past years in the wood pellet industry, initially making for a very volatile year with already constrained supply. And on top of the already short supply, the Ukraine war, and the following sanctions against Russian and Belarussian products, have further caused prices to become more unpredictable than ever before.

This year has been the toughest litmus test CM Biomass could have faced, and yet the company is proud to announce record results due to a strong organisation, business acumen, and agile expansions.

“At the beginning of this past fiscal year, the war in Ukraine was already causing immense supply chain obstructions with sanctions and boycotts of Belarussian and Russian products on top of an already tight market. With little to no warning, we needed to substitute some 30 percent of our sourced product elsewhere,” says Michael Hjorth Christensen, COO of CM Biomass, adding:

“By already starting to expand our business, going from asset light to investing in our own production facilities in the US, we had a



Michael Hjorth Christensen, COO.

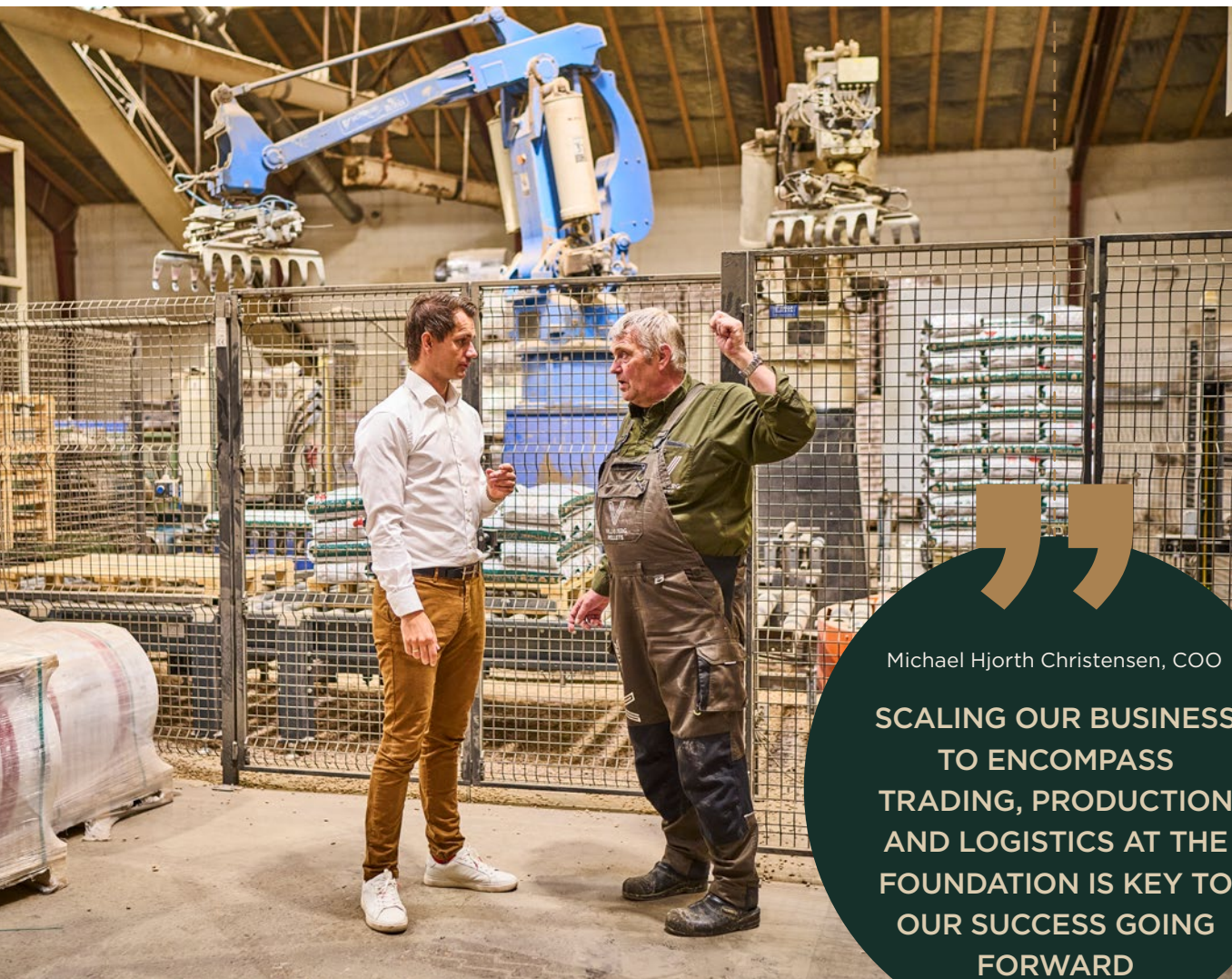
strong position to counter this. The war meant we needed to greatly expedite our different strategic projects and efforts in becoming operational to meet the demand from a European market in desperate need to find other sources of energy.”

To remain the world's leading supplier of premium wood pellets, CM Biomass has for the past five years been working towards diversifying its supply chain, adding more production facilities in addition to focusing on arbitrage and the logistics of the industry. This transition is important to maintain the long-term contracts with especially power plants, where supply reliability is everything.

“Scaling our business to have both production and logistics at the foundation is key to our success going forward. Being able to do this, however, has meant not only buying and upscaling physical operations,

but also having a high level of flexibility in the way we work. Our success is dependent on pulling in the needed expertise and working closely together in CM Biomass with colleagues from around the world. Achieving what we do would not be possible without everyone's contribution,” says Michael Hjorth Christensen.

The Mohegan Renewable Energy acquisition taking place at the end of the previous fiscal year effectively doubled CM Biomass' total number of employees and now contributes to the one million tonne of pellets that CM Biomass can produce annually.



Michael Hjorth Christensen, COO

SCALING OUR BUSINESS TO ENCOMPASS TRADING, PRODUCTION AND LOGISTICS AT THE FOUNDATION IS KEY TO OUR SUCCESS GOING FORWARD

Michael Hjorth Christensen, COO, and Kurt Jeppesen, Production Manager, at the facility in Vildbjerg, Denmark.

Globalisation allows scaling for the future

At its roots, CM Biomass' global outlook has always been a strength, now with a presence in Europe, America, Asia, and Africa. And staying close to customers and being able to shake their hands to build trust is more important than ever. This also brings synergies between CM Biomass and the owner company United Shipping and Trading Company (USTC).

“In increasing our presence in both the US and Asia, having a parent company with a solid financial backing and an existing presence in these areas with other companies meant, that we could merge offices and be up and running in no time. To us, that exemplifies the synergies we gain from the USTC ownership,” explains Michael Hjorth Christensen.

Having for the past years established a foothold in Asia, CM Biomass is well on the way to take more shares in the Asian markets. Sourcing from Southeast Asia together with sales to especially South Korea and Japan, looking to become some of the biggest markets over the next years.

“Japan alone has historically made up around one percent of the global market, but in the coming 2-3 years that is going to grow to around 20 percent. They are moving incredibly fast, and they are committed to this transition. This is a huge market, and we are perfectly prepared to service it,” says Michael Hjorth Christensen.

Becoming ready for this sustainable energy trend in Japan is not done overnight but has been in the process for several years. Working out the cultural and commercial differences between Europe and Asia is a huge task that is starting to pay off.

“Simply getting the organisation right in Asia has been difficult, as things are done very differently in Europe. However, by focusing

equally on our back-office functions such as legal and compliance as well as our traders, we are seeing a strong organisation ready to take on a growing market,” says Michael Hjorth Christensen.

Not only wood pellets have been important to CM Biomass success' this year. In the future, a larger emphasis on different types of biomass products will also be in place to meet demand from especially European clients focused on shifting to sustainable energy.

“As we have seen a strong mismatch between a limited supply and rising demand for wood pellets for the past years, more clients are looking into alternative biomass products for their sustainable energy needs. We accommodate this development by example with our American peanut hull pellet facility, Douglas Pellets LLC in Pearson, Georgia. At this plant, local peanut production companies hand off their emptied peanut hulls, something of traditionally very low value destined as landfill waste. Our Douglas Pellets factory is, to our knowledge, the first independent dedicated plant in the world to turn these hulls into fuel pellets, converting something of very low value into valuable and sustainable energy.”

“Providing biological material for gasification has been another area of interest to our clients, and either way due to our strong backbone in logistics and trade, we are able to supply. That is strong business acumen, and that is driving CM Biomass forward for years to come.”

Ask Michael Munck, CFO.



CFO HIGHLIGHTS

P&L

Comparable figures

When comparing the figures with previous years please note that the financial year of 2021/22 was only based on eight months, as CM Biomass Holding A/S activity only started in September of 2021 in connection with USTC acquiring 60 percent of CM Biomass. This is also the reason for the low activity in the financial year of 2020.

Increasing volume

CM Biomass continued its volume growth. Our strong worldwide trading team managed to sell 3.3 million ton in 2022/23, which is an increase in volumes of 10 percent based on average monthly volume.

Record high revenue

Our revenue grew to EUR 826 million. The revenue increase was driven by both increased volume and increase in wood pellet prices during the year.

Increased production costs

During this financial year, we saw an increase in our variable production costs, which was negatively impacted by inflation – especially energy and transportation costs.

Highest gross profit ever

Our GP of EUR 66 million was the highest ever achieved, which is positively impacted of us being financial capable of taking advantage of market opportunities.

Increase in number of employees

With the many new wood pellet plants in the US, our number of employees increased with more than 80 employees, a 56 percent increase during the year, leading to higher staff expenses.

Higher depreciations

As a consequence of our increased investments in plants, our depreciations logically also went up.

Solid JV income

Our income from associates (JV partners) delivered a solid on budget income of EUR 3 million during the year.

Increased financing costs

During the year we secured an increased bank facility agreement, which has been an important part of our growth. Our net financial costs went up to EUR 7.7 million, mainly due to higher loan and higher interest rate.

Solid earnings before tax

Earnings before tax ended at EUR 30 million, which was above the budget.

Balance sheet

Higher total balance sheet

Our total assets and liabilities increased during the year. Mainly due to higher tangible assets, inventory and receivables (due to higher prices) – hence increased net working capital leading to an increase in net borrowings.

Strong and healthy equity

CM Biomass increased the equity to EUR 115 million at the end of the year and hereby prove to be a creditworthy stakeholder.

Positive outlook for 2023/24

CM Biomass is positive about the new financial year and going forward expect to maintain a strong result at the same level as the year 2022/23.

REVENUE
826
EUR M

GROSS PROFIT
66
EUR M

EBITDA
35
EUR M

EBT
30
EUR M

FINANCIAL HIGHLIGHTS

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

EUR'000	2022/23	2021/22*	2020
Profit/loss			
Revenue	825,674	409,764	0
Profit/loss before financial income and expenses	34,548	18,488	0
Net financials	-4,436	281	0
Net profit/loss for the year	20,456	13,932	0
Balance sheet			
Balance sheet total	290,847	210,111	149
Equity	115,345	69,948	53
Cash flows			
Cash flows from:			
- operating activities	-13,741	16,621	-149
- investing activities	-39,999	-111,556	0
including investment in property, plant and equipment	-43,580	-17,790	0
- financing activities	54,978	96,507	149
Change in cash and cash equivalents for the year	1,238	1,572	0
Number of employees	186	89	0
Ratios			
Gross margin	8.0%	7.9%	0.0%
Profit margin	4.2%	4.5%	0.0%
Return on assets	11.9%	8.8%	0.0%
Solvency ratio	39.7%	33.3%	35.6%
Return on equity	22.1%	39.8%	0.0%

* The Group was established in September of 2021 in connection with USTC acquiring 60 percent of CM Biomass. Hence the financial year for the Group of 2021/22 was only based on eight months.



STRONG ORGANISATION SECURES STRONG FINANCES

This year, the strategy of CM Biomass has been effectuating all expansions to simply meet short term demand, as especially Europe was struck by an energy crisis. Now that the pressure is slowly easing, cost control and optimisation have been key undertakings to secure long-term stability.



Ask Michael Munck, CFO, in the Copenhagen office with the finance team.

“This year has been the absolute epitome of unpredictability.”

That is the short and concise description by CM Biomass’ CFO, Ask Michael Munck. Contractual obligations on supply based on Russian origin products had to be cancelled, but without proper sanctions coming into place until much later, the legal obligations were difficult to manage.

“Losing practically a third of our sourced products when Russia invaded Ukraine accelerated all our production expansions. Most eye-catchingly to me though is not how we were able to secure new products; that ability to manifest business acumen and trade runs in our DNA. More strikingly was our ability to, in a very short time, go from 14 to

168 employees in the US. That required a lot of our organisation, but we came through, flying colours and all,” says Ask Michael Munck.

Ramping up production and staff at this rate has also meant new functions to fill out. Specifically, Ask Michael Munck has focused on building his financial team hiring a US CFO, Head of Treasury, a Certified Public Accountant, and Financial Controllers to better organise the company’s processes in risk management, compliance, and securing credit facilities. All the while building on the strong synergy relations to his previous place of hire, sibling company Bunker Holding Group.

“Having strong relationships with key stakeholders in Bunker Holding meant it was easy for me to reach out and figure out,

where we could help each other. There is no need for us to reinvent the wheel when it comes to systems and processes. That is a definite strength of the common ownership in USTC between our international companies,” says Ask Michael Munck, adding:

“The open communication and cooperation between the companies of USTC has led to a strong network of peers who share experiences, and that makes us better equipped than any stand-alone organisation and for sure leads to a stronger business. The level of information sharing and sparring would not be possible in any other professional network, and it would not be possible without USTC connecting us.”

Credit facility serves the clients

As the volatility of the past year’s pricing on wood pellets have shown, ranging from USD 190 a tonne upwards to USD 600 a tonne at the spike of the year, being able to provide credit to customers as prices fluctuate becomes more and more important.

Since joining as the CFO in the beginning of 2022, Ask Michael Munck has together with his CM Biomass team expanded the company’s bank syndicate and established larger credit facilities.

“We have during the year secured significant additional external bank funding. This has given us the financial muscle to continue to trade in an environment where working capital requirements have increased significantly caused by this year price increases and enabled us to further invest in our production facilities,” says Ask Michael Munck, and adds:

“These facilities send a strong message. When financial partners grant us these credit lines, it is a testament to the potential they see in CM Biomass as they continue to increase and extend them. In essence, the better our credit facility, the higher inventory and higher outstandings to our good clients are offered, as it enables us to keep storage of products while servicing clients and their payment terms,” says Ask Michael Munck.

These extended credit facilities open CM Biomass up to taking on new clients including clients from the processing industries, looking to diversify their portfolio of energy suppliers.

Ask Michael Munck, CFO

OUR MASSIVE EXPANSIONS OF MARKETS AND FACILITIES REQUIRED A LOT OF OUR ORGANISATION, BUT WE CAME THROUGH

Our production facility in Quitman, Mississippi.



Christian Anton Rahbek, Head of Sustainability.



Christian Anton Rahbek,
Head of Sustainability

**WORKING WITH
SUPPLIERS, CLIENTS, AND
AUTHORITIES TO ENSURE
COMPLIANCE IN ALL
ASPECTS ARE ESSENTIAL
TO HOW CM BIOMASS
OPERATES**

Supplying more than 3 million ton of wood pellets every year to ensure the energy needs of primarily European clients is a momentous task. And as sustainability becomes ever more relevant to clients and end-users, CM Biomass is staffing up to meet the requirements.

A SUSTAINABLE WAY FORWARD WITH CERTIFICATION

As CM Biomass business revolves around supplying sustainable energy solutions to power plants as well as consumers, engaging in sustainability is natural for the world's largest supplier of premium wood pellets. And while being able to certify and ensure said sustainability is becoming an equally important task, the company's globally expanding sourcing network is met with new requirements often foreign to their home markets.

Christian Anton Rahbek is CM Biomass' new Head of Sustainability, and responsible for the work of a constantly growing number of dedicated people engaged with sustainability across CM Biomass. As the wood pellet supplier has always been at the forefront of keeping up with certifications, recent expansions around the world have made this job more complex by the minute. As a result, since joining the company in December 2022, he has not had a moments rest.

"Collecting documentation, validating certificate requirements, calculating greenhouse gas reduction and inspecting own and supplier production facilities have been non-stop work since I was onboarded with CM Biomass," says Christian Anton Rahbek, adding:

"The need for traceability and certification is being led by European demands, but it affects every part of our value chain. How we handle certification in Europe is very different from Vietnam and South America. This poses an equal risk and opportunity: We need to make sure standards are upheld; but it also means we can be an agent of change in parts of the world, pushing safety and sustainability standards where these requirements are not yet as highly prioritised."

This way of working with new markets, building trust and staying compliant is nothing new to CM Biomass, as the experiences from growing

Eastern European markets 20 years ago posed many of the same challenges.

“It is not completely transferable, but implementing the steps needed to obtain certain certifications, whether it’s in Eastern Europe or Vietnam, often require mutual understanding, strong dialogue, and training. All of which we are willing to invest in with our partners.”

Less waste is good business

Working with the biggest clients in Europe, traceability and sustainability certificates are crucial, as it is a license to operate. This way the pull from clients is aiding in driving the agenda forward.

“Classification of biomass fuels is not an exact science, and differences in national legislations often affect whether a specific type of biomass is considered a byproduct, a residue, or a waste. This is important, because it determines whether we can utilise it in production or not. But as we get better at understanding the requirements of our end-users, new opportunities arise,” says Christian Anton Rahbek, elaborating:

“We have projects exploring the feasibility of cashew shells, sunflower husks, olive kernels, and several other agricultural residue products. And as we get better at categorising and sourcing these products, they become viable sources of biomass energy with great reduction in greenhouse gas emissions. Most residues were previously just left to decompose.”

Finding new residue products and ensuring sustainability and market viability, however, is a time-consuming process. When it comes to wood pellets, CM Biomass has a long experience in working with the extensive and standardised certification processes that are in place such as FSC, SBP, PEFC, and GGL-certificates, but these standards are not yet universally implemented to support most other kinds of biomass.

“The level of uniformity in global certification standards we see in the wood industry are still not here for other biomass products. When global standards can be levelled across all new products however, this will play into our strength. Working with suppliers, clients, and authorities to ensure compliance in all aspects are essential to how CM Biomass operates, and it is our key to staying at the front of the alternative energy industry while securing a strong level of responsibility at every link in their value chain.”

Truck discharging at our Jackson pellet plant.





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Todd G. Bush, President,
North America-operation

**I WANT US TO BUILD A
SPRINGBOARD FOR GROWTH
FOR OUR PEOPLE AND OUR
OPERATION. IT'S A WORK
IN PROGRESS, BUT WE'RE
GOING IN THE RIGHT
DIRECTION**

Todd G. Bush, President of CM Biomass North America.



TRANSPARENCY AND TRUST ARE KEY TO HEALTHY GROWTH

Growing an organisation from 14 to encompass nearly 230 people, adding 8 new plants and sextupling the number of 3rd party suppliers in just two years takes a lot of determination. But mostly, determination to be open and straight forward with employees to keep the company culture intact.

CM Biomass has, with several acquisitions, carried out a massive expansion in the US as part of a strategy to become more self-sufficient with production. This means acquiring physical assets, but even more importantly: Growing the number of team members.

Since January 2022, CM Biomass in the US has grown from 14 to 168 employees with an additional roughly 60 JV employees working in partnership with the company.

Todd G. Bush heads up the North American operation of CM Biomass, and since the acquisition of Mohegan Renewable Energy late 2021-22 fiscal year, he has had his hands full. Absorbing the many new faces into the organisation, without losing what makes CM Biomass special, all the while responding to an energy crisis, has created a unique challenge and opportunity to the president: To get production running and keeping the company culture intact.

“When we closed on our new plants, we knew we needed a plan for our growth, something we crystallised into three key goals, in order: Keep the right people in the right place, increase production, and focus on numbers. This meant not just paying attention to the bottom line, but how we kept people motivated, autonomous, coordinated, and with a sense of ownership that has historically been the secret sauce to CM Biomass’ growth and success,” says Todd G. Bush, President of CM Biomass’ North America-operation, adding:

“Merging the new plants in Quitman, Crossville, and Jackson to our organisation and integrating them during a crunch period at the peak of the energy crisis really meant hitting the ground running. Something that in the end turned out to be a blessing in disguise. Being in the trenches together and working to put out pellets at any cost to undersupplied markets created a keen focus on teamwork, that bonded our people and accelerated the cultural integration,” says Todd G. Bush.

Within this fiscal year, the three goals set out have gone from aspirational to mostly attained. We have a much stronger back-office due to new hires, plants running at 90 percent production, and now we are successfully focusing on the numbers. Getting a strong and final integration of culture between old and new team members, however, has been a different challenge.

Safeguarding company culture

CM Biomass has always meant high levels of autonomy and the ability to have an agile response. As the organisation gets bigger however, it also becomes harder to stay with the relatively flat organisation, but it is something, that Todd G. Bush will fight to preserve.

“Making sure we kept the CM Biomass spirit and culture as we absorbed an organisation that outnumbered us ten to one was a challenge, but something I think we succeeded with through strong communication, having a very visible management on-site, and by showing how our organisation could benefit our new colleagues by adding trust, responsibility, and freedom to do their jobs,” says Todd G. Bush, elaborating:

“I want us to build a springboard for growth to develop the operation. It’s a work in progress, but we’re going in the right direction.”

Going forward, CM Biomass in the US is a shining example and hard-earned lesson as to how new locations can be added to the world map, how the organisation can be grown, and ultimately why CM Biomass is going to prosper in the future.

Adjusting machinery at our facility in Jackson, Alabama.





SUPPLIERS
+130

11
PRODUCTION
PLANTS

3.3
MILION
TONNES
WOOD
PELLETS
SOLD

KEY FIGURES

PROVIDING
RENEWABLE
ENERGY SINCE
2009



12
OFFICES
LOCATED IN
KEY MARKETS
GLOBALLY

- DENMARK
- UK
- ITALY
- GERMANY
- USA
- RUSSIA
- SINGAPORE
- SWEDEN
- LATVIA
- VIETNAM
- PORTUGAL
- SOUTH KOREA



* Closing headcount
ultimo April 2023



MANAGEMENT'S REVIEW

MANAGEMENT'S REVIEW

Key activities

CM Biomass supplies utilities and distributors by acting as the main aggregator between manufacturers and customers. In addition, CM Biomass has entered the long-term contracts segment, complemented by investments in 10 CM Biomass manufacturing facilities in the US along with 1 in Denmark.

As of 30th April 2023 USTC owns 60% of CM Biomass, while the remaining 40% 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.

Development in the year

The income statement of the Group for 2022-23, shows a profit before tax of EUR 30m, and as of 30 April 2023 the balance sheet of the Group shows equity of EUR 115m. The financial result for the year is above expectations and Management considers it to be very satisfactory.

CM Biomass continued to ramp up its own US production and entered the Asian market as a direct mitigation to the EU sanctions against Russia and Belarus in the beginning of this financial year.

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

In 2022-23, CM Biomass delivered a result that was higher than the expectations

stated in the annual report for 2021-22. The improved result was driven by increase in volumes, higher prices as well as higher price volatility between segments and markets implying good opportunities for arbitrage.

Special risks – operating risks and financial risks

Foreign exchange risks

A proportion of CM Biomass's sales and purchases are made in other currencies than EUR. Hedging is done to match forward foreign exchange sales and purchases contracts. There are no speculative currency arrangements.

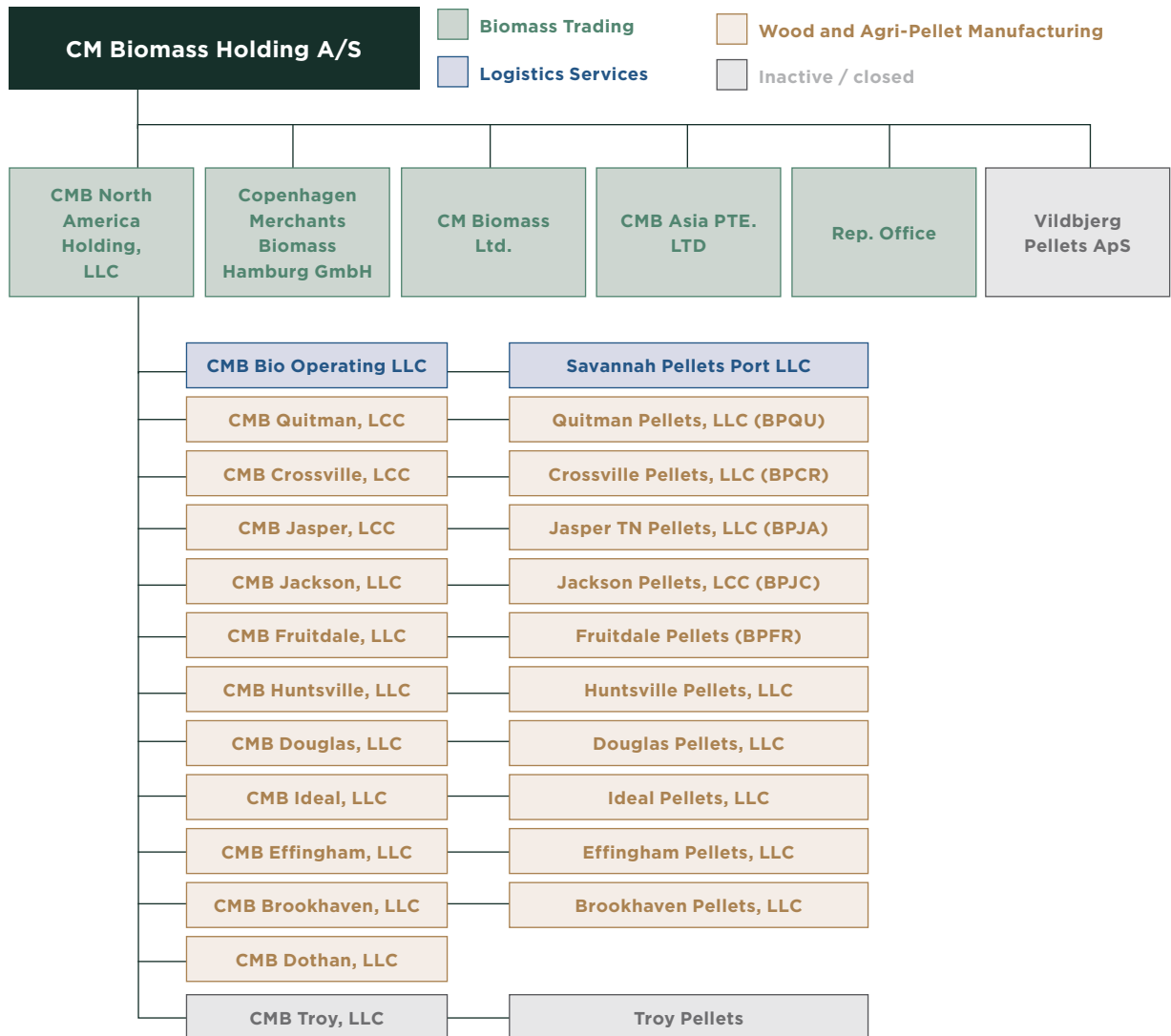
Targets and expectations for the year ahead

Considering the geopolitical climate and its potential effect on CM Biomass' supply lines, the forecast for 2023-24 is uncertain. The completion of ongoing projects and optimization of production as well as further development of production capacity constitute key targets for the upcoming year. In addition, we consider further penetration of the Asian market a key target.

Taking these factors into consideration, management expects EBT at the same level.

Statement of corporate social responsibility

CM Biomass Holding A/S structure



Business model

Since 2009, CM Biomass has actively engaged in the global transition towards a greener future through biomass. CM Biomass is a leading independent provider of physical wood pellets and other biomass products, with more than 3.3 million MT of wood pellets traded and approximately 1 million MT installed wood pellets production capacity as of April 2023.

CM Biomass mainly supplies European utilities and distributors by acting as the main aggregator between (i) manufacturers in

North America and Eastern Europe and (ii) European customers, playing a key part in the green transition from fossil fuels.

CM Biomass has increased its focus on sourcing and pellet manufacturing in North America during the past year and expects to continue this trend.

Furthermore, with Asian demand for biomass for energy-generation fast growing over the coming year, we plan to build further on the existing platform created in the region with local offices in both origination markets

(Vietnam, Malaysia, Indonesia, Thailand) and sales markets (Korea, Japan, Australia, EU overseas territories).

In addition, CM Biomass has increased its focus on alternative biomass from agricultural residues and commercialising them in the European market to new and existing customers. We expect this trend to increase as more energy intensive industries seek ways to decarbonise from fossil fuels.

Market overview

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

CM Biomass identifies a significant business prospect and job creation in the industry of green energy technologies. The increased prevalence of bioenergy, 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 Biomass 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.

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

Policies, activities and results

Sustainable Development Goals

CM Biomass has committed itself to working dedicatedly with the UN's Sustainable Development Goals ("SDGs"), enabling dedicated work with sustainability, delivering environmental, social, and commercial value. CM Biomass influences the 17 SDGs directly and indirectly; however, CM Biomass has a 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 Biomass' 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 areas of central priority to CM Biomass and constitute a natural part of conducting good business. CM Biomass contributes with solutions related to renewable energy, energy efficiency, and commercial and sustainable production and consumption. 2022-23 saw CM Biomass move into new supply markets, both geographically and product-wise. The new markets show exciting potential but also require due diligence and local expert knowledge. For this purpose, CM Biomass has both added its own full time South-east Asia sustainability

BIOMASS TRADING



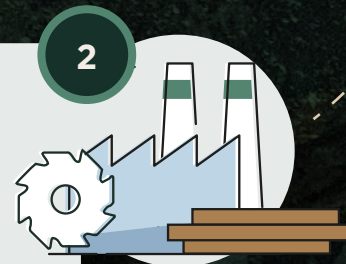
Forestry

(External activity)

Responsible forest management and sustainable sourcing practices are non-negotiable for CM Biomass; thus, CM Biomass has a dedicated sourcing team in place. CM Biomass conducts pre-contract and ongoing due diligence on its suppliers and sub-suppliers to ensure adherence to all applicable legislation and best management practices for all procured biomass, especially in high-risk regions. Our due diligence process includes collecting all necessary documents, e.g., sustainability reports, chain of custody contracts, and company procedures, as well as legal documents on potential suppliers to ensure sustainability and quality.

Potential CSR externalities

- Irregularities related to forest management activities
- Violation of internationally accepted practices on human rights
- Corruption in high-risk regions



Sawmills and other wood working manufacturers

(External activity)

The main source of feedstock for our wood pellet production are wood industry residues such as sawdust, off-cuts, and shavings from our external suppliers at the sawmills. CM Biomass encourages the best possible utilisation of the sawlogs, but also provide a commercially attractive outlet for the inevitable residue streams from the production of timber products.

Potential CSR externalities

- Compliance with safety requirements and potential accidents at processing plants and pellet productions
- Identification of raw materials procured by sub-suppliers from external parties



3

Wood pellet manufacturers (Core activity)

The use of recognised third-party verified certification systems, such as SBP (Sustainable Biomass Program) and FSC (Forest Stewardship Council) ensure the overall sustainability of the timber supply chain. The feedstock for our pellet production is mainly comprised of wood industry residues, but a small portion of in-forest wood chips are also used. These wood chips are produced from the lowest quality trees from the forests. Timber quality or saw grade wood is not used for producing wood pellets. CM Biomass also actively supports its external wood pellet suppliers in achieving certifications with internationally recognized voluntary forest and biomass certification schemes and commits to supporting suppliers' management systems and performance at all levels of the supply chain.

Potential CSR externalities

- Traceability of feedstock streams from suppliers and sub-suppliers
- Verification of appropriate measures for risk management
- Adherence to safe and proper working conditions according to the UNGPs labor codes
- Timely catching-up with rapidly evolving international requirements in the biomass sector
- International sanctions
- Corruption in high-risk regions



4

Value-adding biomass aggregator (Core activity)

Through long-term partnerships and a dedicated sustainability team, CM Biomass ensures due diligence processes for suppliers through sustainability reports, contracts, KYC processes and legal documents.

Potential CSR externalities

- Potential misconduct by suppliers
- Insufficient supply chain management



5

Logistics (Support activity)

Through close ties with the CM Group, CM Biomass provides logistical door-to-door full-service solutions, including loading, inspection, transportation, discharging, warehousing, and agency with terminals to strategically adhere to the sourcing and distribution activities.

Potential CSR externalities

- Fuel consumption and gas emissions
- Risk of money laundering in high-risk regions
- Contamination or other damage to pellets during transport and storage



6

Utilities and distributors (Support activity)

Both utilities and distributors have various procedures in place, guaranteeing that pellets are from sustainable sources and are of a certain quality. Utilities conduct site visits to wood pellet manufacturers.

Potential CSR externalities

- Insufficient wood pellet quality or documentation for sustainability status
- Insufficient or incorrect greenhouse gas data

expert as well as drawn on globally acclaimed external partners in select situations. Paired with time-proven internal compliance procedures, positive relations with serious suppliers, and a focus on long-term business relationships, CM Biomass is in a key position to build a solid business case on responsible utilisation of forest and wood industry residues. Additionally, commercialising waste streams from vegetable oil and nut production, which would otherwise become landfill waste, supports the reduction of waste. CM Biomass continuously works with the two SDGs in relation to its activities to develop the business sustainably and commercially.

Environment & Climate

CM Biomass' policy on the environment is to incorporate sustainability, efficient use and logistics of raw materials, and fuels in everyday business decisions. In this way, efficiency in transport and logistics solutions, selection and evaluation of suppliers and business partners, and the exploration of new opportunities directly support CM Biomass' commitment to integrate the UN SDGs.

As a globally significant producer and trader of wood pellets and other biomass products for use in power and heat generation, CM Biomass' core business not only directly facilitates efficient and responsible decarbonisation, but also creates and supports markets for residual products, for which there are no local markets, reducing the risk that these residues would end up being treated as waste. This contributes directly to the SDGs 7.2 and 12.5. In line with CM Biomass' CSR policy, CM Biomass' environmental commitments aims to ensure the use of sustainable raw materials and recognize the importance of biodiversity conservation, the preservation of high conservation value forests, and the

protection of distinctive and vulnerable forest eco-systems. These objectives are achieved both through the FSC, SBP, and PEFC certifications implemented throughout the supply chain, but also through our direct and continuous collaboration with suppliers, especially in higher risk regions, on topics such as supply chain integrity and worker's health and safety.

CM Biomass' business is centred around the cascade principle, urging partners to utilize wood resources in the best possible way for long-lasting wood products and to seek economically sound solutions. Promoting internationally recognized forest management certifications and biomass schemes among wood pellet producers. The majority of CM Biomass' wood pellet suppliers are already certified, and the remaining adhere to the EU Timber Regulation (EUTR) and national trade requirements.

As an operator in relation to the EU timber Regulation, CM Biomass is under obligation to ensure that all wood products imported to the EU are legal in all aspects. CM Biomass takes this obligation very seriously and implements a strict due diligence system for all suppliers, based on national and regional risk levels; always reflecting specific risks outlined the external risk assessments available.

CM Biomass follows the finalisation and implementation of the EU Deforestation Regulation, agreed upon by the EU member states in December 2022. CM Biomass welcomes this initiative as a significant step towards ending deforestation on a global scale. The implementation of the EUDR is expected by the end of 2024 and will undoubtedly bring a number of challenges, but with CM Biomass' role in the global biomass supply chain and a status as knowledge leader, CM Biomass is in a unique position to enjoy

a competitive advantage in a market where end-users of biomass products will rely on trustworthy business partners. CM Biomass continuously explore, test, and research alternative biomass fuels for the growing market for energy sources with minimal CO₂ footprint. In 2022-23, CM Biomass continued to work with identifying residues and by-products from sunflower, peanuts, olives, bagasse, palm, and cashew, with the most focus on cashew nut shells, palm kernel and peanut hull pellets. Neither of these production residues have any other stable market and would otherwise be in high risk of becoming landfill waste. With value-adding processing steps and the best possible transport routes, these products show good potential in substituting the fossil fuels used today in both the energy sector and in energy intensive processing industries.

Going forward in 2023-24, CM Biomass' ambition is to continuously implement SDG-related initiatives in the operations, working with the USTC ESG framework extending a focus and incorporating hard data and targets for the most material topics going forward.

Human rights

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

CM Biomass respects human, social, and professional rights as listed in the UN's Guiding Principles on Business and Human Rights (UNGPs) and does not violate them. The right to privacy is a priority at CM Biomass and it is sought to comply with all aspects of the EU General Data Protection Regulation

("GDPR"). As a result, in 2022-23 and the years before, no human rights violations were identified through industry frameworks and audits: ASI, ControlUnion, and Preferred by Nature. As the business expands, CM Biomass continues to strengthen practices within human rights in line with applicable conventions.

Corruption & bribery

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

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

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 Biomass' 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 Biomass adheres to anti-corruption practices, following 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, CM Biomass invests in long-term business relations to support open and direct communication.

Fiber storage in our Vildbjerg facility.



There were no reports of corruption in 2022-23. However, as CM Biomass' operations continue to expand, the need to avoid corruption and mitigate financial risks will increase. Consequently, CM Biomass has added further resources for internal control, including a whistle-blower scheme, and will look for additional measures, including more meticulous due diligence and KYC (Know Your Customer) processes.

Social Impact & Employee Welfare

CM Biomass' policy is to provide good working conditions and fair terms to all employees. To continuously improve employee satisfaction and safeguard personal development, CM Biomass 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. With an increasing number of employees at the manufacturing facilities, the risk of accidents has increased compared to earlier when CM Biomass was almost exclusively comprised of white-collar employees. Therefore, a new and increased focus on work-safety is led by the US production team.

As a considerable player in the market, CM Biomass actively helps 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.



In the Code of Conduct, CM Biomass wish to encourage an open dialogue on all issues related to CM Group's business methods, compliance with CM Biomass' policies or issues that are considered inappropriate. A whistle-blower scheme added as a supplement to the direct and daily communication to ensure a safe environment in which employees within CM Biomass have the confidence to speak out about reprehensible practices. In the whistleblower scheme, all communication is directed to an external and impartial HR partner, ensuring that every employee can safely and anonymously address serious issues without fearing repercussions.

CM Biomass continues to have a relatively low staff turnover in 2022-23 at 4.4 percent, compared to 6.8 percent in 2021-22. This is a positive indicator of a good work environment

considering the dynamic markets CM Biomass operates in. Several social initiatives have taken place throughout 2022-23 to sustain a good work environment and keep engagement levels high. CM Biomass has for years supported students with cases for their thesis', student employment, and internships. In 2022-23, CM Biomass had an average of four student assistants, the same level as in 2021-22.

CM Biomass, through the CM Coaching Community, offers opportunities for employees to continuously develop their professional and personal competencies. CM Biomass believes that by asking the right and powerful questions, a good coach can help build confidence, access undiscovered insights, close knowledge gaps, unlock limits, navigate challenges, and help employees grow.

In 2023-24 we will continue to monitor all stress related incidents and we will focus on identified risks to arrange activities to promote a healthy work/life balance.

Data Ethics

Although the nature of our business does not involve the treatment of data through artificial intelligence, machine learning or other forms of algorithms, we continuously assess our digital development with respect to data ethics. Data from third parties primarily consists of public available statistics e.g., prices, rates, and other business data related to our business units. Thus, CM Biomass does not buy or process personal data from third parties and does not personalise products or services. CM Biomass conducts 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 aims to follow the recommendations of the Danish Business Authority with respect to the underrepresented gender. Although no gender composition targets were disclosed in the 2020 Management's Review, CM Biomass Partners welcomed Nina Østergaard Borris, thus adding one woman to the board. This supports our target for 2026-27 to achieve a gender-balanced board.

The Board of Directors consists of one woman and four men, making the current gender composition 20% women and 80% men:

Chairman of the Board:

Christian Pagaard Junker

Board members:

Jan Flemming Bech Andersen

Simon Christensen

Morten Hultberg Buchgreitz

Nina Østergaard Borris

CM Biomass Partners A/S does not account for the proportion of the underrepresented gender in the company's other management levels since CM Biomass Partners A/S has employed fewer than 50 employees in the financial year. CM Biomass Partners A/S respects equal treatment unconditionally; however, it should be noted that CM Biomass has a very low employee turnover rate and that changes will not be made with the sole purpose of meeting equal gender composition targets. We have developed and implemented a specific plan and policy towards achieving equal gender composition in the board as per May 1st, 2023.

Uncertainty relating to recognition and measurement

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

Unusual events

The biomass market will become even more short of supply following the sanctions on biomass from Russia and Belarus in continuation of Russia's invasion of Ukraine. This will challenge supply chains across the market, along with those of CM Biomass, and is expected to support high prices for a relatively long period.

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

One of our valued employees, JP Larrimore, at the facility in Jackson, Alabama.



BOARD OF DIRECTORS



Christian Pagaard Junker

Chairman of the board

Board member since 2017. Born in 1952. CEO of private consulting firm CJ Consult. Professional board member with special competencies in business development, mergers & acquisitions, leadership, strategy and organizational development. Expert insight into raw material trading, credit & risk management. Experience as Group CEO of Danish Agro for more than 30 years. Board memberships include, among others, Ameropa Holding AG, Brdr. Nordbø Holding A/S, CM Partners Holding A/S, H.J. Hansen Holding A/S, Samson Group Holding A/S, Hejsa Invest A/S, REA Gruppen Holding ApS, Jensens Food Group A/S and Green Team Group A/S. Educated M.B.A in Marketing and Finance.



Jan Flemming Bech Andersen

Board member since 2021.

Born in 1968.

Specialized and in-depth knowledge within shipping, leadership, investment, and business development. Directed and established Torm Singapore and held role as Glencore Head of Shipping Worldwide. Board member of Brøndbyernes IF Fodbold A/S.

Educated at Copenhagen Business School, graduated from the Danish Officer Academy as First Lieutenant at The Royal Danish Guard.



Simon Christensen

Board Member since 2009.
Born in 1973.
CEO of CM Biomass and CM Group. Founder and CEO of CM Biomass since 2009. Experience from Cargill and the Private Equity team in Danske Bank. Extensive expertise in commodity trading, supply chain development, business development and mergers & acquisitions. Board memberships include, among others, CM Holding A/S, Copenhagen Merchants A/S, Navi Merchants A/S, Kalundborg Holding A/S and CM bulk terminals.
Master of Applied Economics & Finance from Copenhagen Business School.



Morten Hultberg Buchgreitz

Board member since 2021.
Born in 1967.
Former GSVP at Vestas Wind Systems A/S. Extensive and in-depth knowledge and experience within energy trading, economics and finance, including credit and risk management. Member of the boards in Bunker Holding A/S, K/S Habro- Lowestoft, K/S Meiderich and Aps Habro Komplementar-19. MSc in Business Administration and Computer Science.



Nina Østergaard Borris

Board member since 2021.
Born in 1983.
CEO of USTC, Owner of the USTC Group (A/S United Shipping & Trading Company). Special competencies include company evaluations, mergers & acquisitions, financial due diligence, business restructuring, reorganisation, turnarounds and compliance. Member of the boards in USTC A/S, Uni-Tankers A/S, Bunker Holding A/S, SDK FREJA A/S (Vice Chairman), Unit IT A/S (Chairman), Middelfart Erhvervsråd and Marius Pedersens Fond. Member of Beiratsitzung Nord, Deutsche Bank. MSc in Applied Economics and Finance supplemented by courses at Harvard University and London School of Economics and Political Science.



CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

1 May - 30 April

EUR'000	Note	GROUP		PARENT COMPANY	
		2022/23	2021/22*	2022/23	2021/22*
Revenue	1	825,674	409,764	0	0
Other operating income		2,310	0	0	0
Expenses for raw materials and consumables		-747,807	-369,753	0	0
Other external expenses		-14,023	-7,629	-43	-9
Gross profit/loss		66,154	32,382	-43	-9
Staff expenses	2	-22,828	-9,399	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-8,778	-4,495	0	0
Profit/loss before financial income and expenses		34,548	18,488	-43	-9
Income from investments in subsidiaries		0	0	21,542	14,615
Income from investments in associates		3,254	131	0	0
Financial income	4	0	1,688	24	0
Financial expenses	5	-7,690	-1,538	-1,373	-867
Profit/loss before tax		30,112	18,769	20,150	13,739
Tax on profit/loss for the year	6	-9,656	-4,837	306	193
Net profit/loss for the year		20,456	13,932	20,456	13,932

* The Group was established in September of 2021 in connection with USTC acquiring 60 percent of CM Biomass. Hence the financial year for the Group of 2021/22 was only based on eight months.

BALANCE SHEET

30 April

ASSETS

EUR'000	Note	GROUP		PARENT COMPANY	
		2022/23	2021/22	2022/23	2021/22
Acquired rights		0	327	0	0
Customer relations		2,557	4,475	0	0
Goodwill		58,167	60,100	0	0
Intangible assets	7	60,724	64,902	0	0
Land and buildings		8,878	1,875	0	0
Plant and machinery		46,175	15,693	0	0
Other fixtures and fittings, tools and equipment		3,181	233	0	0
Property, plant and equipment	8	58,234	17,801	0	0
Investments in subsidiaries	9	0	0	142,790	121,750
Investments in associates	10	13,703	10,775	0	0
Deposits	11	45	1,950	0	0
Fixed asset investments		13,748	12,725	142,790	121,750
Fixed assets		132,706	95,428	142,790	121,750
Inventories	12	93,220	48,061	0	0
Trade receivables		49,501	51,883	0	0
Receivables from group enterprises		0	0	5,005	3,434
Receivables from associates		1,834	34	0	0
Other receivables		8,203	5,887	0	0
Deferred tax asset	13	0	1,092	43	0
Corporation tax		0	997	306	193
Prepayments	14	2,573	5,157	0	0
Receivables		62,111	65,050	5,354	3,627
Cash at bank and in hand		2,810	1,572	40	720
Currents assets		158,141	114,683	5,394	4,347
Assets		290,847	210,111	148,184	126,097

BALANCE SHEET

30 April

LIABILITIES AND EQUITY

EUR'000	Note	GROUP		PARENT COMPANY	
		2022/23	2021/22	2022/23	2021/22
Share capital		287	287	287	287
Share premium account		0	60,371	0	60,371
Reserve for net revaluation under the equity method		0	-1,974	30,248	9,974
Reserve for exchange rate adjustments		299	122	0	0
Reserve for hedging transactions		-1,442	-4,764	0	0
Retained earnings		116,201	15,906	84,810	-683
Equity		115,345	69,948	115,345	69,949
Provision for deferred tax	13	119	0	0	0
Other provisions	16	0	1,800	0	0
Provisions		119	1,800	0	0
Credit institutions		32,508	17,561	14,640	17,561
Payables to owners and Management		15,119	14,612	15,119	14,612
Other payables		476	19,941	0	19,941
Long-term debt	17	48,103	52,114	29,759	52,114
Credit institutions	17	59,389	19,908	3,000	3,000
Prepayments received from customers		1,734	0	0	0
Trade payables		40,544	32,010	0	0
Payables to group enterprises		0	1,016	0	1,016
Corporation tax		11,191	5,017	0	0
Other payables	17,18	14,422	28,298	80	18
Short-term debt		127,280	86,249	3,080	4,034
Debt		175,383	138,363	32,839	56,148
Liabilities and equity		290,847	210,111	148,184	126,097
Distribution of profit	15				
Contingent assets, liabilities and other financial obligations	21				
Related parties	22				
Fee to auditors appointed at the general meeting	23				
Subsequent events	24				
Accounting Policies	25				

STATEMENT OF CHANGES IN EQUITY

EUR'000	Share capital	Share premium account
GROUP		
Equity at 1 May	287	60,371
Net effect of correction of material misstatements	0	0
Adjusted equity at 1 May	287	60,371
Exchange adjustments relating to foreign entities	0	0
Cash capital increase	0	0
Fair value adjustment of hedging instruments, end of year	0	0
Tax on adjustment of hedging instruments for the year	0	0
Net profit/loss for the year	0	0
Transfer from share premium account	0	-60,371
Equity at 30 April 2023	287	0
PARENT COMPANY		
Equity at 1 May	287	60,371
Net effect of correction of material misstatements	0	0
Adjusted equity at 1 May	287	60,371
Exchange adjustments relating to foreign entities	0	0
Cash capital increase	0	0
Dividend from group enterprises	0	0
Other equity movements	0	0
Net profit/loss for the year	0	0
Transfer from share premium account	0	-60,371
Equity at 30 April 2023	287	0

Reserve for net revaluation under the equity method	Reserve for exchange rate adjustments	Reserve for hedging transactions	Retained earnings	Total
0	123	-4,764	15,906	71,923
0	0	0	-1,974	-1,974
0	123	-4,764	13,932	69,949
0	176	0	0	176
0	0	0	21,000	21,000
0	0	4,259	442	4,701
0	0	-937	0	-937
0	0	0	20,456	20,456
0	0	0	60,371	0
0	299	-1,442	116,201	115,345
11,948	0	0	-683	71,923
-1,974	0	0	0	-1,974
9,974	0	0	-683	69,949
176	0	0	0	176
0	0	0	21,000	21,000
-5,500	0	0	5,500	0
3,764	0	0	0	3,764
21,834	0	0	-1,378	20,456
0	0	0	60,371	0
30,248	0	0	84,810	115,345

Packaging line at our facility in Vildbjerg, Denmark.



CASH FLOW STATEMENT

1 May - 30 April

EUR'000	Note	GROUP	
		2022/23	2021/22
Net profit/loss for the year		20,456	13,932
Adjustments	19	20,981	9,051
Change in working capital	20	-44,984	-807
Cash flows from operating activities before financial income and expenses		-3,547	22,176
Financial income		0	1,688
Financial expenses		-7,183	-1,538
Cash flows from ordinary activities		-10,730	22,326
Corporation tax paid		-3,011	-5,703
Cash flows from operating activities		-13,741	16,623
Purchase of intangible assets		-1,175	0
Purchase of property, plant and equipment		-43,580	-17,487
Fixed asset investments made etc		1,905	-2,781
Business acquisition		-154	-91,290
Dividends received from associates		3,005	0
Cash flows from investing activities		-39,999	-111,558
Repayment of mortgage loans		0	0
Repayment of loans from credit institutions		54,428	0
Repayment of payables to group enterprises		-1,016	0
Repayment of payables to associates		0	-1,420
Repayment of other long-term debt		507	0
Raising of loans from credit institutions		0	21,790
Raising of loans from group enterprises		0	921
Raising of loans from owners and Management		0	14,612
Earn-Out payment		-19,941	0
Cash capital increase		21,000	60,604
Cash flows from financing activities		54,978	96,507
Change in cash and cash equivalents		1,238	1,572
Cash and cash equivalents at 1 May		1,572	0
Cash and cash equivalents at 30 April		2,810	1,572
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,810	1,572
Cash and cash equivalents at 30 April		2,810	1,572



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Michael Hjorth Christensen, COO, and Kurt Jeppesen, Production Manager, at the facility in Vildbjerg, Denmark.



NOTE 1 – REVENUE

1 May - 30 April

EUR'000	GROUP	
	2022/23	2021/22
Geographical segments		
Revenue, Denmark	145,359	89,781
Revenue, outside Denmark	680,315	319,983
	825,674	409,764

The Group is not considered to have different business segments.

NOTE 2 – STAFF EXPENSES

1 May - 30 April

EUR'000	GROUP	
	2022/23	2021/22
Wages and salaries	19,355	8,219
Pensions	329	178
Other social security expenses	2,052	264
Other staff expenses	1,092	738
	22,828	9,399
Including remuneration to the Executive Board and Board of Directors	1,601	931
Average number of employees	186	89

NOTE 3 – DEPRECIATION, AMORTISATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

1 May - 30 April

EUR'000	GROUP	
	2022/23	2021/22
Amortisation of intangible assets	5,026	3,459
Depreciation of property, plant and equipment	3,790	1,012
Gain and loss on disposal	-38	24
	8,778	4,495

NOTE 4 – FINANCIAL INCOME

1 May - 30 April

EUR'000	GROUP		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
Other financial income	0	0	24	0
Exchange gains	0	1,688	0	0
	0	1,688	24	0

NOTE 5 – FINANCIAL EXPENSES

1 May - 30 April

EUR'000	GROUP		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
Other financial expenses	4,680	1,538	1,373	867
Exchange loss	3,010	0	0	0
	7,690	1,538	1,373	867

NOTE 6 – TAX ON PROFIT/LOSS FOR THE YEAR

1 May - 30 April

EUR'000	GROUP		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
Current tax for the year	10,535	5,889	-306	-193
Deferred tax for the year	53	-1,052	0	0
Adjustment of tax concerning previous years	48	0	43	0
Adjustment of deferred tax concerning previous years	-43	0	-43	0
	10,593	4,837	-306	-193
Which breaks down as follows:				
Tax on profit/loss for the year	9,656	5,885	-306	-193
Tax on changes in equity	937	-1,048	0	0
	10,593	4,837	-306	-193

NOTE 7 – INTANGIBLE ASSETS

EUR'000	Acquired rights	Customer relations	Goodwill	Total
GROUP				
Cost at 1 May	435	5,753	62,172	68,360
Additions for the year	0	0	1,175	1,175
Disposals for the year	-435	0	0	-435
Cost at 30 April 2023	0	5,753	63,347	69,100
Impairment losses and amortisation at 1 May	108	1,278	2,072	3,458
Amortisation for the year	0	1,918	3,108	5,026
Reversal of amortisation of disposals for the year	-108	0	0	-108
Impairment losses and amortisation at 30 April 2023	0	3,196	5,180	8,376
Carrying amount at 30 April 2023	0	2,557	58,167	60,724
Amortised over	5 years	3 years	20 years	

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

EUR'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
GROUP				
Cost at 1 May	1,896	16,275	668	18,839
Net effect from merger and acquisition	0	0	645	645
Additions for the year	7,164	31,699	4,717	43,580
Disposals for the year	-21	0	-75	-96
Cost at 30 April 2023	9,039	47,974	5,955	62,968
Impairment losses and amortisation at 1 May	22	582	435	1,039
Depreciation for the year	159	1,217	2,414	3,790
Reversal of impairment and depreciation of sold assets	-20	0	-75	-95
Impairment losses and amortisation at 30 April 2023	161	1,799	2,774	4,734
Carrying amount at 30 April 2023	8,878	46,175	3,181	58,234
Depreciated over	30 years	5-10 years	5 years	

NOTE 9 – INVESTMENTS IN SUBSIDIARIES

EUR'000	PARENT COMPANY	
	2022/23	2021/22
Cost at 1 May	111,775	0
Additions for the year	1,059	111,776
Cost at 30 April 2023	112,834	111,776
Value adjustments at 1 May	9,974	0
Exchange adjustment	176	123
Net profit/loss for the year	26,146	17,685
Dividend to the Parent Company	-5,500	0
Other equity movements, net	3,764	-4,764
Amortisation of goodwill, etc.	-4,604	-3,070
Value adjustments at 30 April 2023	29,956	9,974
Carrying amount at 30 April 2022	142,790	121,750
Positive differences arising on initial measurement of subsidiaries at net asset value	66,659	66,659

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
CM Biomass Partners A/S	Nordhavn, Denmark	DKK 2,133,333	100%

NOTE 10 – INVESTMENTS IN ASSOCIATES

EUR'000	GROUP	
	2022/23	2021/22
Cost at 1 May	10,317	0
Net effect from merger and acquisition	0	7,647
Additions for the year	3,026	2,781
Disposals for the year	0	-112
Cost at 30 April 2023	13,343	10,316
Value adjustments at 1 May	459	0
Disposals for the year	0	62
Exchange adjustment	-348	-22
Net profit/loss for the year	3,254	397
Dividends received	-3,005	0
Other adjustments	0	22
Value adjustments at 30 April 2023	360	459
Carrying amount at 30 April 2023	13,703	10,775

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Savanna Pellet Port LLC	Georgia, US	50%
Douglas Pellets LLC	Georgia, US	50%
Effingham Pellets LLC	South Carolina, US	50%
Ideal Pellets LLC	Georgia, US	50%
Huntsville Pellets LLC	Texas, US	50%
Brookhaven Pellets LLC	Mississippi, US	50%

All associates listed above are associates to the Group.

NOTE 11 – OTHER FIXED ASSET INVESTMENTS

EUR'000	GROUP
	Deposits
Cost at 1 May	1,950
Disposals for the year	-1,905
Cost at 30 April 2023	45
Carrying amount at 30 April 2023	45

NOTE 12 – INVENTORIES

EUR'000	GROUP	
	2022/23	2021/22
Finished goods and goods for resale	86,110	41,837
Prepayments for goods	7,110	6,224
	93,220	48,061

NOTE 13 – PROVISION FOR DEFERRED TAX

EUR	GROUP		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
Provision for deferred tax at 1 May	-1,092	0	0	0
Amounts recognised in the income statement for the year	10	-1,092	-43	0
Other movements	1,201	0	0	0
Provision for deferred tax at 30 April	119	-1,092	-43	0

The recognised tax asset mainly consists of timing differences relating to intangible and tangible assets.

NOTE 14 – PREPAYMENTS

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

NOTE 15 – DISTRIBUTION OF PROFIT

EUR'000	PARENT COMPANY	
	2022/23	2021/22
Reserve for net revaluation under the equity method	21,834	16,589
Retained earnings	-1,378	-2,657
	20,456	13,932

NOTE 16 – OTHER PROVISIONS

The Group has provided for loss-making contracts. All amounts expects to fall due within one year.

EUR	GROUP	
	2022/23	2021/22
Provision in year	0	1,800
	0	1,800

NOTE 17 – 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:

EUR'000	GROUP		PARENT COMPANY	
	2022/23	2021/22	2022/23	2021/22
CREDIT INSTITUTIONS				
Between 1 and 5 years	32,508	17,561	14,640	17,561
Long-term part	32,508	17,561	14,640	17,561
Within 1 year	59,389	19,908	3,000	3,000
Short-term part	59,389	19,908	3,000	3,000
	91,897	37,469	17,640	20,561
PAYABLES TO OWNERS AND MANAGEMENT				
Between 1 and 5 years	15,119	14,612	15,119	14,612
Long-term part	15,119	14,612	15,119	14,612
Within 1 year	0	0	0	0
Short-term part	0	0	0	0
	15,119	14,612	15,119	14,612
OTHER PAYABLES				
Between 1 and 5 years	476	19,941	0	19,941
Long-term part	476	19,941	0	19,941
Other short-term payables	14,422	28,295	80	18
Short-term part	14,422	28,295	80	18
	14,898	48,236	80	19,959

Aerial view of our facility in Brookhaven, Mississippi.



NOTE 18 – 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:

EUR'000	GROUP	
	2022/23	2021/22
Assets	0	0
Liabilities	1,849	7,182

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 TEUR -1,849.

NOTE 19 – CASH FLOW STATEMENT - ADJUSTMENTS

EUR'000	GROUP	
	2022/23	2021/22
Financial income	0	-1,688
Financial expenses	7,690	1,538
Depreciation, amortisation and impairment losses, including losses and gains on sales	8,778	4,495
Income from investments in associates	-3,254	-131
Tax on profit/loss for the year	9,656	4,837
Other adjustments	-1,889	0
	20,981	9,051

NOTE 20 – CASH FLOW STATEMENT - CHANGE IN WORKING CAPITAL

EUR'000	GROUP	
	2022/23	2021/22
Change in inventories	-45,159	-15,782
Change in receivables	848	-25,955
Change in other provisions	-1,800	1,800
Change in trade payables, etc.	-3,132	45,238
Fair value adjustments of hedging instruments	4,259	-6,108
	-44,984	-807

NOTE 21 – CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

EUR'000	GROUP	
	2022/23	2021/22
RENTAL AND LEASE OBLIGATIONS		
Lease obligations under operating leases.		
Total future lease payments:		
Within 1 year	4,212	2,383
Between 1 and 5 years	3,743	1,667
	7,955	4,050

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 is disclosed in the Annual Report of SelfGenerations T ApS, which is the management company of the joint taxation purposes. 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.

NOTE 22 – RELATED PARTIES

CONTROLLING INTEREST

Torben Østergaard-Nielsen	Ultimate principal shareholder
SelfGenerations T ApS	Ultimate parent company
A/S United Shipping & Trading Company	Parent company

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.

CONSOLIDATED FINANCIAL STATEMENTS

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
SelfGenerations T ApS	Turbinevej 10, 5500 Middelfart
A/S United Shipping & Trading Company	Turbinevej 10, 5500 Middelfart

Finished good silos at our facility in Jackson, Alabama.



NOTE 23 — FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

In accordance with section 96(3) of the Danish Financial Statements Act, fees paid to the auditors appointed at the annual general meeting has been omitted as it is included in the consolidated financial statements of A/S United Shipping and Trading Company A/S.

NOTE 24 — SUBSEQUENT EVENTS

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

NOTE 25 — ACCOUNTING POLICIES

The Annual Report of CM Biomass Holding A/S for 2022/23 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 2022/23 are presented in TEUR.

Correction of material misstatement

Correction has been made of material misstatements concerning previous years. Management has noted that recognition and measurement of investments in subsidiaries have been incorrect in the previous financial year. Correction has been made in the Company's equity in the Annual Report for 2022/23 in this respect, and the Company's comparative figures have been restated accordingly.

In respect of financial year 2021/22, the Company's income from investments in subsidiaries and profit/loss after tax have been affected negatively by EUR 1,974K. Investments in subsidiaries have been reduced by EUR 1,974K and at 1 May 2022 the Company's equity is negatively affected by EUR 1,974K.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, CM Biomass 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

NOTE 25 — ACCOUNTING POLICIES (CONTINUED)

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

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.

Translation policies

Euro 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.

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.

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 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 the Group's other Danish Companies. The tax effect of the joint taxation is allocated to 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 20 years.

Acquired rights and customer relations are measured at the lower of cost less accumulated amortisation and recoverable amount. Acquired rights are amortised over 5 years and customer relations are amortised over 3 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 reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	30 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	5 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 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 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 EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

NOTE 25 – ACCOUNTING POLICIES (CONTINUED)

Other fixed asset investments

Other fixed asset investments consist of deposits.

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, raw materials and consumables 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 comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

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

Provision

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.

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 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.

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.

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

$$\text{Gross margin} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin} = \frac{\text{Profit before financials} \times 100}{\text{Revenue}}$$

$$\text{Return on assets} = \frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

$$\text{Return on equity} = \frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$

Cashew truck loading in Abidjan Ivory Coast.



The background of the page is a close-up, slightly blurred image of numerous light-brown biomass pellets. The pellets are cylindrical and have a rough, textured surface. They are scattered across the entire page, creating a consistent, naturalistic theme.

MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today presented and adopted the Annual Report of CM Biomass Holding A/S for the financial year 1 May 2022 – 30 April 2023.

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

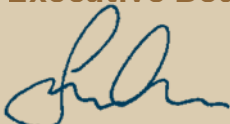
In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 April 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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.

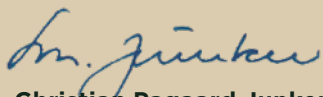
Middelfart, 16 June 2023

Executive Board



Simon Christensen
Chief Executive Officer

Board of directors



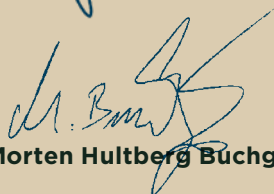
Christian Pagaard Junker
Chairman



Jan Flemming Bech Andersen



Simon Christensen



Morten Hultberg Buchgreitz



Nina Østergaard Borris

The background of the page is a dark, textured image of biomass pellets, which are small, cylindrical pieces of compressed organic material. The pellets are light brown or tan in color and are scattered across the entire page, creating a dense, granular pattern. The lighting is somewhat dim, giving the image a moody, industrial feel.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CM Biomass 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 30 April 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 May 2022 - 30 April 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of CM Biomass Holding A/S for the financial year 1 May 2022 - 30 April 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 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.

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 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.
- 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.

Trekantområdet, 16 June 2023

PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab

CVR No 33 77 12 31



Jens Weiersøe Jakobsen
State Authorised Public Accountant
mne30152



Lasse Berg
State Authorised Public Accountant
mne35811

Truck discharging at our Jackson pellet plant.







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