

Registered number: 08460063

**Greenergy Biofuels Teesside Limited**

Unaudited annual report and financial statements for the year ended 31 December 2021

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## Contents

<i>Officers and professional advisors</i> .....	1
Strategic report .....	2
Directors' report .....	12
Income statement .....	15
Balance sheet .....	16
Statement of changes in equity .....	17
Notes to the financial statements .....	18

## **Officers and professional advisors**

### **Directors**

P T Bateson  
A J Traeger  
P Curtis

### **Company secretary**

R W Clifton

### **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 2021.

### Principal activity

Greenergy Biofuels Teesside Limited ("the Company") is part of the group of companies headed by Greenergy Group Holdings Limited ("the Group") which is a leading renewable and retail fuel supply business. The Group's primary operations are in the UK where it is the largest independent supplier of transportation fuels and it is one of Europe's largest waste based renewable fuel producers. The Group also has an extensive retail and supply footprint in both Canada and Ireland. 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

The company experienced an increase in revenue to £30,503,000 (2020: £25,462,000) and an increase in gross profit. Revenue increase in line with the cost of sales. Net assets also increased to £11,644,000 (2020: £9,903,000) as a result of the profit for the year.

### Our purpose

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

Our business was founded to supply diesel with lower emissions than standard diesel offering significant air quality benefits. As we have grown, we are more than ever committed to reducing emissions in transport fuels.

As Europe's largest manufacturer of waste-based biodiesel, renewables are integral to our core strategy. Our flexible, global supply chain gives us flexibility to source the lowest-cost feedstocks and products, ensuring reliable supply to our market-leading customer portfolio and an extensive retail network.

### Our mission

To deliver long-term value for our stakeholders through the production and distribution of waste-derived renewable transportation fuels.

We do this by:

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

### Our values

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

- Respect
- Ownership
- Care
- Integrity

### Biodiesel manufacturing

We manufacture biodiesel at our production facility at Immingham, 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.

## Strategic report (continued)

### Biodiesel manufacturing margins

Rising demand for renewable transport fuels combined with an expanding global supply of raw materials to give strong biodiesel manufacturing margins.

### 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.

### Health and safety

The sectors in which the Company operates bring a significant level of risk to our daily operations. We move and store fuel internationally. In the UK we also deliver fuel by road to our customers' sites, bringing us into contact with other road users and members of the public at retail forecourts.

The Group of which the Company is a member seeks to minimise the risks inherent in the business through the following:

- Ensuring everyone working in our business is properly trained for the work they do.
- Encouraging all individuals to observe and report hazards, near misses or unwanted events.
- Maintaining a programme of safety, health and environment (SHE) auditing, with regular safety tours by executive Directors and senior managers to all operating sites and offices.
- Investigating each reported observation or event systematically, so that lessons can be learned and trends identified with review and updates to procedures.
- Carrying out detailed assessments of the facilities at customer sites and third party supply terminals. By ensuring that potential hazards are addressed appropriately and by disseminating site-specific information, we can ensure the continued safety and welfare of employees, contractors and customers.

## COVID-19

Our robust operations and the strength of our business positions us to manage the effects of the pandemic and minimise disruptions for our business and our customers.

### *People*

We are committed to protecting the health and safety of our staff and customers at all time. As COVID-19 spread across the world, we made the decision to transition as many of our staff as possible to remote working, ahead of Government lockdowns.

As an essential business, many of our staff continued to attend plants, terminals, scheduling offices and haulage depots. To minimise the risk to these staff, we implemented additional control measures, and continue to review our risk assessments that are specific to each role, location and region.

### *Business continuity*

We maintain a robust business continuity plan that is regularly reviewed and updated based upon the most up-to-date advice.

We also established a COVID-19 Taskforce that is responsible for staying abreast of the changing regulations and requirements, and proactively monitor, propose and implement policies into the business. This ensures we have the most appropriate plans in place to mitigate the impact of COVID-19 on our business, and that of our customers.

### *Demand*

As most of the world introduced movement restrictions in the form of lockdowns to stop the spread of COVID-19 demand fell sharply. Oil and products markets were oversupplied and suffered sharp price declines, resulting in a contango market structure.

In early 2021, as vaccination programmes were introduced, strength returned to oil markets. Demand is expected to increase in our key regions as vaccination programmes are rolled out and travel restrictions from lockdowns end..

### *Suppliers and customers*

We have continued to work closely with our suppliers to ensure continuity of supply for our customers, whilst ensuring the health and safety of our people.

## Strategic report (continued)

### COVID-19 (continued)

As we consider how regions around the world will exit lockdowns, we are confident our planning will ensure we meet our future customer requirements.

Our unique supply chains mean we are best placed to ensure supply resilience for our customers.

#### *Strategic storage*

We have significant fuel storage facilities available to us at our fuel import terminals. We use these facilities to hold significant fuel stocks during contango market conditions, such as those seen in early 2020, when future prices were significantly higher than prompt prices.

#### *Market volatility*

COVID-19 has had an unprecedented effect on the world. We are confident that our experience in managing risk and volatility in our usual business equips us to deal with the challenges from the pandemic.

#### *Renewables*

In 2020 the market for biofuel raw materials and biofuels was significantly impacted by the pandemic.

Despite the decline in road fuel volumes owing to government lockdowns, demand for high quality biofuels such as the ones we produce continued to increase as legislating blending obligations increase in the UK, Europe and North America.

As lockdowns continued around the world, supply of used cooking oil further constricted. Our global sourcing provides us with optionality to source feedstock from different markets and maintain supply during periods of disruption.

2021 saw continued demand for high quality biofuels such as the ones we produce as legislating blending obligations increase in regions around the world. As lockdowns were extended and introduced once more in 2021, supply of used cooking oil remained constricted. Our global sourcing again provided us with optionality to source feedstock from different markets and maintain supply during periods of disruption.

## Ukraine

*Following Russia's invasion of Ukraine, commodity and financial markets have been significantly impacted as the world responds and sanctions are increasingly introduced. The Directors have considered the following impacts on the Company and the Group headed by Greenergy Group Holdings Limited (the Group).*

#### *People*

The devastating tragedy that is unfolding in Ukraine is a humanitarian crisis. As a group, we have donated to the Disasters Emergency Committee and our people have chosen to direct over half of our charitable giving to this fund to help provide food, water, shelter, healthcare and protection.

#### *Markets*

UK and EU refineries together refine enough petrol to meet regional demand, but they do not produce enough diesel, so their output needs to be supplemented by diesel imports from further afield with Russia being the closest available source of supply.

The global supply chain will need time to adapt to these changes. For example, longer transport distances will impact the type and number of ships needed to move fuel and may also require changes to the tankage infrastructure being used to store fuel in different locations.

As economic sanctions have been imposed on many Russian organisations and individuals, commodity and financial markets have been affected as they adjust to these changes. Our robust risk management processes and experience has ensured that we are able to navigate through these challenges.

## Strategic report (continued)

### Ukraine (continued)

#### *Suppliers and customers*

Whilst we do not source from Russian suppliers, some of our suppliers do source diesel products from Russia. We welcome the UK Government's announcement to phase out imports of Russian oil and since the invasion into Ukraine, we have been actively trying to replace Russian diesel with non-Russian diesel to ensure we comply.

We have a responsibility to ensure security of supply in the UK and are continuing to work together with our suppliers and Government to prepare contingencies and minimise any potential disruptions for our customers.

#### *Risk Management*

See principal risks and uncertainties.

#### *Liquidity*

The conflict and subsequent sanctions have resulted in upward pressure on commodity prices and combined with the lengthening of our supply chain to remove Russian diesel, has led to an overall reduction in available liquidity.

Subsequent to year end the Group obtained short-term shareholder working capital support to assist with its peak borrowing requirements. The Group is in active discussions with its banks to further increase the facility limit to ensure sufficient liquidity is available to fund the Group's ongoing working capital requirements.

## Strategic report (continued)

### Risks and uncertainties

#### Principal risk factors

The Group 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 Group invests heavily in the management of these risks and in identifying and implementing responses to those risks.

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 Board.

The principal risks to the Group are discussed in this section. This year, we have changed the metric used to quantify risk to increase transparency, and we see no material changes year on year to the residual risk faced by the business. The numerical range introduced has been used to quantify the magnitude of impact and likelihood of occurrence after mitigation, with 1 being negligible/low and 5 being extreme/expected.

Group risks		
<b>Health, safety and environmental incidents</b>  The personal health and safety of our staff and customers is our top priority, safety is embedded in our culture.  Our operations involve the storage and processing of fuel products and the movement of these products by ship, train and truck, including deliveries to customer sites and retail sales. These activities bring us into contact with members of the public and with the environment.  <i>We focus on preventing major pollution, injury and/or loss of life due to systems or equipment failure.</i>		<b>Mitigating action</b>  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.  As we expand internationally, we apply our auditing 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.
<b>Magnitude of impact<sup>1</sup></b>	<b>Responsibility</b>	<b>Likelihood of occurrence after mitigation<sup>2</sup></b>
4.5	Executive Directors and Head of Process Integrity	2.5

<sup>1</sup> Magnitude of impact is the inherent risk to the business and is unrelated to likelihood of occurrence after mitigation.

<sup>2</sup> Likelihood is the residual chance of occurrence after mitigating actions and is unrelated to magnitude of impact.



## Strategic report (continued)

### Risks and uncertainties (continued)

<b>Climate change</b>  Demand for fossil fuel products is being displaced by demand for renewable fuel products. In most of our markets, notably the UK, Ireland and Canada, this demand shift is being driven by legislation that aims to decrease carbon emissions.  Increased use of electric vehicles will over time reduce the size of the markets in which we operate.  Extreme weather events and rising tides may affect production or supply, particularly in coastal areas.		<b>Mitigating action</b>  Greenergy is already a leading producer and supplier in the waste-derived renewable fuel sector. We see ongoing opportunities for our renewables business, as biofuels and other liquid renewable fuels continue to displace traditional fossil fuels.  We continue to invest in the area, including to bring to market development fuels not previously part of the supply chain, such as the waste tyre and municipal waste projects.  Our market will be impacted in the medium to long term by growth in use of electric vehicles (EVs). The Board is of the view that the risks of demand reduction from EVs are more than offset by the opportunities in liquid renewable fuel production.  There is a very long-term risk to our biodiesel manufacturing facilities and coastal import terminals from rising sea levels, but with current forecasts these are not expected to impact within the economic life of the facilities. The likelihood of our shipping and haulage activities being affected by adverse weather is likely to increase. We will continue to manage our supply chains rigorously to minimise disruption for customers.	
<b>Magnitude of impact</b>	<b>Responsibility</b>		<b>Likelihood of occurrence after mitigation</b>
4	Executive Directors and ESG Committee		3.5
<b>IT security</b>  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, local approaches to GDPR exist in many jurisdictions we operate in including UK, EU and Canada.  The pandemic created an increased risk of cyber-attack particularly through complex social engineering attacks as much of the workforce moved to a remote working platform this has continued into 2022 with increased threat arising from the invasion of Ukraine.		<b>Mitigating action</b>  We work with leading external security specialists to improve our technology, staff awareness and evolve 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.  In 2021 we migrated our financials to a cloud based system, by moving to the most current and well supported version of the software we take advantage of the most up to date security measures.  Our information security strategy is reviewed at Board level.	
<b>Magnitude of impact</b>	<b>Responsibility</b>		<b>Likelihood of occurrence after mitigation</b>
4	Executive Directors and Head of IT		3

## Strategic report (continued)

### Risks and uncertainties (continued)

<b>Regulatory</b>  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. The ongoing situation in Ukraine impacts on global supply increasing the cost of sourcing fuel in compliance with sanctions.  Any change to global sanctions and tariffs can also disrupt our supply chain, increasing costs.  Examples of historical changes have included: <ul style="list-style-type: none"><li>• The UK's Renewable Transport Fuel Obligation (RTFO) and Greenhouse Gas (GHG) obligation schemes which set out the requirements to blend biofuels into road fuel</li><li>• The UK standard moving from an E5 standard to E10 (maximum 10% ethanol for gasoline) in 2021.</li><li>• The exit from the United Kingdom from the European Union (Brexit) in 2020.</li></ul>		<b>Mitigating action</b>  Our global supply chain allows us to switch product sourcing between regions as required. We have multiple sourcing and delivery locations for all our products, allowing us to provide reliable low-cost supply into any of our supply destinations.  As Europe's largest manufacturer of biodiesel from waste, we are well placed to meet growing demand resulting from higher UK blending obligations. We operate three biodiesel plants in the UK and the Netherlands.  We continue to invest in projects to meet the RTFO legislation that requires a growing portion of biofuels to be derived from development fuels, such as our waste tyre project which is currently in development.	
<b>Magnitude of impact</b>  3.5	<b>Responsibility</b>  Executive Directors	<b>Likelihood of occurrence after mitigation</b>  2	
<b>Loss of key staff</b>  Loss of key staff would mean loss of knowledge and skills to the Group. As we expand, the need for the strength and depth of the senior management increases.  The Group's response to COVID-19 has reinforced the ability of the workforce to operate effectively in a wider range of settings. The increased expectation for flexible working and the failure to provide this could lead to staff losses.		<b>Mitigating action</b>  Staff retention and succession planning is carried out with a focus on both culture and financial reward, including an established performance related pay scheme.  We have a strong focus on wellness and mental health supported by a number of initiatives including free, confidential Employee Assistance Programme.  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.  As we look to return our staff to offices and other locations following COVID-19 restrictions, we are committed to offering staff flexible working options around returning to site post COVID-19.	
<b>Magnitude of impact</b>  3	<b>Responsibility</b>  Executive Directors	<b>Likelihood of occurrence after mitigation</b>  2	

## Strategic report (continued)

### Risks and uncertainties (continued)

<p><b>Currency Risk</b></p> <p>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 this part of our business.</p> <p>Without mitigating action, the nature of our business creates significant currency exposure, as we expand further into new markets and operations this has increased in recent years.</p>		<p><b>Mitigating action</b></p> <p>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.</p> <p>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.</p> <p>Our experience in managing market volatility provides us with the expertise to manage any increase currency volatility, for example from Brexit.</p>
<b>Magnitude of impact</b>	<b>Responsibility</b>	<b>Likelihood of occurrence after mitigation</b>
4.5	Chief Financial Officer	2.5
<p><b>Bribery and corruption, codes of conduct, ethics and good governance</b></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. 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><b>Mitigating action</b></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 and a record of supplier/customer entertainment and regular ethics/ABC training sessions. Staff across the business have greater awareness and visibility of our policies from this training. 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.</p> <p>The Group has established an "ethics hotline" to allow staff to report concerns and we have rolled out a process of agreement to a code of conduct by all non-driver staff.</p>
<b>Magnitude of impact</b>	<b>Responsibility</b>	<b>Likelihood of occurrence after mitigation</b>
2	Ethics and ESG Committees	Low2
<p><b>Product quality issues</b></p> <p>The supply of fuel failing to meet quality standards could lead to significant reputational damage and remediation costs.</p>		<p><b>Mitigating action</b></p> <p>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.</p> <p>Our own procedures go above and beyond national standards.</p>
<b>Magnitude of impact</b>	<b>Responsibility</b>	<b>Likelihood of occurrence after mitigation</b>
3.5	Chief Operating Officer	1.5

## Strategic report (continued)

### Risks and uncertainties (continued)

<b>Liquidity risk</b>  Greenergy requires access to funds in order to execute its business. Periods of high prices or extreme volatility increase the cost of operating the business as well as the level of funds required as security for trading activities.  In 2021 periods of high market volatility increased the level of collateral to be placed with trade finance banks beyond levels that have been observed in recent years.		<b>Mitigating action</b>  We maintain a commercial borrowing facility with a group of lenders which provides capital to the business. This facility is regularly reviewed and sized for a likely range of oil prices. There are options to increase the facility should market prices dictate a need and we retain sufficient collateral to do so as required.
<b>Magnitude of impact</b>  3	<b>Responsibility</b>  Chief Financial Officer	<b>Likelihood of occurrence after mitigation</b>  3.5
<b>Counterparty risk</b>  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 bribery and corruption or failure to comply with requirements of the UK modern slavery legislation, placing our supply chain at risk, and exposing the company to increased risk of litigation as well as compromising our ability to comply with mandated sustainability schemes.  Recent events, including COVID-19, left customers with significantly weakened balance sheets increasing the risk of default.		<b>Mitigating action</b>  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 to ensure that our biofuel supply chain is compliant with the regulations of the UK RTFO scheme. 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 are able to quickly identify counterparts that may be experiencing increased cash flow pressure. Throughout COVID-19 situation we worked actively with those impacted to ensure that any disruption to supply or payments did not create a default, and this continues as the impact of COVID-19 is still felt and with current market disruptions seen in early 2022.
<b>Magnitude of impact</b>  4	<b>Responsibility</b>  Risk Committee	<b>Likelihood of occurrence after mitigation</b>  3.5

## Strategic report (continued)

### Risks and uncertainties (continued)

Biofuel compliance risk		Mitigating action	
<p>To count towards our biofuel supply obligations under the UK's RTFO, biofuel must meet independently audited sustainability and carbon requirements. With a buy-out fee currently set at 50p per litre, audit failure would have significant financial implications for the business.</p> <p>In Canada, fossil fuel suppliers are required to comply with minimum biofuel blending and reporting obligations or buy Compliance Units from biofuel producers or importers.</p> <p>For all jurisdictions we comply with the criteria set out in the local legislation be that in the EU REDs and the implementation by member states or in other states biofuel legislation.</p>		<p>We own and operate three 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, and we also work with raw material suppliers to implement our ISCC accreditation in their supply chain.</p> <p>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.</p> <p>In Canada, we blended sustainable biofuels above our blending obligation and sell Compliance Units to other parties. A trained compliance team fulfils our reporting and auditing requirements.</p>	
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation	
4	Chief Operating Officer	2	


### 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 financial and other performance indicators during the year were as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Revenue (£'000)	30,503	25,462
Gross profit (£'000)	7,522	6,092
Net assets (£'000)	11,644	9,903

Increase in gross profit is mainly due to a decrease in chemical prices within cost of sales. Net assets increased as a result of the profit in the year.

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



A J Traeger  
Director

31 August 2022

## Directors' report

The Directors present Directors' report and the financial statements for the year ended 31 December 2021.

### Results and dividends

The Company made a profit for the financial year of £1,741,000 (2020: profit of £965,000). No dividend has been declared in the current year (2019: £nil).

### Going concern

In preparing the financial statements on the going concern basis, the Directors have considered the principal risks and uncertainties impacting the group, giving particular focus on the rapidly evolving impact and global response to the conflict in Ukraine as well as the continuing impact of the Coronavirus pandemic. Specific consideration has been given to the impact of these two events on global fuel demand, volatility in commodity and financial markets and the knock-on effect of these matters on the Group's ability to continue as a going concern.

*The Directors have carried out extensive analysis and assessment of the various risks on the business and its ability to continue as a going concern through and after the COVID-19 outbreak, along with considering the initial impact felt from the conflict in Ukraine. The primary risk identified is in respect of the Group's reliance on the \$1.1 billion working capital facility, which is provided by a syndicate of banks with both a committed and uncommitted element. This facility remains core to the ongoing operations of the businesses' UK operations. In assessing the risk, the Directors have considered:*

- the term remaining on the facility;
- the size of the facility in the context of rising commodity prices;
- the strength of the underlying security provided to the banks;
- the facility utilisation; and
- financial covenants

*On 28 April 2021, the Group, including the Company, entered into an agreement with its banks to renew this facility at \$930 million for a further two years, expiring on 30 April 2023. Given the long-standing nature of these banking relationships, the bankers' willingness to renew and extend credit lines in the recent past, and verbal assurances received from the bankers, the Directors are satisfied that both the uncommitted and committed facilities will continue to be available to the Group for the foreseeable future. The Directors of a fellow group company have issued a written commitment stating that the Company shall continue to have access to this facility, for a period of no less than 12 months from the date that the financial statements are signed.*

The working capital facility requirements are driven by underlying commodity prices, volumes and payment cycles for indirect taxes and duty that are collected by Greenergy. These cycles create a number of short term borrowing peaks over the course of the year which determines the overall facility size requirement. Over the course of 2021 with rising commodity prices, the Group's banks approved an increase in this facility by \$156.1 million to \$1.1 billion. Subsequent to year end, with the crisis in Ukraine escalating and Russian sanctions, underlying commodity prices have continued to rise sharply, and the Group is currently in negotiations to secure a further increase from its banks to provide sufficient headroom to operate in this unsettled environment.

This facility is self-liquidating and secured against the collateral assets of the main UK, Ireland & Singapore operating companies including inventories and accounts receivables. As commodity prices increase, as does the level of underlying collateral available to the banking group.

Following a return to demand as the world recovers from the COVID-19 outbreak, underlying performance has improved with the Group forecasting to operate comfortably within its bank covenant limits over the going concern period.

## Directors' report

### Going concern (continued)

There remains uncertainty as a result of the conflict in Ukraine which could put further upward pressure on commodity prices and therefore the size of facility the group requires. Over the next twelve months, based on current commodity prices, forecasts and the financing facilities currently available to the group, there are a number of periods where liquidity constraints could occur which would be further exacerbated should key commodity prices rise further. Despite this, due to the nature of the Group's cash generation, any liquidity constraint would be extremely short term and supported by an increase in the underlying collateral of the business. In situations where a further upsize of the working capital facility is required, the Group remains confident that (i) its banking group will continue to provide ongoing support and, if needed, (ii) its shareholder's would make available short term support to ensure that the Group can continue to discharge its liabilities in the normal course of business. However, as this support is not wholly within management's control, it represents a material uncertainty which could cast significant doubt upon the Company's ability to continue to operate as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

For these reasons outlined, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

### Future developments

COVID-19 has had an unprecedented effect on the world. We are confident that our experience in managing risk and volatility in our usual business equips us to deal with the challenges from the pandemic.

Looking beyond COVID-19, we are confident in the underlying strength of our business, and see future growth opportunities in renewables, retail, and fuel supply. In line with our strategy we also remain active in seeking further bolt-on acquisition opportunities across the world.

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.

### Climate change

Our business was founded to supply low emission diesel that offered significant air quality benefits. As we continue to grow, we remain committed to reducing emissions in transport fuels.

As the transport sector moves to decarbonisation, the role of gasoline and diesel fuels remain vital until other affordable alternatives are widely adopted, and different geographies have adopted differing timescales to decarbonise. Therefore, the most effective way to reduce carbon emissions for existing transport today comes from the blending of biofuels into gasoline and diesel.

As Europe's largest manufacturer of waste-based biodiesel, renewables are integral to our core strategy, and we continue to deploy significant capital to this area. This investment enables us to make both incremental improvements in our biodiesel manufacturing operations, and also progress new advanced biofuel projects such as converting waste tyres and municipal waste into renewable fuels.

Our priority has always been to tangibly reduce our emissions in both the fuel we supply and our own operations, and this has never been more important.

### Currency

As part of our risk management processes, we continue to evaluate the impact of a weakening GBP. We are well equipped to manage currency fluctuations and take appropriate actions as required.

## Directors' report

### Future developments (continued)

#### Financial risk management

The directors ensure there are adequate resources available to meet the funding requirements of the Company by managing risk and obtaining financial support from other Group companies.

#### Currency risk

The Company is exposed to currency risk to the extent where intercompany balances result in revaluation.

#### Credit risk

The Company does not have any significant concentrations of credit risk, as the entity does not trade and therefore has no external trade receivable balances. Additionally, the entity does not have any significant deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### Market risk

As the Company does not trade in commodities it is not exposed to commodity price risk.

### Directors

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

A J Traeger  
P T Bateson  
P Curtis

Greenenergy 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.

### Statement of Directors' responsibilities

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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

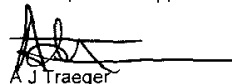
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



A J Traeger  
Director  
31 August 2022



**Income Statement**  
**For the year ended 31 December 2021**

		Year ended 31 December 2021	Year ended 31 December 2020
	Note	£'000	£'000
Revenue	3	30,503	25,462
Cost of sales		<u>(22,981)</u>	<u>(19,370)</u>
<b>Gross profit</b>		7,522	6,092
Distribution costs		(1,628)	(1,179)
Administrative expenses		(3,806)	(3,567)
Other operating income		<u>109</u>	<u>72</u>
<b>Operating profit</b>		2,197	1,418
Finance income	6	193	173
Finance costs	7	<u>(410)</u>	<u>(328)</u>
<b>Profit before tax</b>	4	1,980	1,263
Income tax charge	8	(239)	(298)
<b>Profit for the year</b>		<u>1,741</u>	<u>965</u>

The results stated above are all derived from continuing operations.

The notes on pages 18 to 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 2021 (31 December 2020: none) and accordingly, no separate statement of other comprehensive income has been presented.

**Balance sheet**  
**As at 31 December 2021**


		31 December 2021	31 December 2020
	Note	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	9	32	46
Property, plant and equipment	10	6,413	6,549
Right-of-use assets	16	11,600	12,421
		<b>18,045</b>	19,016
<b>Current assets</b>			
Inventories	11	261	219
Trade and other receivables	12	28,369	24,186
Cash and cash equivalents		96	-
		<b>28,726</b>	24,405
<b>Current liabilities</b>			
Trade and other payables	13	(22,220)	(20,219)
Bank overdraft	15	-	(20)
Lease liabilities	17	(859)	(844)
		<b>(23,079)</b>	(21,083)
<b>Net current assets</b>		<b>5,647</b>	3,322
<b>Non-current liabilities</b>			
Lease liabilities	17	(11,479)	(12,088)
Deferred tax	14	(569)	(347)
		<b>(12,048)</b>	(12,435)
<b>Total Liabilities</b>		<b>(35,127)</b>	(33,518)
<b>Net assets</b>		<b>11,644</b>	9,903
<b>Equity</b>			
Issued capital	18	-	-
Retained earnings		11,644	9,903
<b>Total equity</b>		<b>11,644</b>	9,903

The notes on pages 18 to 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 31 August 2022 and were signed on its behalf by:

  
A J Traeger  
Director

**Greenergy Biofuels Teesside Limited**  
**Statement of changes in equity**

**Statement of changes in equity**  
**For the year ended 31 December 2021**

	Issued capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 31 December 2019</b>	-	8,938	8,938
<b>Comprehensive income</b>			
Profit and total comprehensive income for the financial year	-	965	965
<b>Balance at 31 December 2020</b>	-	9,903	9,903
<b>Comprehensive income</b>			
Profit and total comprehensive income for the financial year		1,741	1,741
<b>Balance at 31 December 2021</b>		11,644	11,644

The notes on pages 18 to 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 significant 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.

#### 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 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 21;
- 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

In preparing the financial statements on the going concern basis, the Directors have considered the principal risks and uncertainties impacting the group, giving particular focus on the rapidly evolving impact and global response to the conflict in Ukraine as well as the continuing impact of the Coronavirus pandemic. Specific consideration has been given to the impact of these two events on global fuel demand, volatility in commodity and financial markets and the knock-on effect of these matters on the Group's ability to continue as a going concern.

The Directors have carried out extensive analysis and assessment of the various risks on the business and its ability to continue as a going concern through and after the COVID-19 outbreak, along with considering the initial impact felt from the conflict in Ukraine. The primary risk identified is in respect of the Group's reliance on the \$1.1 billion working capital facility, which is provided by a syndicate of banks with both a committed and uncommitted element. This facility remains core to the ongoing operations of the businesses' UK operations. In assessing the risk, the Directors have considered:

- the term remaining on the facility;
- the size of the facility in the context of rising commodity prices;
- the strength of the underlying security provided to the banks;
- the facility utilisation; and
- financial covenants

## Notes to the financial statements (continued)

### 1. Summary of business and significant accounting policies (continued)

#### Going concern (continued)

On 28 April 2021, the Group, including the Company, entered into an agreement with its banks to renew this facility at \$930 million for a further two years, expiring on 30 April 2023. Given the long-standing nature of these banking relationships, the bankers' willingness to renew and extend credit lines in the recent past, and verbal assurances received from the bankers, the Directors are satisfied that both the uncommitted and committed facilities will continue to be available to the Group for the foreseeable future. The Directors of a fellow group company have issued a written commitment stating that the Company shall continue to have access to this facility, for a period of no less than 12 months from the date that the financial statements are signed.

The working capital facility requirements are driven by underlying commodity prices, volumes and payment cycles for indirect taxes and duty that are collected by Greenergy. These cycles create a number of short term borrowing peaks over the course of the year which determines the overall facility size requirement. Over the course of 2021 with rising commodity prices, the Group's banks approved an increase in this facility by \$156.1 million to \$1.1 billion. Subsequent to year end, with the crisis in Ukraine escalating and Russian sanctions, underlying commodity prices have continued to rise sharply, and the Group is currently in negotiations to secure a further increase from its banks to provide sufficient headroom to operate in this unsettled environment.

This facility is self-liquidating and secured against the collateral assets of the main UK, Ireland & Singapore operating companies including inventories and accounts receivables. As commodity prices increase, as does the level of underlying collateral available to the banking group.

Following a return to demand as the world recovers from the COVID-19 outbreak, underlying performance has improved with the Group forecasting to operate comfortably within its bank covenant limits over the going concern period.

There remains uncertainty as a result of the conflict in Ukraine which could put further upward pressure on commodity prices and therefore the size of facility the group requires. Over the next twelve months, based on current commodity prices, forecasts and the financing facilities currently available to the group, there are a number of periods where liquidity constraints could occur which would be further exacerbated should key commodity prices rise further. Despite this, due to the nature of the Group's cash generation, any liquidity constraint would be extremely short term and supported by an increase in the underlying collateral of the business. In situations where a further upsize of the working capital facility is required, the Group remains confident that (i) its banking group will continue to provide ongoing support and, if needed, (ii) its shareholder's would make available short term support to ensure that the Group can continue to discharge its liabilities in the normal course of business. However, as this support is not wholly within management's control, it represents a material uncertainty which could cast significant doubt upon the Company's ability to continue to operate as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

For these reasons outlined, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

#### 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 using the current prevailing rate of exchange.

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 administrative expenses.

#### Property, plant and equipment

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

## Notes to the financial statements (continued)

### 1. Summary of business and significant accounting policies (continued)

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

Depreciation is not charged on land or 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.

#### Property, plant and equipment (continued)

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/(expense)' in the income statement.

#### Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

#### Current and deferred income taxation

The tax expense for the period 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 countries where the Company operates and generates income.

## Notes to the financial statements (continued)

### 1. Summary of business and significant accounting policies (continued)

#### *(b) Deferred taxes*

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

#### **Current and deferred income taxation (continued)**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or subsequently enacted by the balance sheet date.

#### **Financial assets**

##### *(i) Classification*

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, these are classified as non-current assets. The Company's loans and receivables comprise receivables, and cash in the balance sheet.

##### *(ii) Recognition and measurement*

Purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

##### *(iii) Impairment of financial assets*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### **Financial liabilities**

##### *(i) Classification*

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. Financial liabilities include trade payables, other payables, and borrowings. Subsequent measurement depends on its classification as follows:

## Notes to the financial statements (continued)

### 1. Summary of business and significant accounting policies (continued)

#### *(ii) Amortised cost*

All other financial liabilities not classified as fair value through profit or loss 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.

#### **Trade and other receivables**

Trade receivables are amounts due from customers 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.

#### **Trade payables**

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

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it related.

#### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.



## Notes to the financial statements (continued)

### 1. Summary of business and significant accounting policies (continued)

#### Provisions and contingencies

Provisions are made when an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

#### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### *Sale of goods*

Revenue consists of amounts billed to, Greenenergy Fuels Limited, in respect of the tolling arrangement in place relating to fuels blended.

#### Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount.

#### 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.

## Notes to the financial statements (continued)

### 1. Summary of business and significant accounting policies (continued)

#### Leases (continued)

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

Buildings  
Plant and machinery

The useful life of these assets is the duration of the lease to which the asset relates. On average this is 10 years.

#### (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.

#### (b) The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

## Notes to the financial statements (continued)

### 1. Summary of business and significant accounting policies (continued)

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

##### *Impact of the initial application of Interest Rate Benchmark Reform*

In the prior year, the Company adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

No impact to the Company on the basis that hedge accounting has not been applied during the year

##### *Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16*

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification

##### *Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16 (continued)*

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).
- There is no substantive change to other terms and conditions of the lease.

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

##### *Impact on accounting for changes in lease payments applying the exemption*

The Company did not take any exemptions relating to lease payments in the financial year.

## Notes to the financial statements (continued)

### 2. Critical accounting estimates and judgements

Estimates and judgements applied within the business are continually evaluated and are based on historical experience, current issues and events, and expectations of future events.

The Directors do not consider there to be any judgements and or estimates which have a material impact on the financial statements.

### 3. Revenue

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Provision of manufacturing tolling services to a Group company	30,503	25,462

All revenue arose within the United Kingdom.

### 4. Profit before tax

The profit before tax is stated after charging:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Depreciation of property, plant and equipment	1,066	999
Depreciation of right-of-use assets	1,016	752
Amortisation of intangible assets	14	14
Employee benefit expense	3,142	3,018
Defined contribution pension cost	145	137
Foreign exchange loss	373	41

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 2021	Year ended 31 December 2020
	Number	Number
Plant operations	72	66
	<b>72</b>	<b>66</b>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Wages and salaries	2,829	2,718
Social security costs	313	300
Defined contribution pension cost	145	137
	<b>3,287</b>	<b>3,155</b>

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 2021	Year ended 31 December 2020
	£'000	£'000
Interest on loans from other Group companies	193	173
	<b>193</b>	<b>173</b>

### 7. Finance costs

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Bank interest payable	2	1
Leases liabilities	408	327
	<b>410</b>	<b>328</b>

## Notes to the financial statements (continued)

### 8. Taxation

Analysis of charge in year:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Current tax</b>		
Current tax on income for the year	82	11
Group relief payable	173	243
Adjustments in respect of previous years	(238)	-
<b>Total current tax charge</b>	<b>17</b>	<b>254</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	218	22
Adjustments in respect of prior years	4	22
Effects of changes in tax rates	-	-
<b>Total deferred tax charge</b>	<b>222</b>	<b>44</b>
<b>Tax on profit</b>	<b>239</b>	<b>298</b>

#### Factors affecting tax charge for period

The total tax for the period is lower (31 December 2020: higher) than the standard rate of corporation tax in the UK of 19.00% (31 December 2020: 19%). The differences are explained below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before tax	1,980	1,263
At tax rate of 19.00% (2020: 19%)	376	241
Effects of:		
Fixed asset differences	(36)	-
RDEC	(5)	(3)
Effect of change in deferred tax rate	138	38
Adjustments in respect of prior periods	(234)	22
<b>Total tax charge</b>	<b>239</b>	<b>298</b>

#### Factors that may affect future tax charges

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

## Notes to the financial statements (continued)

### 9. Intangible assets

	Software £'000	Total £'000
<b>Cost</b>		
At 31 December 2020	74	74
Additions	-	-
At 31 December 2021	74	74
<b>Amortisation</b>		
At 31 December 2020	(28)	(28)
Charge for the year	(14)	(14)
At 31 December 2021	(42)	(42)
<b>Net book value at 31 December 2021</b>	<b>32</b>	<b>32</b>
<b>Net book value at 31 December 2020</b>	<b>46</b>	<b>46</b>

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	Office equipment £'000	Total £'000
<b>Cost</b>						
At 31 December 2020	1,160	131	10,257	-	61	11,609
Additions	(845)	-	1,764	24	-	943
At 31 December 2021	315	131	12,021	24	61	12,552
<b>Accumulated depreciation</b>						
At 31 December 2020	-	(31)	(4,991)	-	(39)	(5,061)
Charge for the year	-	(12)	(1,050)	(4)	(12)	(1,078)
At 31 December 2021	-	(43)	(6,041)	(4)	(51)	(6,139)
<b>Net book value at 31 December 2021</b>	<b>315</b>	<b>88</b>	<b>5,980</b>	<b>20</b>	<b>10</b>	<b>6,413</b>
<b>Net book value at 31 December 2020</b>	<b>1,160</b>	<b>100</b>	<b>5,267</b>	<b>-</b>	<b>22</b>	<b>6,549</b>

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

## Notes to the financial statements (continued)

### 11. Inventories

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Raw Materials	261	219

None of the company's inventories were pledged as security for the Group working capital facility at 31 December 2021 (2020: Nil).

### 12. Trade and other receivables

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Trade receivables	80	73
Amounts owed by other Group subsidiaries	27,305	23,119
Other receivables	110	-
Prepayments and accrued income	-	215
VAT reclaimable	874	733
RDEC receivable	-	46
	28,369	24,186

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 LIBOR plus 2%.

### 13. Trade and other payables

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Trade payables	637	615
Amounts owed to immediate parent company	18,887	16,935
Other payables	2	309
Accrued expenses	2,694	2,360
	22,220	20,219

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 LIBOR plus 2%.



## Notes to the financial statements (continued)

### 14. Deferred taxation

The movement on deferred taxation is as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Accelerated capital allowances	(569)	(347)
At the end of the year	(569)	(347)

The deferred taxation balance is made up as follows.

	Accelerated capital allowances	Other short term timing differences	Total
At the beginning of the year	(347)	-	(347)
Adjustment in respect of prior years	(4)	-	(4)
Current year income statement credit	(218)	-	(218)
<b>At the end of the year</b>	<b>(569)</b>	<b>-</b>	<b>(569)</b>

### 15. Borrowings

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Bank overdrafts:		
United Kingdom	-	20
	-	20

## Notes to the financial statements (continued)

### 16. Right-of-use assets

	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Right-of-use assets</b>			
<b>Cost</b>			
On 1 January 2021	3,391	10,993	14,384
Additions	109	86	194
On 31 December 2021	3,500	11,079	14,579
<b>Accumulated depreciation</b>			
On 1 January 2021	(465)	(1,498)	(1,963)
Charge for the year	(253)	(763)	(1,016)
On 31 December 2021	(718)	(2,261)	(2,979)
<b>Carrying amount at 31 December 2021</b>	<b>2,782</b>	<b>8,818</b>	<b>11,600</b>
Carrying amount at 31 December 2020	2,926	9,495	12,421

The company leases several assets including buildings and motor vehicles. The average lease term is 10 years. The maturity analysis of lease liabilities is presented in note 17.

#### Amounts recognised in profit and loss

31 December 2021

	£'000
Depreciation expense on right-of-use assets	1,016
Interest expense on lease liabilities	409

### 17. Lease liabilities

	31 December 2021 £'000	31 December 2020 £'000
<b>Maturity analysis</b>		
Year 1	1,259	1,051
Year 2	1,255	1,085
Year 3	1,246	1,113
Year 4	1,244	1,137
Year 5	1,244	1,171
Onwards	8,530	10,549
	14,778	16,106
Less: Unearned interest	(2,440)	(3,174)
	12,338	12,932
<b>Analysed as:</b>		
Current	859	844
Non-current	11,479	12,088
	12,338	12,932

## Notes to the financial statements (continued)

### 18. Issued capital

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Share classified as equity		
Allotted, called up and fully paid		
1 (31 December 2019: 1) Ordinary shares at £1 each	-	-

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

### 19. Financial commitments

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Property, plant and equipment	85	478

### 20. 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 Company has identified no further transactions, which need to be disclosed under the terms of FRS 101.

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.

### 21. Assets pledged as collateral

		31 December 2021 £'000	31 December 2020 £'000
	Notes		
<b>Current assets</b>			
Inventories	11	261	219
Trade and other receivables	12	1,064	1,067
Cash and cash equivalents		96	-
<b>Total current assets pledged as security</b>		<b>1,421</b>	<b>1,286</b>
<b>Non current assets</b>			
Intangible assets	9	32	46
Property, plant and equipment	10	6,413	6,549
<b>Total non current assets pledged as security</b>		<b>6,445</b>	<b>6,595</b>

Current assets of £1,421,000 (2020: £1,286,000), and non-current assets with a carrying amount of £6,445,000 (2020: £6,595,000) have been pledged to secure borrowings of the Group. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

The Group, of which Greenergy Biofuels Teesside Limited is a part, held letters of credit of £113,490,695 (2020: £82,352,000) as at the year-end date, which is secured against the Group's borrowing facility.

## Notes to the financial statements (continued)

### 22. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Greenergy International Limited, a company incorporated in the UK. The ultimate parent undertaking and controlling party is Brookfield Asset Management Inc., a company incorporated in Canada.

Greenergy Fuels Holdings Limited is the parent undertakings of the smallest group of undertakings to consolidate these financial statements at 31 December 2021. Brookfield Asset Management Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2020.

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 Asset Management Inc. can be obtained from its registered address at Suite 300, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

### 23. Events after the reporting period

The conflict in Ukraine, and associated global response, has resulted in upward pressure on commodity prices, a tightening in supply and a lengthening of our resupply cycle as we progress towards removing Russian originated diesel from our supply chain. This has resulted in an overall reduction in liquidity.

Please refer to both the "Ukraine" section of the Strategic Report as well as the "Going Concern" section in the Directors Report for more detail on the impacts of commodity price increases and supply tightness on the Group.