CM Biomass Holding A/S

Turbinevej 10, DK-5500 Middelfart

Annual Report for 1 May 2021 - 30 April 2022

CVR No 41 72 26 14

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/6 2022

Christian Pagaard Junker
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CM Biomass Holding A/S for the financial year 1 May 2021 - 30 April 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021/22.

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, 30 June 2022

Executive Board

Simon Christensen
Executive Officer

Board of Directors

Christian Pagaard Junker Chairman	Jan Flemming Bech Andersen	Simon Christensen
Morten Hultberg Buchgreitz	Nina Østergaard Borris	

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 2022 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 2021 - 30 April 2022 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 2021 - 30 April 2022, 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Claus Damhave
State Authorised Public Accountant
mne34166

Company Information

The Company	CM Biomass Holding A/S Turbinevej 10 DK-5500 Middelfart CVR No: 41 72 26 14 Financial period: 1 May - 30 April Incorporated: 30 September 2020 Financial year: 2nd financial year Municipality of reg. office: Middelfart
Board of Directors	Christian Pagaard Junker, Chairman Jan Flemming Bech Andersen Simon Christensen Morten Hultberg Buchgreitz Nina Østergaard Borris
Executive Board	Simon Christensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	Group	
	2021/22	2020/21
	TEUR	TEUR
Key figures		
Profit/loss		
Revenue	409.764	0
Operating profit/loss	20.462	0
Profit/loss before financial income and expenses	20.462	0
Net financials	281	0
Net profit/loss for the year	15.906	0
Balance sheet		
Balance sheet total	212.082	149
Equity	71.923	53
Cash flows		
Cash flows from:		
- operating activities	18.597	-149
- investing activities	-113.532	0
including investment in property, plant and equipment	-19.461	0
- financing activities	96.507	149
Change in cash and cash equivalents for the year	1.572	0
Number of employees	89	0
Ratios		
Gross margin	8,4%	0,0%
Profit margin	5,0%	0,0%
Return on assets	9,6%	0,0%
Solvency ratio	33,9%	35,6%
Return on equity	44,2%	0,0%

See the description under accounting policies.

Management's Review

Key activities

The CM Biomass Holding Group (hereinafter "CMB Group") supplies utilities and distributors byacting as the main aggregator between manufacturers and customers. In addition, CMB Group has recently entered the long-term contracts segment, complemented by investments in 7 CMB Group manufacturing facilities in the US along with 1 in Denmark.

Development in the year

The income statement of the Group for 2021/22 shows a profit of EUR 15,905,854, and at 30 April 2022 the balance sheet of the Group shows equity of EUR 71,922,527.

The financial result for the year is above expectations and Management considers it to be very satisfactory. CMB Group continued to ramp up its US production also acquiring three wood pellet plants in the Southeast from Mohegan Renewable Energy.

In 2021 United Shipping & Trading Company(hereinafter "USTC") acquired a majority stake in the CMB Group. USTC owns 60% of CMB Group, while the remaining 40% is held by the existing partners including CM Holding, who maintains an active role in the CMB Group's strategic and operational development of the CMB Group.

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

In 2021/22, CMB Group delivered a result that was higher than the expectations. 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.

Foreign exchange risks

A proportion of the Group'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 CMB Group's supply lines, the forecast for 2022/23 is uncertain. The completion of ongoing projects and ramp up of production as well as further development of new 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 a reduced business volume and a significantly lower yet positive result before tax of ordinary operation.

Management's Review

Statement of corporate social responsibility

Business model

Since 2009, CMB Group has actively engaged in the global transition towards a greener future through biomass. CMB Group is a leading independent provider of physical wood pellets and other biomass products, with more than 4 million MT of wood pellets traded and approximately 0.7million MT installed wood pellets production capacity as of April 2022.

CMB Group 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.

CMB Group has increased its focus on sourcing and pellet manufacturing in North America during the past year and expects to continue this trend. Additionally, we expect our geographical expansion in Asia to continue growing in line with Asia's generally expected demand growth.

Market overview

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

CMB Group identifies a significant business prospect and job creation in the industry of green energy technologies. The increased prevalence of biomass energy, including the use of wood processing residues, production, aggregation, and delivery of biomass, is expected to entail social and economic development of the involved regions. CMB Group engages in development activities to maximize 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 CMB Group is considered strong and growing in a growing market which implies that CMB Group's business prospect is deemed sound and with further potential to increase its activity as well as profitability.

Policies, activities and results

Sustainable Development Goals

CMB Group has committed itself to work dedicated with the UN's Sustainable Development Goals ("SDGs"), enabling dedicated work with sustainability, delivering environmental-, social- and commercial value. CMB Group influences the 17 SDGs directly and indirectly; however, we have 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 CMB Group's business strategy. We are focusing on the following five targets related to the two SDGs.

- 7.2 Increase the share of renewable energyin the global energy mix.

Management's Review

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

Sustainable energy and responsible production are central priority areas for CMB and constitute a natural part of conducting good business. At CMB Group, we contribute with solutions related to renewable energy, energy efficiency and commercial and sustainable production and consumption. In 2021, the primary focus has been on energy optimization of terminals and production facilities, which will continue in 2022. We are continuously working with the two SDGs in relation to our activities to develop our business sustainably and commercially.

Biomass trading

Forestry (External activity)
Properly managed forests and sustainable sourcing are non-negotiable for CMB Group; thus, we have a dedicated sourcing team in place. CMB Group conducts pre-contract and ongoing Due Diligence on its suppliers to ensure compliance 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 a potential supplier to ensure sustainability and quality.

Potential CSR externalities
- Irregularities related to forest management.
- Compliance with internationally accepted practices on human rights
- Corruption in high-risk regions

Sawmills and other wood working manufacturers (External activity)
Certification systems, such as SBP (Sustainable Biomass Program) and FSC (Forest Stewardship Council) ensure the overall sustainability of the supply chain. The feedstock mainly constitutes of forest or processing residues; otherwise, low-grade roundwood is used. Thus, quality wood is not used for wood pellets. Supply chains, especially in high-risk areas, are evaluated to ensure the legality of sources.

Potential CSR externalities
- Compliance with safety requirements and potential accidents at processing plants and pellet productions
- Identification of raw materials procured by subsuppliers from external parties

Wood pellet manufacturers (Core activity)
CMB Group actively supports its suppliers in achieving certifications against internationally recognized voluntary forest and biomass certification schemes and commits to improving suppliers' management

systems and performance at various levels.

Potential CSR risks
- Adhere 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

Value-adding biomass aggregator (Core activity)
Through long-term partnerships and a dedicated sustainability team, CMB Group ensures due diligence processes for suppliers through sustainability reports, contracts, KYC processes and legal documents.

Potential CSR risks
- Potential misconduct by suppliers

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

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

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 sustainability standard

Environment & Climate

CM Biomass policy on the environmentis to incorporate sustainability, efficient use and logistics of raw materials and fuels in everyday business decisions,e.g., in relation to the choice of business partners, agreements with suppliers and identification of opportunities. We strive to integrate the UN SDGs into CMB Group's strategy to ensure that our sustainability commitment is fully engrained in our business practices.

In line with our CSR policy, CMB Group's environmental commitments aim at ensuring the use of sustainable raw materials and recognizing the importance of biodiversity conservation, the preservation of High Conservation Value Forests, and the protection of distinctive and vulnerable forest ecosystems; assessing the sustainability of our partners' raw materials, and also – to the extent possible – favoring technologies and practices that have a minimum impact on the environment.

CMB Group's business is centered around the cascade principle, and we urge our partners to utilize wood resources according to economically sound solutions. We promote internationally recognized forest management certifications and biomass schemes among wood pellet producers. The majority of our wood pellet suppliers are already certified, and the remaining adhere to the EU Timber Regulation (EUTR) and national trade requirements.

CMB Group's policy is to continuously test and research alternative biomass fuels to explore the growing market for CO2neutral energy sources. In 2021, CMB Group continued to work with by-products from sunflower, peanuts, olives, bagasse, and shea, with the most focus on sunflower husk pellets and peanut hull pellets. Both of these byproducts have no other stable market and would otherwise be in high risk of becoming landfill waste.

Going forward in 2022/23, our ambition is to continuously implement SDG-related initiatives in our operations, working with the USTC ESG framework extending our focus and incorporating hard data and targets for the most material topics going forward.

Human rights

Good business conduct at CMB Group has always been part of the DNA; however, the increasing expansion of the business has called upon a formalization of a Code of Conduct to ensure common reference across the organization. Hence, a Code of Conduct has been established, putting forward a set of values and guidelines based on business economic, environmental, and social responsibilities, according to which employees and representatives are expected to behave.

CMB Group respects human, social and professional rights as listed in the UN's Guiding Principles on Business and Human Rights (UNGPs), and do not violate them. The right to privacy is a priority at CMB Group and we seek to comply with all aspects of the EU General Data Protection Regulation ("GDPR"). As a result, in 2021 and the years before, no human rights violations were identified through our industry frameworks and audits; ASI, ControlUnion and NEPCon. As our business expands, we continue to strengthen our practices within human rights in line with applicable conventions.

Corruption & bribery

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

CMB Group has due diligence processes inplace to ensure accountability from suppliers. During the due diligence process, CMB Group collects necessary documents, e.g., chain of custody contracts, company procedures and legal documents on a potential supplier. CMB Group 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. Anticorruption procedures and evaluation of internal mitigation measures are a part of CMB Group's annual sustainability audits. We expect the highest integrity standards in all business interactions; thus, contractual provisions against corruption and bribery are stipulated for risky areas.

CMB Group adheres to anti-corruption practices to eliminate corruption. We follow relevant certification schemes to conduct due diligence measures to mitigate the risks of corruption and money laundering – presentin some parts of the industry. Moreover, we invest in long-term business relations to support open and direct communication.

There were no reports of corruption in 2021. However, as CMB Group's operations continue to expand, the need to avoid corruption and mitigate financial risks will increase. Consequently, CM Group has added further resources for internal controlling. Going forward, CMB Group will implement a whistleblower scheme and look for additional measures, including due diligence and KYC (Know Your Customer) processes.

Social Impact & Employee Welfare

CMB Group policy is to provide good working conditions and fair terms to all employees. To continuously improve employee satisfaction and safeguard personal development, CMB Group maintains a flat organizational 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 CMB Group 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, CMB Group 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, we wish to encourage an open dialogue on all issues related to CM Group's business methods, compliance with CMB Group's policies or issues that are considered illegal. Hence, a whistleblower scheme is implemented in Q2 2022 as a supplement to the direct and daily communication to ensure a safe environment in which employees within CMB Group 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.

CMB Group's Covid-19 pandemic response has been to introduce procedures to minimize the dissemination of the disease. Local sites under CMB Group ownership have carried out actions in accordance with local regulation to avoid the spread of Covid-19. The pandemic has demanded a significant amount of flexibility from the employees, with some appreciating working from home, and others being frustrated due to, e.g., lack of social contact. CMB Group has continuously sought to adopt measures for employees and externals to enable physical meetings when possible.

CMB Group continues to have a relatively low staff turnover in 2021/22 at 6,8%, compared to 7,1% in 2020. This is a positive indicator of a good work environment considering thedynamic markets CMB Group operates in. Several social initiatives have taken place throughout 2021/22 to sustain a good work environment and keep engagement levels high while complying with local safety requirements. CMB Group has focused on nurturing and developing trust between employees and business partners to decrease the psychological distance and bureaucracy while increasing performance. CMB Group has for years supported students with cases for their theses, student employment and internships. In 2021/22, CMB Group had an average of 4 student assistants compared to 2 in 2020.

In 2022/23, we are introducing CM Coaching Community to provide opportunities for our employees to continuously develop their professional and personal competencies. We believe 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 our employees grow.

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 publicly available statistics e.g., prices, rates, and other business data related to our business units. Thus, CMB Group does not buy or process personal data from third parties and does not personalize products or services. We conduct internal assessments annually on data processing and ensure continuous awareness of data ethics where relevant through workshops.

Statement on gender composition

The Board of Directors 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, CMB Group 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.

CM Biomass Holding A/S does not account for the proportion of the underrepresented gender in the company's other management levels since CM Biomass Holdings A/S has employed fewer than 50 employees in the financial year. CM Biomass Holdings A/S respects equal treatment unconditionally; however, it should be noted that CMB Group has a very low employee turnover rate and that changes will not be made with the sole purpose of meeting equal gender composition targets. It is however our clear ambition to develop and implement a specific plan and policy towards achieving equal gender composition in the board. These are to be fully developed no later than January 1, 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.

Subsequent events

On May 9, 2022 CMB Group received approval from Danish Competition and Consumer Authority for the purchase of Ekman wood pellet plant in Vildbjerg, Denmark.

Besides this, no other material subsequent events have occurred.

Income Statement 1 May - 30 April

	Note	Group 2021/22 EUR	Group 2020/21 EUR	Parent company 2021/22 EUR	Parent company 2020/21 EUR
Revenue	1	**409.763.723**	**0**	**0**	**0**
Expenses for raw materials and consumables		-369.752.370	0	0	0
Other external expenses		-5.655.466	-420	-9.242	-420
Gross profit/loss		**34.355.887**	**-420**	**-9.242**	**-420**
Staff expenses	2	-9.398.904	0	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-4.495.057	0	0	0
Profit/loss before financial income and expenses		**20.461.926**	**-420**	**-9.242**	**-420**
Income from investments in subsidiaries		0	0	16.588.931	0
Income from investments in associates		130.871	0	0	0
Financial income	3	1.688.231	0	0	0
Financial expenses	4	-1.537.973	0	-866.498	0
Profit/loss before tax		**20.743.055**	**-420**	**15.713.191**	**-420**
Tax on profit/loss for the year	5	-4.837.201	92	192.663	92
Net profit/loss for the year		**15.905.854**	**-328**	**15.905.854**	**-328**

Balance Sheet 30 April

Assets

		Group		Parent company	
	Note	2021/22	2020/21	2021/22	2020/21
		EUR	EUR	EUR	EUR
Acquired rights		326.629	0	0	0
Customer relations		4.474.591	0	0	0
Goodwill		60.099.312	0	0	0
Intangible assets	6	**64.900.532**	**0**	**0**	**0**
Land and buildings		1.874.855	0	0	0
Plant and machinery		15.693.240	0	0	0
Other fixtures and fittings, tools and equipment		2.206.867	0	0	0
Property, plant and equipment	7	**19.774.962**	**0**	**0**	**0**
Investments in subsidiaries	8	0	0	123.723.881	0
Investments in associates	9	10.776.327	0	0	0
Deposits	10	1.950.000	0	0	0
Fixed asset investments		**12.726.327**	**0**	**123.723.881**	**0**
Fixed assets		**97.401.821**	**0**	**123.723.881**	**0**
Inventories	11	**48.061.185**	**0**	**0**	**0**
Trade receivables		51.882.652	0	0	0
Receivables from group enterprises		0	53.792	3.433.902	53.792
Receivables from associates		33.507	0	0	0
Other receivables		5.887.188	95.006	0	95.006
Deferred tax asset	12	1.092.535	0	0	0
Corporation tax		996.977	0	192.663	0
Corporation tax receivable from group enterprises		0	92	0	92
Prepayments	13	5.154.727	0	0	0
Receivables		**65.047.586**	**148.890**	**3.626.565**	**148.890**
Cash at bank and in hand		**1.571.795**	**0**	**719.810**	**0**
Currents assets		**114.680.566**	**148.890**	**4.346.375**	**148.890**
Assets		**212.082.387**	**148.890**	**128.070.256**	**148.890**

Balance Sheet 30 April

Liabilities and equity

		Group		Parent company	
	Note	2021/22	2020/21	2021/22	2020/21
		EUR	EUR	EUR	EUR
Share capital		286.889	53.792	286.889	53.792
Share premium account		60.371.145	0	60.371.145	0
Reserve for net revaluation under the equity method		0	0	11.947.899	0
Reserve for exchange rate adjustments		122.943	0	0	0
Reserve for hedging transactions		-4.763.975	0	0	0
Retained earnings		15.905.525	-328	-683.406	-328
Equity		**71.922.527**	**53.464**	**71.922.527**	**53.464**
Other provisions	15	1.800.000	0	0	0
Provisions		**1.800.000**	**0**	**0**	**0**
Credit institutions		17.560.589	0	17.560.589	0
Payables to owners and Management		14.611.597	0	14.611.597	0
Other payables		19.941.331	0	19.941.331	0
Long-term debt	16	**52.113.517**	**0**	**52.113.517**	**0**
Credit institutions	16	19.907.673	0	3.000.000	0
Trade payables		32.010.414	0	0	0
Payables to group enterprises		1.015.659	95.006	1.015.659	95.006
Corporation tax		5.016.723	0	0	0
Other payables	16,17	28.295.874	420	18.553	420
Short-term debt		**86.246.343**	**95.426**	**4.034.212**	**95.426**
Debt		**138.359.860**	**95.426**	**56.147.729**	**95.426**
Liabilities and equity		**212.082.387**	**148.890**	**128.070.256**	**148.890**

Balance Sheet 30 April

Liabilities and equity

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Reserve for exchange rate adjustments	Reserve for hedging transactions	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Equity at 1 May	53.792	0	0	0	0	-329	53.463
Exchange adjustments	0	0	0	122.943	0	0	122.943
Cash capital increase	233.097	60.371.145	0	0	0	0	60.604.242
Fair value adjustment of hedging instruments, end of year	0	0	0	0	-4.763.975	0	-4.763.975
Net profit/loss for the year	0	0	0	0	0	15.905.854	15.905.854
Equity at 30 April	**286.889**	**60.371.145**	**0**	**122.943**	**-4.763.975**	**15.905.525**	**71.922.527**

Statement of Changes in Equity

Parent company

	Share capital	Share premium account	Reserve for net revaluation under the equity method	Reserve for exchange rate adjustments	Reserve for hedging transactions	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Equity at 1 May	53.792	0	0	0	0	-329	53.463
Cash capital increase	233.097	60.371.145	0	0	0	0	60.604.242
Exchange adjustments relating to foreign entities	0	0	122.943	0	0	0	122.943
Other equity movements	0	0	-4.763.975	0	0	0	-4.763.975
Net profit/loss for the year	0	0	16.588.931	0	0	-683.077	15.905.854
Equity at 30 April	**286.889**	**60.371.145**	**11.947.899**	**0**	**0**	**-683.406**	**71.922.527**

Cash Flow Statement 1 May - 30 April

	Note	Group 2021/22 EUR	Group 2020/21 EUR
Net profit/loss for the year		15.905.854	-328
Adjustments	18	9.051.130	-92
Change in working capital	19	-806.931	-148.378
Cash flows from operating activities before financial income and expenses		**24.150.053**	**-148.798**
Financial income		1.688.231	0
Financial expenses		-1.537.973	0
Cash flows from ordinary activities		**24.300.311**	**-148.798**
Corporation tax paid		-5.703.278	0
Cash flows from operating activities		**18.597.033**	**-148.798**
Purchase of property, plant and equipment		-19.461.018	0
Fixed asset investments made etc		-2.781.219	0
Business acquisition		-91.289.898	0
Cash flows from investing activities		**-113.532.135**	**0**
Repayment of payables to associates		-1.419.506	0
Raising of loans from credit institutions		21.789.911	0
Raising of loans from group enterprises		920.653	95.006
Raising of loans from owners and Management		14.611.597	0
Cash capital increase		60.604.242	53.792
Cash flows from financing activities		**96.506.897**	**148.798**
Change in cash and cash equivalents		**1.571.795**	**0**
Cash and cash equivalents at 1 May		0	0
Cash and cash equivalents at 30 April		**1.571.795**	**0**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.571.795	0
Cash and cash equivalents at 30 April		**1.571.795**	**0**

Notes to the Financial Statements

		Group		Parent company	
		2021/22	2020/21	2021/22	2020/21
		EUR	EUR	EUR	EUR
1	**Revenue**				
	Geographical segments				
	Revenue, Denmark	89.781.137	0	0	0
	Revenue, outside Denmark	319.982.586	0	0	0
		409.763.723	**0**	**0**	**0**

		Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
2	**Staff expenses**				
	Wages and salaries	8.218.893	0	0	0
	Pensions	177.627	0	0	0
	Other social security expenses	263.921	0	0	0
	Other staff expenses	738.463	0	0	0
		9.398.904	**0**	**0**	**0**
	Including remuneration to the Executive Board and Board of Directors	**930.759**	**0**	**0**	**0**
	Average number of employees	**89**	**0**	**0**	**0**

		Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
3	**Financial income**				
	Exchange gains	1.688.231	0	0	0
		1.688.231	**0**	**0**	**0**

		Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
4	**Financial expenses**				
	Other financial expenses	1.537.973	0	866.498	0
		1.537.973	**0**	**866.498**	**0**

5 Tax on profit/loss for the year

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR
Current tax for the year	5.889.258	-92	-192.663	-92
Deferred tax for the year	-1.052.057	0	0	0
	4.837.201	**-92**	**-192.663**	**-92**

6 Intangible assets

Group

	Acquired rights	Customer relations	Goodwill	Total
	EUR	EUR	EUR	EUR
Cost at 1 May	0	0	0	0
Exchange adjustment	51.559	0	0	51.559
Net effect from merger and acquisition	383.252	0	0	383.252
Additions for the year	0	5.753.046	62.171.702	67.924.748
Cost at 30 April	434.811	5.753.046	62.171.702	68.359.559
Impairment losses and amortisation at 1 May	0	0	0	0
Amortisation for the year	108.182	1.278.455	2.072.390	3.459.027
Impairment losses and amortisation at 30 April	108.182	1.278.455	2.072.390	3.459.027
Carrying amount at 30 April	**326.629**	**4.474.591**	**60.099.312**	**64.900.532**
Amortised over	5 years	3 years	20 years	

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	EUR	EUR	EUR	EUR
Cost at 1 May	0	0	0	0
Exchange adjustment	263	0	2.068	2.331
Net effect from merger and acquisition	15.367	0	1.433.924	1.449.291
Additions for the year	1.890.089	16.275.097	1.295.832	19.461.018
Disposals for the year	-9.237	0	-89.797	-99.034
Cost at 30 April	1.896.482	16.275.097	2.642.027	20.813.606
Impairment losses and depreciation at 1 May	0	0	0	0
Exchange adjustment	0	27.141	0	27.141
Depreciation for the year	21.627	554.716	435.160	1.011.503
Impairment losses and depreciation at 30 April	21.627	581.857	435.160	1.038.644
Carrying amount at 30 April	**1.874.855**	**15.693.240**	**2.206.867**	**19.774.962**
Depreciated over	30 years	5-10 years	5 years	

Notes to the Financial Statements

	Parent company	
	2021/22	2020/21
	EUR	EUR

8 Investments in subsidiaries

	2021/22 EUR	2020/21 EUR
Cost at 1 May	0	0
Additions for the year	111.775.982	0
Cost at 30 April	111.775.982	0
Value adjustments at 1 May	0	0
Exchange adjustment	122.943	0
Net profit/loss for the year	19.658.516	0
Other equity movements, net	-4.763.975	0
Amortisation of goodwill etc.	-3.069.585	0
Value adjustments at 30 April	11.947.899	0
Carrying amount at 30 April	**123.723.881**	**0**
Positive differences arising on initial measurement of subsidiaries at net asset value	66.659.078	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
CM Biomass Partners A/S	Nordhavn, Denmark	100%

Notes to the Financial Statements

9 Investments in associates

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR
Cost at 1 May	0	0	0	0
Net effect from merger and acquisition	7.647.334	0	0	0
Additions for the year	2.781.219	0	0	0
Disposals for the year	-111.272	0	0	0
Cost at 30 April	10.317.281	0	0	0
Value adjustments at 1 May	0	0	0	0
Disposals for the year	62.095	0	0	0
Exchange adjustment	-21.482	0	0	0
Net profit/loss for the year	396.688	0	0	0
Other adjustments	21.745	0	0	0
Value adjustments at 30 April	459.046	0	0	0
Carrying amount at 30 April	**10.776.327**	**0**	**0**	**0**

Investments in associates are specified as follows:

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

Notes to the Financial Statements

10 Other fixed asset investments

	Group
	Deposits
	EUR
Cost at 1 May	0
Net effect from merger and acquisition	1.950.000
Cost at 30 April	1.950.000
Carrying amount at 30 April	**1.950.000**

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR

11 Inventories

	Group 2021/22 EUR	Group 2020/21 EUR	Parent company 2021/22 EUR	Parent company 2020/21 EUR
Finished goods and goods for resale	41.837.102	0	0	0
Prepayments for goods	6.224.083	0	0	0
	48.061.185	**0**	**0**	**0**

12 Deferred tax asset

	Group 2021/22 EUR	Group 2020/21 EUR	Parent company 2021/22 EUR	Parent company 2020/21 EUR
Deferred tax asset at 1 May	0	0	0	0
Amounts recognised in the income statement for the year	1.092.535	0	0	0
Deferred tax asset at 30 April	**1.092.535**	**0**	**0**	**0**

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

13 Prepayments

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

Notes to the Financial Statements

14 Distribution of profit

	Parent company 2021/22	Parent company 2020/21
	EUR	EUR
Reserve for net revaluation under the equity method	16.588.931	0
Retained earnings	-683.077	-328
	15.905.854	**-328**

15 Other provisions

The Group has provided for loss-making contracts.

	Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
	EUR	EUR	EUR	EUR
Provision in year	1.800.000	0	0	0
	1.800.000	**0**	**0**	**0**

16 Long-term debt

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

The debt falls due for payment as specified below:

	Group 2021/22	Group 2020/21	Parent company 2021/22	Parent company 2020/21
Credit institutions				
Between 1 and 5 years	17.560.589	0	17.560.589	0
Long-term part	17.560.589	0	17.560.589	0
Within 1 year	19.907.673	0	3.000.000	0
	37.468.262	**0**	**20.560.589**	**0**
Payables to owners and Management				
Between 1 and 5 years	14.611.597	0	14.611.597	0
Long-term part	14.611.597	0	14.611.597	0
Within 1 year	0	0	0	0
	14.611.597	**0**	**14.611.597**	**0**

Notes to the Financial Statements

16 Long-term debt (continued)

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR
Other payables				
Between 1 and 5 years	19.941.331	0	19.941.331	0
Long-term part	19.941.331	0	19.941.331	0
Other short-term payables	28.295.874	420	18.553	420
	48.237.205	**420**	**19.959.884**	**420**

17 Derivative financial instruments

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

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR
Liabilities	7.182.160	0	0	0

Forward exchange contracts have been concluded to hedge future sale of goods in foreign currencies. At the balance sheet date, the fair value of the forward exchange contracts amounts to TEUR -7.182.

	Group	
	2021/22	2020/21
	EUR	EUR
18 Cash flow statement - adjustments		
Financial income	-1.688.231	0
Financial expenses	1.537.973	0
Depreciation, amortisation and impairment losses, including losses and gains on sales	4.495.058	0
Income from investments in associates	-130.871	0
Tax on profit/loss for the year	4.837.201	-92
	9.051.130	**-92**

19 Cash flow statement - change in working capital

Change in inventories	-15.782.292	0
Change in receivables	-25.954.538	-148.798
Change in other provisions	1.800.000	0
Change in trade payables, etc	45.237.559	420
Fair value adjustments of hedging instruments	-6.107.660	0
	-806.931	**-148.378**

20 Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2021/22	2020/21	2021/22	2020/21
	EUR	EUR	EUR	EUR
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	2.382.638	0	0	0
Between 1 and 5 years	1.666.667	0	0	0
	4.049.305	**0**	**0**	**0**

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.

Notes to the Financial Statements

21 Related parties

	Basis
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.

Apart from intercompany transactions and usual management remuneration during the year there have been notransactions with the Board of Directors, Executive Board, executives, major shareholders affiliates or otherrelated parties.

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

22 Fee to auditors appointed at the general meeting

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

Notes to the Financial Statements

23 Subsequent events

On May 9, 2022 CMB Group received approval from Danish Competition and Consumer Authority for the purchase of Ekman wood pellet plant in Vildbjerg, Denmark.

Besides this, no other material subsequent events have occurred.

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of CM Biomass Holding A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The consolidated financial statements are presented for the first time for the financial year 2021/22 and does not include comparative figures.

The Consolidated and Parent Company Financial Statements for 2021/22 are presented in EUR.

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.

Notes to the Financial Statements

24 **Accounting Policies** (continued)

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.

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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:

Other buildings	5	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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

Provisions

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

Deferred tax assets and liabilities

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

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

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.

Notes to the Financial Statements

24 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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