

Registered number: 08460063

Greenergy Biofuels Teesside Limited

Unaudited annual report and financial statements for the year ended 31 December 2023

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Officers and professional advisors

Directors

P T Bateson (resigned 10 June 2024, re-appointed 22 August 2024)
A J Traeger
P Curtis (resigned 20 August 2024)
M D Whittle (appointed 10 June 2024)

Company secretary

R W Clifton (resigned 30 May 2024)

Registered number

08460063

Registered office

198 High Holborn
London, United Kingdom
WC1V 7BD

Solicitors

Macfarlanes LLP
20 Cursitor Street
London, United Kingdom
EC4A 3DF

Bankers

Lloyds Bank plc
25 Gresham Street
London, United Kingdom
EC2V 7HN

Strategic report

The Directors present their strategic report and the financial statements for the year ended 31 December 2023.

Principal Activity

The Company's principal activity during the year was the operation of a biofuel production plant to process renewable fuel products on behalf of its fellow Group company, Greenergy Fuels Limited.

Business Review

As at 31 December 2023, Greenergy Biofuels Teesside Limited ("the Company") was part of the Greenergy group of companies ("the Group"), headed by BCP IV UK Fuel Holdings Limited (formerly Greenergy Group Holdings Limited), a leading waste-based renewables manufacturer, and a one of the major petrol and diesel suppliers in the UK. The Group is also a major supplier, manufacturer and trader of biofuels and has supporting supply and trading operations outside of the UK.

Subsequent to the balance sheet date, the Group undertook a restructure and entered into a binding agreement to sell its core trading and retail operations, the group headed by Greenergy Halo Holdings III Limited, to Trafigura Group Pte. Ltd. The sale completed on 31 July 2024. Following the completion of the transaction, Trafigura Control Holdings Pte. Ltd., a company incorporated in Singapore, became the ultimate controlling party of the Company.

The Company reported an increase in revenue to £37,880,000 (2022: £32,244,000) and an increase in gross profit to £7,673,000 (2022: £3,908,000). Tolling agreements were increased in the year to cover significant projected costs for the year ended 31 December 2023, arising from high electricity and methanol prices at the end of 2022. As the year progressed, the Company experienced savings in these areas. Net assets increased to £11,963,000 as at 31 December 2023 (31 December 2022: £10,100,000) as a result of the profit for the year.

Who we are

Our purpose is to drive transport decarbonisation through continued leadership in waste-derived renewables.

Our mission is to deliver long-term value for stakeholders through the production and distribution of waste-derived renewable transportation fuels.

We do this by:

- Delivering change through innovation: developing and driving renewable projects
- Evolving our supply chain: maintaining quality and reliable supply
- Retaining strong customer relationships: honesty and transparency in how we work
- Acting responsibly and being accountable: doing no harm to people or place.

Our values – respect, ownership, care and integrity – underpin every interaction we have, whether with colleagues, customers, suppliers and the communities in which we operate.

Biodiesel manufacturing

We manufacture biodiesel at our production facility at Teesside, producing biodiesel from a wide range of waste oils and fats. This facility has allowed us to:

- Produce high-quality biodiesel from a wide variety of lower-cost and lower-quality waste materials that we had previously been unable to use, such as recovered oils from sewers and fat traps.
- Reduce our raw material costs.
- Improve manufacturing margins.
- Increase the amount of biodiesel we manufacture by improving throughput, so we can meet more of our biodiesel supply requirements from our own production and reduce our requirement to purchase from third parties.

We continue to build on our position as a leading European waste-based biodiesel manufacturer, investing in our own production to further improve efficiency and continuing to evaluate lower-carbon renewable projects to support the energy transition.

Strategic report (continued)

Biodiesel raw material supply

Following on from the market constraints experienced in 2022, disruptions to raw material supply continued throughout 2023. As legislative blending obligations increased once more in the UK, Europe and North America, demand for waste feedstock grew significantly, putting additional pressure on margins. With high costs and constraints on available feedstocks, biodiesel plants across Europe were forced to shut down for a period.

We source waste-oils globally to manage our raw material costs and source a wide range of waste oils best suited to meet our technical quality and sustainability specifications. Supply of waste oils continued to be constrained throughout 2023.

Future developments

We continue to expand our manufacturing operations through additional investments at our plants to increase output and operational efficiency.

Ongoing process and technical enhancements improve the efficiency of our plants, increase output and allow us to optimise our biodiesel blends whilst reducing our raw material costs. This is essential for us to achieve our own carbon emission targets.

Process Safety

Safety underpins everything we do. We maintain a strong reporting culture across the business – from high hazard operating sites to offices.

Approach

Our approach to safety is underpinned by our approach to process integrity. Process integrity (PI) covers health, personal and process safety, quality, environment, security, management of change and compliance matters, and all employees at Greenergy have a vital role to play in process integrity. New starters, including contractors are rapidly introduced to the Greenergy culture of open and honest reporting, and safety walks are undertaken across all locations by staff across all levels, including the Leadership Team.

We continue to operate a comprehensive central reporting system that supports the systematic investigation of each reported observation and event. This allows us to identify lessons learned from individual events, as well as broader trends to ensure we are correcting issues that have the potential to lead to injuries, asset damage, environmental impacts of significant business impacts.

Every incident is shared across Greenergy's management team, and safety performance reports are compiled weekly and reviewed by the senior management team to ensure full scrutiny and to enable knowledge sharing. Where we gain important learning from events, this information is communicated across the Group through noticeboards, weekly management meetings, the intranet and employee app, monthly safety bulletins, toolbox talks and other meetings as part of our policy of prevention and continual improvement.

We continue to review, extend and improve our Safe Operating Standards to provide a structured and consistent approach to safety across all of our operations. Continual improvement in the standards is driven by our Process Integrity team.

Our PI management systems focus on the prevention of unwanted events, however we recognise the potential for such event to occur and the need to be prepared for them. All of our sites and operations have effective emergency management plans in place, and review and test these plans on a regular basis. Our Group Crisis Management Plan is also reviewed, updated and tested regularly, to provide management with clear processes to facilitate effective decision making in a crisis.

Strategic report (continued)

Principal risks and uncertainties

Principal risk factors

The Company operates in a global industry exposed to risk from a variety of sources. These risk areas pose challenges to all parties involved in oil markets and supply. The Company invests heavily in risk management to identify and implement responses as mitigants.

The risks we face in our business, and the action we take to mitigate those risks, are formalised in a risk register which is reviewed regularly by the Risk Committee on behalf of the Board.

The principal risks to the Group that represent risks for the Company are discussed below. We operate a numerical range for magnitude of impact and likelihood of occurrence after mitigation, with 1 being negligible/low and 5 being extreme/expected. Principal risks identified are considered risk of occurrence in the next 12-24 months.

| | | |
|--|---|---|
| Health, safety and environmental incidents Our operations involve the storage and processing of fuel products and the movement of these products by ship, train and truck, and includes deliveries to both customer and retail sites. These activities bring us into contact with members of the public and the environment. | | Mitigating action The personal health and safety of our staff and customers is our top priority. Safety is embedded in our culture and all staff understand their responsibility, and are empowered to operate safely. We focus on preventing major pollution, injury and/or loss of life due to systems or equipment failure through process management. Our Group Process Integrity function oversees our global operations and sets the standard for all activities. Personal and process management systems are based on best industry practice and implemented at both corporate and country level. We audit across all businesses on an appropriate timeline. Our approach is to ensure all activities are assessed, people trained, and all incidents are reported. Investigations are in an atmosphere of ownership and responsibility. |
| Magnitude of impact 4.5 (2022: 4.5) | Responsibility All staff, Executive Directors and Process Integrity Committee | Magnitude of impact after mitigation 3 (2022: 3) |
| Likelihood of occurrence 4 (2022: 4) | | Likelihood of occurrence after mitigation 2.5 (2022: 2.5) |

Strategic report (continued)

Principal risks and uncertainties (continued)

| | | |
|---|---|---|
| Climate change Climate change is identified as a principal risk in recognition of low carbon transition impacts and potential physical impacts of climate change. Risks associated with climate change and the transition to a lower carbon economy will affect markets, policy, technology, reputational and physical risks. Broadly, transition risks have been identified as posing the greatest potential impact on Greenergy's business and strategy. Physical risks pose less of risk to Greenergy in the short and medium term but have the potential to increase. | | Mitigating action Our climate impact assessment has provided a more granular understanding of risks and subsequently increased the comparative importance of climate change as a principal risk. Greenergy is committed to delivering sustainable solutions for transportation through the energy transition. Climate is already embedded in the way we think about our strategy and how we manage and respond to risks. Greenergy has welcomed the CFD framework to help guide development of its internal assessment of climate related risks and opportunities. This will be used to inform an ongoing review of the measures required to manage exposure and seize the associate opportunities. Our project pipeline supports our resilience through the climate transition. Diversification of our products we offer will also minimise the effect of changing customer demands. Ensuring the Group's resilience to physical climate hazards is a primary aspect of the Business Continuity Plans developed for each site. In addition, investment in climate adaptation measures ensures the Group can enhance its preparedness and ensure resilience. Greenergy is decarbonising our own operations, implementing energy efficiency measures and switching to renewable or lower-carbon energy sources at our plants and terminals. Longer term, we believe emerging technologies will be needed to further reduce emissions in our direct operations. |
| Magnitude of impact 4.5 (2022: 4) | Responsibility Executive Directors, ESG Committee and Head of ESG | Magnitude of impact after mitigation 3 (2022: 2) |
| Likelihood of occurrence 4.5 (2022: 4) | | Likelihood of occurrence after mitigation 4 (2022: 3.5) |

| | | |
|--|---|--|
| Business continuity Unforeseen extreme events are by their nature difficult to predict but have potential to cause severe impact on business performance and customer service. Geopolitical risk continues to have an active impact on markets adding to global uncertainty. Rising social tensions also have the potential to disrupt local supply chains. Recent world events such as the pandemic, sanctions on Russia and unrest in the Middle East, highlight the importance of planning and preparation of unforeseen events and our ability to respond. | | Mitigating action The Group has a well-established and communicated crisis management plan, which gives a structured response to unforeseen events and detailed plans to ensure business continuity. This includes the setting up of response teams to co-ordinate a structured response for longer-term situations. Comprehensive disaster recovery processes are tested regularly, which allow business operations to continue in the event of a disruption that impacts our critical systems or office locations. Office staff are well equipped to work remotely with secure access to all resources. As demonstrated through the pandemic, we were able to maintain operations to ensure continuous fuel supply for customers, drawing on our crisis plans to implement new ways of working to protect our colleagues and the public in our business operations. |
| Magnitude of impact 4.5 (2022: 4) | Responsibility Executive Directors and the Senior Management Team | Magnitude of impact after mitigation 3 (2022: 2) |
| Likelihood of occurrence 4 (2022: 4.5) | | Likelihood of occurrence after mitigation 3 (2022: 3) |

Strategic report (continued)

Principal risks and uncertainties (continued)

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|---|--|---|---|
| Regulatory The Group is exposed to regulatory changes in all the regions in which it operates. These can significantly impact the cost of supplying fuel to the end-user, and it may not always be possible to pass on additional costs through our supply chain. Any change to global sanctions and tariffs can also disrupt our supply chain, increasing costs. With emission trading schemes being introduced or expanded, and increased reporting requirements under the Corporate Sustainability Reporting Directive, there will be significant changes to regulations in the years ahead. Examples of historical changes have included: <ul style="list-style-type: none">• The UK's Renewable Transport Fuel Obligation (RTFO) obligation scheme which sets out the requirements to blend biofuels into road fuel• Ireland's Biofuel Obligation Scheme which sets out the requirements to blend biofuels into road fuels• The UK standard moving from an E5 standard to E10 (maximum 10% ethanol for gasoline) in 2021. | | Mitigating action Our global supply chain allows us optionality to switch product sourcing between regions as required. We have multiple sourcing and delivery locations for all of our feedstock, components and products, ensuring security of supply to our customers. We continue to work with governments in the regions we operate to prepare for any changes and minimise any potential disruptions for our customers. As Europe's largest manufacturer of biodiesel from waste, we are uniquely positioned to meet growing demand for biofuels from higher UK blending obligations from our own plants, and we continue to explore renewables from waste projects to support transport decarbonisation. | |
| Magnitude of impact 3.5 (2022: 3.5) | Responsibility Executive Directors and relevant Board sub-committees | Magnitude of impact after mitigation 3 (2022: 3) | Likelihood of occurrence after mitigation 2 (2022: 2) |
| Likelihood of occurrence 3 (2022: 3) | | | |

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|---|--|--|---|
| IT Security The profile and therefore the risk of cyber-attack is increasing for businesses globally. Threats present themselves in many forms, including viruses or targeted emails which create data integrity issues or loss of data, leading to inaccurate reporting or financial loss. Unauthorised access to systems either internally or externally create risk of loss of data and exposure under GDPR legislations. Greenergy operates in a connected world and with data driving many of our operations, risks to IT security threaten to disrupt our operations impacting on our ability to service our customers. | | Mitigating action We work with leading external security specialists to improve our technology, staff awareness and involve multiple layers of security to protect the business. Participation in specialist Government/industry committees provides additional notification and ensures we remain aligned with industry best practice. Our systems retain the same security and access restrictions in a remote working environment as they do when physically present in the office and as such are well structured for the new ways of working in response to the pandemic. Our information security strategy is reviewed at Board level. | |
| Magnitude of impact 4 (2022: 4) | Responsibility Board, Executive Directors and Head of IT | Magnitude of impact after mitigation 4 (2022: 4) | Likelihood of occurrence after mitigation 3.5 (2022: 3) |
| Likelihood of occurrence 5 (2022: 5) | | | |

Strategic report (continued)

Principal risks and uncertainties (continued)

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| Loss of key staff Loss of key staff would mean loss of knowledge and skills to the Group. | | Mitigating action Staff retention and succession planning is carried out with a focus on both culture and financial reward, including an established performance related pay scheme. With the acceleration of the energy transition, it is important that all staff understand our strategy for the future and their role within in. The Group recognises the need to engage staff, along with training and retraining our people to ensure they are skilled for the transition. We have a strong focus on wellness and mental health supported by a number of initiatives including an employee assistance helpline. There is good management connection and team building between different offices and a long-serving senior management team. Our business preparedness plans review our dependence on key staff and our ability to respond to events to ensure staff are available to maintain business continuity. | |
| Magnitude of impact 3 (2022: 3) | Responsibility Executive Directors | Magnitude of impact after mitigation 2 (2022: 2) | Likelihood of occurrence after mitigation 2 (2022: 2) |
| Likelihood of occurrence 4 (2022: 4) | | | |

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|--|---|---|---|
| Liquidity risk Greenergy operates in a capital-intensive industry. Market volatility can lead to increased calls on working capital as security for our ongoing operations. Sustained higher levels of inflation and cost of funding can put further pressure on near term liquidity As the world looks to decarbonise, there is increasing pressure for companies to satisfy ESG lending requirements and the risk of decreasing access to working capital for the oil and gas sector in the low carbon transition. | | Mitigating action The Group has access to various working capital facilities which have been sized appropriately to provide sufficient liquidity in higher price environments. We monitor the utilisation of capital within all areas of the business to ensure that resources are appropriately allocated. The impact on working capital of our trading terms and operations is built into strategic decision making across the group. Customers are actively managed to ensure that the costs of providing working capital is built into commercial assessments. | |
| Magnitude of impact 4 (2022: 3) | Responsibility Chief Financial Officer and treasury | Magnitude of impact after mitigation 3 (2022: 3) | Likelihood of occurrence after mitigation 3 (2022: 3) |
| Likelihood of occurrence 4 (2022: 4) | | | |

Strategic report (continued)

Principal risks and uncertainties (continued)

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| Currency risk We purchase fuel products mainly in US Dollars and Euros. Because the international oil markets generally price in US Dollars, and our customers generally wish to purchase fuel products in their domestic currency, there can be a significant foreign currency exchange risk inherent in our business. Without mitigating action, the nature of our business creates significant currency exposure, particularly as we expand further into new markets and operations, and this has increased in recent years. | | Mitigating action To eliminate transactional foreign exchange risk, our treasury department ensures that, at all times, the financial assets denominated in a particular currency match the financial liabilities denominated in the same currency. As a further control, balance sheets for each of our major currencies are prepared on a monthly basis and any surplus assets or liabilities are hedged as appropriate. In response to market and exchange risks we continue to develop and refine our internal control processes and hedging mechanisms. Our experience in managing market volatility provides us with the expertise to manage any increase currency volatility. | |
| Magnitude of impact 4.5 (2022: 4.5) | Responsibility Chief Financial Officer and Treasury | Magnitude of impact after mitigation 2 (2022: 2) | |
| Likelihood of occurrence 4.5 (2022: 4.5) | | Likelihood of occurrence after mitigation 2.5 (2022: 2.5) | |
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Strategic report (continued)

Principal risks and uncertainties (continued)

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|--|---|--|
| <p>Bribery and corruption, codes of conduct, ethics and good governance</p> <p>The business sources product globally from a wide variety of suppliers, counterparties, agents and intermediaries.</p> <p>As we expand internationally, we sell to customers on increasingly complex terms with the number of counterparties connected to transactions increasing.</p> <p>There is a need to ensure compliance with domestic and international rules around full disclosure of business dealings, codes of conduct and controls on facilitation and equivalent payments (such as those stipulated in the UK under the Bribery Act 2010).</p> | | <p>Mitigating action</p> <p>The Group has in place clear and company-wide policies to inform and set limitations and prohibitions, including reporting of conflicts of interest, a gift register, a record of supplier/customer entertainment and regular ethics/ABC training sessions. Staff across the business undertake annual training to ensure awareness.</p> <p>We identify any roles, which may be considered to be high risk and ensure those staff members particularly are aware of the requirements placed on them. We also require our suppliers and other business partners to comply with applicable laws and expect them to follow equivalent ethical business standards as stated in our <i>Business conduct and ethics principles for business partners</i>, including a zero-tolerance approach to bribery and corruption.</p> <p>The Group has established a "Whistleblowers helpline" to allow staff to report concerns anonymously and we have rolled out a process of agreement to a code of conduct by all non-driver staff.</p> |
| <p>Magnitude of impact</p> <p>3 (2022: 2)</p> | <p>Responsibility</p> <p>Board, Executive Directors and the Ethics Committee</p> | <p>Magnitude of impact after mitigation</p> <p>2 (2022: 2)</p> |
| <p>Likelihood of occurrence</p> <p>3 (2022: 3)</p> | | <p>Likelihood of occurrence after mitigation</p> <p>2 (2022: 2)</p> |

Strategic report (continued)

Principal risks and uncertainties (continued)

| | | | |
|--|--|---|---|
| Counterparty risk Our global supply chain means that we transact with a wide range of counterparts around the world. Failure of any of these parties to perform could affect our results. There is also the risk that counterparts behave in a fraudulent or unethical manner, including failure to adopt processes to identify and mitigate human rights and modern slavery risks, placing our supply chain at risk, exposing the company to increased risk of litigation as well as compromising our ability to comply with mandated sustainability schemes. The current financial environment has placed pressure on a number of businesses, particularly those with highly leveraged balance sheets. Corporate insolvency rates are increasing, approaching levels not seen since the 2008 financial crisis. | | Mitigating action We have a robust KYC process on all new counterparts to ensure that companies not previously known to the Group are thoroughly checked. Our risk committee monitors and sets appropriate trading levels for all counterparts ensuring that risks of trading are well managed and reported. We use third party auditors and adopt standards such as the ISCC to ensure that our biofuel supply chain is compliant with the regulations of the UK RTFO scheme. These standards include issues such as human and labour rights, emissions and environmental management practices. We focus on knowing our suppliers and maintain regular contact through our purchasing, sustainability, and credit teams. Credit insurance is maintained where considered appropriate. We proactively manage our counterparty risk and exposure daily. Drawing on our strong relationships with counterparts, we can quickly identify counterparts that may be experiencing increased cash flow pressure. As sanctions have been introduced against Russia, we have proactively reviewed our KYC process on both new and existing counterparties to ensure compliance. As new due diligence regulations are introduced in key markets, and expected to cover environment and human rights and modern slavery, our KYC process will be essential to identify these risks within our counterparties. | |
| Magnitude of impact 4 (2022: 4) | Responsibility Risk Committee | Magnitude of impact after mitigation 2.5 (2022: 2) | Likelihood of occurrence after mitigation 4 (2022: 3.5) |
| Likelihood of occurrence 4.5 (2022: 4) | | | |
| Product quality issues The supply of fuel failing to meet quality standards could lead to significant reputational damage and remediation costs. | | Mitigating action The risk of a field quality issue is minimised through extensive operational controls embedded within our quality management system and certified to ISO 9001. This includes independent product quality tests on receipt of product, in tank and prior to releasing product for customer deliveries. Our own procedures go above and beyond national standards. | |
| Magnitude of impact 3.5 (2022: 3.5) | Responsibility Process Integrity Committee | Magnitude of impact after mitigation 1.5 (2022: 1.5) | Likelihood of occurrence after mitigation 1.5 (2022: 1.5) |
| Likelihood of occurrence 3.5 (2022: 3.5) | | | |

Strategic report (continued)

Principal risks and uncertainties (continued)

| | | | |
|---|---|---|--|
| Biofuel compliance risk Across our markets, producers and importers of gasoline and diesel have various renewable fuels obligations that must be met either through the creation or purchase of renewable credits. In the UK and Ireland this is regulated by their respective Renewable Transport Fuel Obligations (RTFO), and in Canada, by the Clean Fuels Regulations. To count towards our biofuel supply obligations under different regulations in each region, biofuels must meet independently audited sustainability and carbon requirements. | | Mitigating action We own and operate a number of biodiesel production locations. Our manufacturing facilities are certified by the ISCC sustainability and carbon system, making the biodiesel we produce automatically compliant with RTFO criteria. We work with feedstock suppliers to implement our ISCC accreditation in their supply chain. We have invested upstream in the supply chain providing us with greater visibility of our biofuel supply chain and increased confidence of its sustainability data. We comply with all regulations, in all regions in which we operate. | |
| Magnitude of impact 4 (2022: 4) | Responsibility Chief Financial Officer and the Risk Committee | Magnitude of impact after mitigation 4 (2022: 4) | Likelihood of occurrence 3 (2022: 3) |
| Likelihood of occurrence 3 (2022: 3) | | Likelihood of occurrence after mitigation 2 (2022: 2) | |
| Availability of renewable products The energy transition has been accelerated by availability of new products and legislation changes to meet government targets. In countries where we operate, demand for alternative products such as HVO, hydrogen and higher percentage biodiesel blends is increasing. Increasing demand for renewables is also increasing competition to procure waste feedstock, such as used cooking oil. | | Mitigating action Already Europe's largest manufacturer of biodiesel, we work with suppliers and customers to understand their transition strategies and provide reliable supply of renewable fuels. Our previous investments in feedstock sourcing allow us to source feedstock globally for our operational plants, even amidst increasing competition for oils. We are working closely with our customers to understand their transition plans and provide a range of fuel options through the transition – such as high percentage biofuel blends and HVO. | |
| Magnitude of impact 3 (2022: 3) | Responsibility Board | Magnitude of impact after mitigation 3 (2022: 3) | Likelihood of occurrence 3 (2022: 3) |
| Likelihood of occurrence 3 (2022: 3) | | Likelihood of occurrence after mitigation 3.5 (2022: 3.5) | |

Strategic report (continued)

Key performance indicators

The Company uses a number of key performance indicators to evaluate the overall performance of the Company from a financial and operations perspective. The Company's key performance indicators during the year were as follows:

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|----------------------|-----------------------------------|-----------------------------------|
| Revenue (£'000) | 37,880 | 32,244 |
| Gross profit (£'000) | 7,673 | 3,908 |
| Net assets (£'000) | 11,963 | 10,100 |

Increase and revenue and gross profit is due to elevated tolling agreements for the year-ended 31 December 2023, driven by historic highs in energy and chemical prices at the end of 2022. As the year progressed, the Company experienced savings in these areas, resulting in significant profits being made. Net assets improved as a result of the loss in the year.

Approved by the board of Directors and signed on its behalf by:

A J Traeger
Director

16 September 2024

Directors' report

The Directors present Directors' report and the financial statements for the year ended 31 December 2023.

Results and dividends

The Company made a loss for the financial year of £1,863,000 (2022: loss of £1,544,000). No dividend has been declared in the current year (2022: £nil).

Going concern

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The Directors of the group headed by Greenergy Halo Holdings III Limited have issued a written commitment stating that no entity within the group will call due an intercompany debt for which the corresponding creditor does not have sufficient resources to meet their obligation. Furthermore, the Company has received a written commitment from a sister company, Greenergy Fuels Limited, that it will continue to provide sufficient funding as required. Both commitments are for a period of at least 14 months from the date that the financial statements are authorised for issue.

For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

Financial risk management

The financial risk management programme of the Company, including liquidity risk, market risk, credit risk, foreign exchange risk, is detailed within the principal risks and uncertainties section of the strategic report.

Post Balance Sheet Events

Post balance sheet events of the Company are detailed in note 24 of the financial statements.

Future developments

Going forward the business intention is to continue to invest in upgrades to the production facility in order to maximise throughput capabilities, improve reliability and yields, and increase the profitability of our operations.

Directors

The Directors who served during the year and up to the date of this report were as follows:

P T Bateson (resigned 10 June 2024, re-appointed 22 August 2024)

A J Traeger

P Curtis (resigned 20 August 2024)

M D Whittle (appointed 10 June 2024)

Greenergy International Limited on behalf of the Company has made qualifying third-party indemnity provisions for the benefit of its directors and the directors of other group undertakings, which were made during the year and remain in place at year end.

Directors' report (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework."

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position, performance, business model and strategy.

This report was approved by the board for issuance and signed on its behalf by:

A J Traeger
Director
16 September 2024

Income Statement
For the year ended 31 December 2023

| | Note | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|-----------------------------------|------|--|--|
| Revenue | 3 | 37,880 | 32,244 |
| Cost of sales | | (30,207) | (28,336) |
| Gross profit | | 7,673 | 3,908 |
| Distribution costs | | (1,614) | (2,337) |
| Administrative expenses | | (4,047) | (3,738) |
| Other operating income | | 81 | 80 |
| Operating profit/(loss) | | 2,093 | (2,087) |
| Finance income | 6 | 748 | 479 |
| Finance costs | 7 | (424) | (473) |
| Profit/(loss) before tax | 4 | 2,417 | (2,081) |
| Income tax (charge)/credit | 8 | (554) | 537 |
| Profit/(loss) for the year | | 1,863 | (1,544) |

The results stated above are all derived from continuing operations.

The notes on pages 18 – 34 are an integral part of these financial statements.

There were no other items of comprehensive income or expense for the year ended 31 December 2023 (31 December 2022: none) and accordingly, no separate statement of other comprehensive income has been presented.

Balance sheet
As at 31 December 2023

| | | 31 December 2023 | 31 December 2022 |
|---------------------------------------|------|---------------------|---------------------|
| | Note | £'000 | £'000 |
| Non-current assets | | | |
| Intangible assets | 9 | 6 | 19 |
| Property, plant and equipment | 10 | 5,106 | 5,712 |
| Right-of-use assets | 11 | 11,989 | 11,506 |
| | | <u>17,101</u> | <u>17,237</u> |
| Current assets | | | |
| Inventories | 12 | 294 | 407 |
| Trade and other receivables | 13 | 38,151 | 31,260 |
| Cash and cash equivalents | 14 | 1 | 31 |
| | | <u>38,446</u> | <u>31,698</u> |
| Total assets | | <u>55,547</u> | <u>48,935</u> |
| Current liabilities | | | |
| Trade and other payables | 15 | (29,940) | (25,804) |
| Interest-bearing loans and borrowings | 16 | (33) | - |
| Lease liabilities | 17 | (1,187) | (1,012) |
| | | <u>(31,160)</u> | <u>(26,816)</u> |
| Net current assets | | <u>7,286</u> | <u>4,882</u> |
| Non-current liabilities | | | |
| Lease liabilities | 17 | (12,037) | (11,640) |
| Deferred tax | 18 | (387) | (379) |
| | | <u>(12,424)</u> | <u>(12,019)</u> |
| Net assets | | <u>11,963</u> | <u>10,100</u> |
| Equity | | | |
| Issued capital | 19 | - | - |
| Retained earnings | | 11,963 | 10,100 |
| Total equity | | <u>11,963</u> | <u>10,100</u> |

The notes on pages 18 – 34 are an integral part of these financial statements.

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were authorised for issue by the board of Directors on 16 September 2024 and were signed on its behalf by:

A J Traeger
Director

Statement of changes in equity
For the year ended 31 December 2023

| | Issued capital £'000 | Retained earnings £'000 | Total equity £'000 |
|---|-------------------------|----------------------------|-----------------------|
| Balance at 31 December 2021 | - | 11,644 | 11,644 |
| Comprehensive income | | | |
| Loss and total comprehensive loss for the financial year | - | (1,544) | (1,544) |
| Balance at 31 December 2022 | - | 10,100 | 10,100 |
| Comprehensive income | | | |
| Profit and total comprehensive income for the financial year | - | 1,863 | 1,863 |
| Balance at 31 December 2023 | - | 11,963 | 11,963 |

The notes on pages 18 - 34 are an integral part of these financial statements.

Retained earnings represents the cumulative balance of earnings not distributed.

Notes to the financial statements

1. Summary of business and material accounting policies

General business description

Greenergy Biofuels Teesside Limited (the "Company") is a private Company limited by shares, incorporated in the UK under the Companies act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The Company's main activity is the operation of a biofuel production plant to process fuel products.

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework (FRS 101)' and the Companies Act 2006.

The financial statements are presented in Pound Sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- information relating to the entities objectives, policies and processes for managing capital (IAS 1.134-136);
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IFRS 3 Business Combinations;
- IAS 36 Impairment of Assets;
- IFRS 15 Revenue from Contracts with Customers (including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations);
- IFRS 16 Leases (the maturity analysis of lease liabilities, as required by paragraph 58 of IFRS 16 Leases, has not been disclosed separately as details of indebtedness required by Companies Act has been presented separately for lease liabilities in note 17;
- All the disclosure requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IFRS 13 Fair value measurement;
- the requirements of paragraph 17 and 15A of IAS 24 'Related party disclosures' (key management);
- the requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets; and
- the requirement to present new standards, amendments and interpretations that have not yet been adopted.

Where relevant, equivalent disclosures have been given in the Group financial statements of Greenergy Fuels Holdings Limited. The financial statements of Greenergy Fuels Holdings Limited can be obtained from its registered address stated at 198 High Holborn, London, WC1V 7BD.

Going concern

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

The Directors of the group headed by Greenergy Halo Holdings III Limited have issued a written commitment stating that no entity within the group will call due an intercompany debt for which the corresponding creditor does not have sufficient resources to meet their obligation. Furthermore, the Company has received a written commitment from a sister company, Greenergy Fuels Limited, that it will continue to provide sufficient funding as required. Both commitments are for a period of at least 14 months from the date that the financial statements are authorised for issue.

For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

Notes to the financial statements (continued)

1. Summary of business and material accounting policies (continued)

Foreign currency

a) *Functional and presentation currency*

The financial statements are presented in Pounds Sterling, which is the Company's functional and presentational currency.

b) *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement within cost of sales and administrative expenses.

Non-monetary assets and liabilities that are measured at historical cost and denominated in a foreign currency are translated into the functional currency using the rates of exchange as at the dates of the initial transactions.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and/or accumulated impairment losses, if any.

Historical cost includes the original purchase price or construction cost, any costs directly attributable to bringing the asset to its working condition for its intended use and the initial estimate of any decommissioning obligation, if any, and borrowing costs.

Depreciation is calculated using the straight-line method and charged to write off the cost less the estimated residual value by equal instalments over their estimated useful lives. The useful lives of the Company's property, plant and equipment are as follows:

| | |
|---------------------|-----------------|
| Plant and machinery | - 2 to 20 years |
| Office equipment | - 2 to 5 years |
| Motor Vehicles | - 2 to 5 years |
| Buildings | - 2 to 10 years |

Depreciation is not charged on assets which are under construction or on plant and machinery which has yet to be successfully commissioned until such time that the asset is in a working condition for its intended use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised with 'Other operating income' in the income statement.

Notes to the financial statements (continued)

1. Summary of business and material accounting policies (continued)

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: loans and receivables. The Company determines the classification of its financial assets upon initial recognition.

(b) Measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are held at amortised cost using the effective interest rate method under a collect model.

The Company's loans and receivables comprise solely of receivables in the balance sheet.

(c) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on its trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision analysis based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Trade receivables overdue by 90 days or more are provided for in full at the reporting date.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Notes to the financial statements (continued)

1. Summary of business and material accounting policies (continued)

Financial assets (continued)

(c) Impairment of financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Financial liabilities

When a financial liability is recognised initially, the Company measures it at its fair value less, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

All of the Company's financial liabilities are measured at amortised cost using the effective interest method.

Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. At each balance sheet date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the financial statements (continued)

1. Summary of business and material accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, otherwise they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Share premium arose where the amount received for the issue of shares was above nominal value.

Trade payables and accrued liabilities

Trade payables and accrued liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less; otherwise they are presented as non-current liabilities.

Trade payables and accrued liabilities are recognised initially at fair value and subsequently measured at amortised cost.

Current and deferred income taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company operates and generates taxable income.

(b) Deferred taxes

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the financial statements (continued)

1. Summary of business and material accounting policies (continued)

Pension costs

Contributions are made to the personal plans of all applicable employees. The expenditure is charged to the income statement in the period to which it relates.

Revenue recognition

Revenue consists of amounts billed to the Company's sister company, Greenergy Fuels Limited, in respect of the tolling arrangement in place. The Company recognises revenue when it transfers control of a service to a customer. Revenue is recognised for these services based on the stage of completion, which is deemed to be complete on satisfaction of the performance obligations under IFRS 15. Revenue is measured in line with IFRS 15 and is based on the consideration to which the Company expects to be entitled in a contract with a customer, excluding discounts, rebates, value added tax and other sales taxes.

Leases

(a) The Company as lessee

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are presented as a separate line in the statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The categories of the Company's right-of-use assets are as follows:

Buildings
Plant and machinery
Motor vehicles

The useful life of these assets is the duration of the lease to which the asset relates. On average this is 9 years.

Notes to the financial statements (continued)

1. Summary of business and material accounting policies (continued)

Leases (continued)

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liability is presented as a separate line in the statement of financial position.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

New and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

The Company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Notes to the financial statements (continued)

1. Summary of business and material accounting policies (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

There is no impact on the Company from the International tax reform.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted.

Notes to the financial statements (continued)

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in note 1, the directors are required to make judgements which have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and associated assumptions applied within the business are continually evaluated and are based on historical experience, current issues and events, and expectations of future events. Actual results may differ from these estimates.

There are no critical judgements or key sources of estimation uncertainty within the financial statements.

3. Revenue

An analysis of revenue by class of business is as follows:

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|--|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Provision of manufacturing tolling services to a Group company | 37,880 | 32,244 |

All revenue arose within the United Kingdom.

4. Profit/(loss) before tax

The profit/(loss) before tax is stated after charging/(crediting):

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|---|-----------------------------------|-----------------------------------|
| Depreciation of property, plant and equipment | 1,235 | 1,262 |
| Depreciation of right-of-use assets | 1,202 | 1,213 |
| Amortisation of intangible assets | 13 | 13 |
| Employee benefit expense | 3,521 | 3,484 |
| Defined contribution pension cost | 154 | 146 |
| Foreign exchange gain | (135) | (12) |

There were no audit services provided.

Notes to the financial statements (continued)

5. Employee numbers and benefit expense

The average monthly number of persons employed by the Company (including Directors) during the year/period, analysed by category, was as follows:

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|------------------|--------------------------------|--------------------------------|
| | Number | Number |
| Plant operations | 71 | 70 |
| | <u>71</u> | <u>70</u> |

The aggregate payroll costs of these persons were as follows:

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Wages and salaries | 3,183 | 3,149 |
| Social security costs | 338 | 335 |
| Defined contribution pension cost | 154 | 146 |
| | <u>3,675</u> | <u>3,630</u> |

During the current period and prior years, Directors received no emoluments from the Company in respect of qualifying services. All emoluments paid to or received by Directors are paid by another Group company, Greenergy International Limited, in respect of their services as either Directors or employees of that company and it is not deemed practicable to apportion these costs to recharge.

6. Finance Income

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|--|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Interest on loans from other Group companies | 748 | 479 |

7. Finance costs

| | Year ended 31 December 2023 | Year ended 31 December 2022 |
|-----------------------|-----------------------------------|-----------------------------------|
| | £'000 | £'000 |
| Bank interest payable | 1 | - |
| Leases liabilities | 423 | 473 |
| | <u>424</u> | <u>473</u> |

Notes to the financial statements (continued)

8. Taxation

Analysis of charge in year:

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|--|--|
| Current tax | | |
| Current tax on income for the year | - | - |
| Group relief payable/(receivable) | 573 | (331) |
| Adjustments in respect of previous years | (27) | (16) |
| Total current tax charge/(credit) | 546 | (347) |
| Deferred tax | | |
| Origination and reversal of timing differences | (2) | (81) |
| Adjustments in respect of prior years | 10 | (109) |
| Total deferred tax charge/(credit) | 8 | (190) |
| Income tax charge/(credit) | 554 | (537) |

Factors affecting tax charge for period

The total tax charge for the period is lower (31 December 2022: credit is higher) than the standard rate of corporation tax in the UK of 23.50% (31 December 2022: 19%). The differences are explained below:

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|--|--|
| Profit/(loss) before tax | 2,417 | (2,081) |
| At tax rate of 23.52% (2022: 19.00%) | 568 | (395) |
| Effects of: | | |
| Expenses not deductible for tax | 3 | 5 |
| Fixed asset differences | - | (3) |
| Remeasurement of deferred tax for changes in tax rates | - | (19) |
| Adjustments in respect of prior periods | (17) | (125) |
| Total tax charge/(credit) | 554 | (537) |

Factors that may affect future tax charges

Spring Finance Bill 2023 confirmed that the main rate of Corporation Tax increased to 25% from April 2023. Therefore, deferred tax balances continue to be calculated at the rate of 25%.

Notes to the financial statements (continued)

9. Intangible assets

| | Software £'000 |
|---|-------------------|
| Cost | |
| At 31 December 2022 | 74 |
| Additions | - |
| At 31 December 2023 | 74 |
| Amortisation | |
| At 31 December 2022 | (55) |
| Charge for the year | (13) |
| At 31 December 2023 | (68) |
| Net book value at 31 December 2023 | 6 |
| Net book value at 31 December 2022 | 19 |

The amortisation charge for the period forms part of the cost of sales.

10. Property, plant and equipment

| | Assets under construction £'000 | Land and buildings £'000 | Plant and machinery £'000 | Motor Vehicles £'000 | Office equipment £'000 | Total £'000 |
|---|---------------------------------------|--------------------------------|---------------------------------|----------------------------|------------------------------|----------------|
| Cost | | | | | | |
| At 31 December 2022 | 717 | 130 | 12,180 | 24 | 61 | 13,112 |
| Additions | 2 | 2 | 625 | - | - | 629 |
| Reclassifications | (439) | - | 439 | - | - | - |
| At 31 December 2023 | 280 | 132 | 13,244 | 24 | 61 | 13,741 |
| Accumulated depreciation | | | | | | |
| At 31 December 2022 | - | (55) | (7,275) | (9) | (61) | (7,400) |
| Charge for the year | - | (13) | (1,218) | (4) | - | (1,235) |
| At 31 December 2023 | - | (68) | (8,493) | (13) | (61) | (8,635) |
| Net book value at 31 December 2023 | 280 | 64 | 4,751 | 11 | - | 5,106 |
| Net book value at 31 December 2022 | 717 | 75 | 4,905 | 15 | - | 5,712 |

The depreciation charge for the period forms part of the cost of sales.

Notes to the financial statements (continued)

11. Right-of-use assets

| | Land and buildings £'000 | Plant and machinery £'000 | Motor vehicles £'000 | Total £'000 |
|--|--------------------------------|---------------------------------|----------------------------|----------------|
| Right-of-use assets | | | | |
| Cost | | | | |
| At 31 December 2022 | 3,907 | 11,791 | - | 15,698 |
| Additions | 269 | 1,307 | 109 | 1,685 |
| At 31 December 2023 | 4,176 | 13,098 | 109 | 17,383 |
| Accumulated depreciation | | | | |
| At 31 December 2022 | (987) | (3,205) | - | (4,192) |
| Charge for the year | (292) | (890) | (20) | (1,202) |
| At 31 December 2023 | (1,279) | (4,095) | (20) | (5,394) |
| Carrying amount at 31 December 2023 | 2,897 | 9,003 | 89 | 11,989 |
| Carrying amount at 31 December 2022 | 2,920 | 8,586 | - | 11,506 |

The company leases several assets including buildings and motor vehicles. The average lease term is 9 years. The maturity analysis of lease liabilities is presented in note 17.

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|--|--|
| Amounts recognised in profit and loss | | |
| Depreciation expense on right-of-use assets | 1,202 | 1,213 |
| Interest expense on lease liabilities | 423 | 473 |

12. Inventories

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|---------------|--|--|
| Raw Materials | 294 | 407 |

All of the Company's inventories were pledged as security for the Group Senior Facilities Agreement (SFA) at 31 December 2023 (2022: Nil). For more detail refer to note 21.

Notes to the financial statements (continued)

13. Trade and other receivables

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|---|--|--|
| Trade receivables | 63 | 54 |
| Amounts owed by other Group companies | 36,712 | 29,163 |
| Other receivables | 167 | 515 |
| Prepayments and accrued income | 254 | 350 |
| VAT reclaimable | 936 | 1,178 |
| Research and development expenditure credit | 19 | - |
| | 38,151 | 31,260 |

Amounts due from Group undertakings relate to intercompany trading and are unsecured, have no formal repayment plan and as such are classified as current. In the instances where interest is charged on these balances, it is charged at a rate of SONIA plus 4%.

14. Cash and cash equivalents

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--------------|--|--|
| Cash at bank | 1 | 31 |

15. Trade and other payables

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|--|--|
| Trade payables | 1,042 | 1,409 |
| Amounts owed to immediate parent company | 26,181 | 21,864 |
| Other payables | 573 | 2 |
| Accrued expenses | 2,144 | 2,529 |
| | 29,940 | 25,804 |

Amounts due to Group undertakings relate to intercompany trading are unsecured, have no formal repayment plan and as such are classified as current. In the instances where interest is charged on intercompany balances, it is charged at a rate of SONIA plus 4%.

16. Interest-bearing loans and borrowings

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|----------------------|--|--|
| Bank overdrafts – UK | 33 | - |

Notes to the financial statements (continued)

17. Lease liabilities

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--------------------------|--|--|
| Maturity analysis | | |
| Year 1 | 1,592 | 1,391 |
| Year 2 | 1,590 | 1,382 |
| Year 3 | 1,590 | 1,380 |
| Year 4 | 1,585 | 1,380 |
| Year 5 | 1,547 | 1,374 |
| Onwards | 7,458 | 7,987 |
| | 15,362 | 14,894 |
| Less: Unearned interest | (2,138) | (2,242) |
| | 13,224 | 12,652 |
| Analysed as: | | |
| Current | 1,187 | 1,012 |
| Non-current | 12,037 | 11,640 |
| | 13,224 | 12,652 |

18. Deferred taxation

The movement on deferred taxation is as follows:

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--------------------------------|--|--|
| Accelerated capital allowances | (387) | (379) |
| At the end of the year | (387) | (379) |

The deferred taxation balance is made up as follows:

| | Accelerated capital allowances |
|--------------------------------------|--------------------------------------|
| At the beginning of the year | (379) |
| Adjustment in respect of prior years | (10) |
| Current year income statement credit | 2 |
| At the end of the year | (387) |

Notes to the financial statements (continued)

19. Issued capital

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|--|--|--|
| Share classified as equity | | |
| Allotted, called up and fully paid | | |
| 1 (31 December 2022: 1) Ordinary shares at £1 each | - | - |

Total number of shares authorised is equal to the amount allotted, called up and fully paid.

20. Financial commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

| | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|-------------------------------|--|--|
| Property, plant and equipment | 78 | 292 |

21. Assets pledged as collateral

| | Notes | Year ended 31 December 2023 £'000 | Year ended 31 December 2022 £'000 |
|---|-------|--|--|
| Current assets | | | |
| Inventories | 12 | 294 | 407 |
| Trade and other receivables | 13 | 1,420 | 1,747 |
| Cash and cash equivalents | 14 | 1 | 31 |
| Total current assets pledged as security | | 1,715 | 2,185 |
| Non current assets | | | |
| Intangible assets | 9 | 6 | 19 |
| Property, plant and equipment | 10 | 5,106 | 5,712 |
| Total non current assets pledged as security | | 5,112 | 5,731 |

In April 2023, the Group entered into a syndicated loan agreement under the Senior Facilities Agreement (SFA). The SFA consists of a term loan (\$325m) and a revolving credit facility (\$50m) held by Greenergy Halo Holdings III Limited.

As at 31 December 2023, BCP IV UK Fuel Holdings II Limited (formerly Greenergy Halo Holdings II Limited), Greenergy Halo Holdings III Limited, Greenergy International Limited, Greenergy Biofuels Limited, Greenergy Fuels Limited, Greenergy Terminals Limited, Greenergy Amber Holdings Limited, Amber Oil Products Limited, Inver Energy Limited and Greenergy USA Inc. had fixed and floating charges over certain assets pledged as security against the SFA.

Prior to this, the Company's pledged assets were used to secure the Group's previous borrowing facilities.

Notes to the financial statements (continued)

22. Related party transactions

The Company has taken advantage of the exemption under FRS 101 relating to IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.

The following are transactions with Group companies that do not meet the exemption criteria outlined under FRS 101 relating to IAS 24 'Related party disclosures'.

| | <i>Expenditure</i> | |
|-----------------------------|-----------------------------|-----------------------------|
| | 31 December 2023 | 31 December 2022 |
| | £'000 | £'000 |
| Greenergy Flexigrid Limited | - | 1 |

| | <i>Amounts owed by related parties</i> | |
|-----------------------------|--|-----------------------------|
| | 31 December 2023 | 31 December 2022 |
| | £'000 | £'000 |
| Greenergy Flexigrid Limited | 3 | 3 |

The Company has also taken advantage of the exemption available under FRS 101 relating to paragraph 17 and 18A of IAS 24 'Related Party Disclosure' (key management compensation) as this information is disclosed within the financial statements of Greenergy Fuels Holdings Limited.

23. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Greenergy International Limited, a Company incorporated in the UK. As at balance sheet date, the ultimate parent undertaking and controlling party is Brookfield Corporation, a Company incorporated in Canada.

Greenergy Fuels Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2023. Brookfield Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2023.

The consolidated financial statements of Greenergy Fuels Holdings Limited can be obtained from its registered address at 198 High Holborn, London, WC1V 7BD. The consolidated financial statements of Brookfield Corporation can be obtained from its registered address at Suite 300, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

Subsequent to the balance sheet date, there has been a change in the ultimate controlling party as detailed in Note 24.

24. Events after the reporting period

On 3 March 2024, Trafigura Group Pte. Ltd. entered into a binding agreement to acquire the entire issued share capital of a group undertaking Greenergy Halo Holdings III Limited. The transaction completed on 31 July 2024.

Following the completion of the transaction, Trafigura Control Holdings Pte. Ltd., a company incorporated in Singapore, became the ultimate controlling party of the Company.