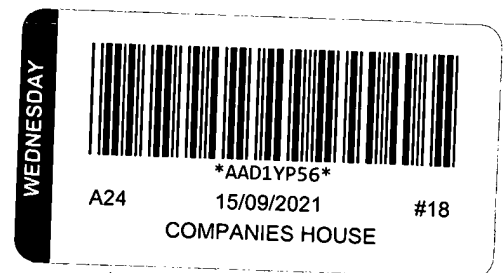


Registered number: 05082298

## **Greenergy Biofuels Limited**

Annual report and financial statements for the year ended 31 December 2020



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## **Officers and professional advisors**

### **Directors**

P T Bateson  
A J Traeger  
P Curtis

### **Company secretary**

R W Clifton

### **Registered number**

05082298

### **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 2020.

### **Principal activity**

Greenergy Biofuels Limited ("the Company") is part of the Greenergy group of companies ("the Group"). The Greenergy Group is an international manufacturer, supplier and retailer of waste derived renewable and transportation fuels with primary operations in the UK, Ireland and Canada. The Company's principal activity during the period was the operation of a biofuel production plant to process fuel products on behalf of its parent company, Greenergy Fuels Limited.

### **Business review**

The company experienced a decrease in revenue to £24,299,000 (2019: £32,084,000) in the year due to the significant impact of COVID-19 on our business with demand down in all regions due to lockdowns. Net assets also decreased to £15,760,000 (2019: £18,102,000) as a result of the loss 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.

## Risks and uncertainties

### Principal risk factors

The Directors ensured there are adequate resources available to meet the funding requirements of the Company by managing risk. A more detailed analysis of the framework for the Group and its subsidiaries can be found in Greenergy Fuels Holdings Limited financial statements.

### Brexit

The UK's exit from the European Union on 31 January 2020 and the end of the transitional period on 31 December 2020 brought little immediate change for our business.

The preparation work we had undertaken during the transition period meant we were well placed to manage the minor changes to customs procedures, tariffs and taxation.

Our global supply chains provide flexibility to source from the lowest-cost market, ensuring supply resilience for our customers.

### COVID-19

We recognise the last year has been a period of intense personal and professional pressure through the pandemic. We have expanded our employee wellbeing programme to support our people.

#### 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.

## Strategic report (continued)

### COVID-19 (continued)

#### *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.

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.

### **Currency risk**

The Company purchases some of the products and chemicals used in the production of biofuels in Euros, therefore exposing the Company to foreign currency exchange risk. In order to minimise the financial effect of this risk, the Group's treasury department buys or sells currency to balance the assets and liabilities by currency at the Group level.

## Strategic report (continued)

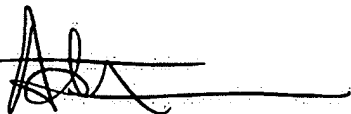
### Key performance indicators

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

	Year ended 31 December 2020	Year ended 31 December 2019
Revenue (£'000)	24,299	32,084
Gross profit (£'000)	3,038	5,699
Net assets (£'000)	15,760	18,102

Decrease in revenue and gross profit is primarily due to reduction in demand in all of our key regions due to COVID-19. COVID-19 and Government lockdowns resulted in the decrease in demand, with total road fuel demand in the UK down 17%. Net assets reduced due to the loss in the year.

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



A J Traeger  
Director

29 June 2021

## **Directors' report**

The Directors present Directors' report and the financial statements for the year ended 31 December 2020.

### **Results and dividends**

The Company made a loss for the financial year of £2,342,000 (2019: profit of £46,000). 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 affecting the Company, the Group headed by Greenergy Fuels Holdings Limited (the Group) and the wider Greenergy Group Holdings Limited Group, as set out in the Strategic Report of Greenergy Fuels Holding Limited, with particular focus on the continuing impact that the coronavirus pandemic will have on the Group and the key regions in which it operates.

Over the past 12 months, since the initial onset of the pandemic, the Directors have obtained a greater understanding of the scale of impact the pandemic will have on the business, including the impact that localised and wider spread lockdowns have on fuel demand and more specifically on the Company'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 as the world continues to battle the COVID-19 crisis.

Considering all these factors, the primary risk identified is in respect of the Company's reliance on a \$930 million Working Capital Facility provided by a syndicate of banks with both a committed and uncommitted element. The facility, which is self-liquidating, is secured primarily against the collateral assets of the main UK and Ireland operating companies including inventories and accounts receivables. This facility remains core to the ongoing operations of the businesses' UK operations.

Despite the significant impact the pandemic had on performance in 2020, the Company and Group maintained tight controls on its capital and liquidity position, ensuring it remained inside all of its covenants throughout 2020 and at the end of the first quarter of 2021.

On 28 April 2021, the Group, including the Company, entered into an agreement with its banks to renew this facility for a further two years, expiring on 30 April 2023. With lower oil prices and demand, the Group took the opportunity to resize the facility from the previous level of \$1,100 million to \$930 million. Over the forthcoming 12 month period, the Directors are of the view this offers sufficient liquidity to cover the needs of the Company and Group.

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 Group has prepared detailed base forecasts and scenario "stress testing" analysis taking into consideration the principal risks and uncertainties that the Group faces and the resulting impact on key business drivers such as volume demand and key margins. Specific consideration was given to the risks around COVID-19 pandemic and risk of further government imposed lockdowns, fuel supply interruption and market volatility. Principal risks not specifically modelled were either deemed not to have an impact within the going concern period or the financial effect sufficiently considered through the downside economic factors already applied. When assessing both the base forecasts, and the downside sensitivities, the Group's liquidity remains strong and financial covenants continue to be in compliance for a minimum of the next 12 months.

Having made appropriate enquiries, considering the principal risks and uncertainties affecting the Group, and the factors documented above, the Directors are satisfied that there is sufficient liquidity available for the Company and the Group to operate for a minimum of the next 12 months. Accordingly, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

### **Future developments**

The future developments of the Company are detailed within the Strategic Report and form part of this report by cross reference.

### **Financial risk management**

The financial risk management programme of the Company is detailed in the Strategic report.



## Directors' report (continued)

### Directors

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

P T Bateson  
P Curtis  
A J Traeger

The company has made qualifying third party indemnity provisions for the benefit of its Directors, 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).

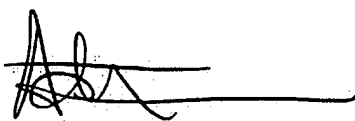
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required 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  
29 June 2021

**Income statement**  
**For the year ended 31 December 2020**

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Revenue	3	24,299	32,084
Cost of sales		(21,261)	(26,385)
<b>Gross profit</b>		<b>3,038</b>	<b>5,699</b>
Distribution costs		(1,915)	(2,258)
Administrative expenses		(2,943)	(2,612)
<b>Operating (loss)/profit</b>	4	<b>(1,820)</b>	<b>829</b>
Finance costs	6	(518)	(720)
<b>(Loss)/profit before tax</b>		<b>(2,338)</b>	<b>109</b>
Income tax charge	7	(4)	(63)
<b>(Loss)/profit for the year</b>		<b>(2,342)</b>	<b>46</b>

There were no other items of other comprehensive income for the year 31 December 2020 (31 December 2019: none) and accordingly, no separate statement of comprehensive income has been presented.

The results relate to continuing activities.

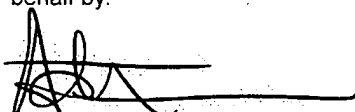
The notes on pages 11 to 25 are an integral part of these financial statements.

**Balance sheet**  
**As at 31 December 2020**

		31 December 2020		31 December 2019	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Property, plant and equipment	8		28,166		29,650
Right-of-use assets	15		14,262		17,270
			<u>42,428</u>		<u>46,894</u>
<b>Current assets</b>					
Inventories	9	113		123	
Trade and other receivables	10	<u>6,189</u>		<u>5,805</u>	
		6,302		5,928	
<b>Total assets</b>			<u>48,730</u>		<u>52,848</u>
<b>Current liabilities</b>					
Trade and other payables	11	(14,236)		(13,020)	
Bank overdraft	12	(31)		-	
Lease liabilities	16	<u>(2,250)</u>		<u>(2,011)</u>	
		(16,517)		(15,031)	
<b>Net current liabilities</b>			<u>(10,215)</u>		<u>(9,103)</u>
<b>Non-current liabilities</b>					
Lease liabilities	16	(12,421)		(15,809)	
Deferred tax	13	(3,522)		(3,396)	
Provisions	14	<u>(510)</u>		<u>(510)</u>	
		(16,453)		(19,715)	
<b>Total liabilities</b>			<u>(32,970)</u>		<u>(34,746)</u>
<b>Net assets</b>			<u>15,760</u>		<u>18,102</u>
<b>Equity</b>					
Issued capital	17		25,041		25,041
Share premium account			4,460		4,460
Accumulated losses			<u>(13,741)</u>		<u>(11,399)</u>
<b>Total equity</b>			<u>15,760</u>		<u>18,102</u>

The notes on pages 11 to 25 are an integral part of these financial statements.

The financial statements were authorised for issue by the board of directors on 29 June 2021 and were signed on its behalf by:

  
A J Traeger  
Director

**Statement of changes in equity**  
**For the year ended 31 December 2020**

	Issued capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 January 2019	<b>25,041</b>	<b>4,460</b>	<b>(11,445)</b>	<b>18,056</b>
Comprehensive income				
Profit for the financial year	-	-	46	46
Balance at 31 December 2019	<b>25,041</b>	<b>4,460</b>	<b>(11,399)</b>	<b>18,102</b>
Comprehensive income				
Loss for the financial year	-	-	(2,342)	(2,342)
Balance at 31 December 2020	<b>25,041</b>	<b>4,460</b>	<b>(13,741)</b>	<b>15,760</b>

The notes on pages 11 to 25 are an integral part of these financial statements.

Share premium arose where the amount received for the issue of shares was above nominal value.

Accumulated losses 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 Limited (the "Company") is a private Company limited by shares and 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 affecting the Group headed by Greenergy Fuels Holdings Limited (the Group) and the wider Greenergy Group Holdings Limited Group, as set out in the Strategic Report, with particular focus on the continuing impact that the coronavirus pandemic will have on the Group and the key regions in which it operates.

Over the past 12 months, since the initial onset of the pandemic, the Directors have obtained a greater understanding of the scale of impact the pandemic will have on the business, including the impact that localised and wider spread lockdowns have on fuel demand and more specifically 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 as the world continues to battle the COVID-19 crisis.

Considering all these factors, the primary risk identified is in respect of the Company's reliance on a \$930 million Working Capital Facility provided by a syndicate of banks with both a committed and uncommitted element. The facility, which is self-liquidating, is secured primarily against the collateral assets of the main UK and Ireland operating companies including inventories and accounts receivables. This facility remains core to the ongoing operations of the businesses' UK operations.

## Notes to the financial statements (continued)

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

#### Going concern (continued)

Despite the significant impact the pandemic had on performance in 2020, the Company and Group maintained tight controls on its capital and liquidity position, ensuring it remained onside all of its covenants throughout 2020 and at the end of the first quarter of 2021.

On 28 April 2021, the Group, including the Company, entered into an agreement with its banks to renew this facility for a further two years, expiring on 30 April 2023. With lower oil prices and demand, the Group took the opportunity to resize the facility from the previous level of \$1,100 million to \$930 million. Over the forthcoming 12 month period, the Directors are of the view this offers sufficient liquidity to cover the needs of the Company and Group.

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 Group has prepared detailed base forecasts and scenario "stress testing" analysis taking into consideration the principal risks and uncertainties that the Group faces and the resulting impact on key business drivers such as volume demand and key margins. Specific consideration was given to the risks around COVID-19 pandemic and risk of further government imposed lockdowns, fuel supply interruption and market volatility. Principal risks not specifically modelled were either deemed not to have an impact within the going concern period or the financial effect sufficiently considered through the downside economic factors already applied. When assessing both the base forecasts, and the downside sensitivities, the Group's liquidity remains strong and financial covenants continue to be in compliance for a minimum of the next 12 months.

Having made appropriate enquiries, considering the principal risks and uncertainties affecting the Group, and the factors documented above, the Directors are satisfied that there is sufficient liquidity available for the Company and the Group to operate for a minimum of the next 12 months. Accordingly, 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.

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
---------------------	---------------

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.

## Notes to the financial statements (continued)

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

#### 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.

#### Current and deferred 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.

##### (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.

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 in the following categories: 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.

##### (a) 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

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in fair value of the financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive income within interest income or expenses in the period in which they arise, except in the case of commodity derivatives, where the gains or losses are presented in the Statement of Comprehensive income within cost of sales in the period in which they arise.

## Notes to the financial statements (continued)

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

#### Financial assets (continued)

##### *(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 plus, 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, borrowings and derivative financial instruments. Subsequent measurement depends on its classification as follows:

##### *(a) 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.



## Notes to the financial statements (continued)

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

#### 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 prepayment for liquidity services and amortised over the period of the facility to which it related.

Bank overdrafts are included as current borrowings.

#### 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.

#### 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 Profit and loss account 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.

#### 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 consists of amounts billed to the Company's parent company, Greenergy Fuels Limited, in respect of the tolling arrangement in place. 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.

#### 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.

## Notes to the financial statements (continued)

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

#### 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 Group'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 7 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.

## Notes to the financial statements (continued)

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

#### Leases (continued)

##### *(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.

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

##### *Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7*

In September 2019, the IASB issued 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 affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

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 May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides 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. 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 the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

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:

## 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 (continued)

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

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.

### 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 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 2020 £'000	Year ended 31 December 2019 £'000
Provision of manufacturing tolling services to a group company	24,299	32,084

All revenue arose within the United Kingdom.

## Notes to the financial statements (continued)

### 4. (Loss)/profit before tax

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

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Depreciation of property, plant and equipment	3,075	3,035
Depreciation of right-of-use assets	2,078	2,503
Employee benefit expense	2,932	3,186
Defined contribution pension cost	202	185
Foreign exchange loss / (gain)	24	111

There were no audit services provided.

### 5. Employee numbers and benefit expense

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

	Year ended 31 December 2020 Number	Year ended 31 December 2019 Number
Plant Operations	65	61

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 considered practicable to apportion.

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Wages and salaries	2,660	2,942
Social security costs	272	244
Defined contribution pension cost	202	185
	3,134	3,371

### 6. Finance costs

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Bank interest payable	1	1
Interest on loans from other group companies	95	251
Leases liabilities	422	468
	518	720

## Notes to the financial statements (continued)

### 7. Taxation

Analysis of charge/(credit) in year:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
<b>Current tax</b>		
Current tax on (loss)/profit for the year	-	-
Group relief (receivable)/payable	(105)	205
Adjustments in respect of previous years	(17)	251
<b>Total current tax (credit)/charge</b>	<b>(122)</b>	<b>456</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	105	(128)
Adjustments in respect of prior years	21	(265)
Effects of changes in tax rates	-	-
<b>Total deferred tax charge/(credit)</b>	<b>126</b>	<b>(393)</b>
<b>Tax charge/(credit) on (loss)/profit</b>	<b>4</b>	<b>(464)</b>

#### Factors affecting tax charge/(credit) for year

The total tax charge for the period is higher (31 December 2019: higher) than the standard rate of corporation tax in the UK of 19.00% (31 December 2019: 19%). The differences are explained below:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
(Loss)/profit before tax	(2,338)	109
At tax rate of 19.00% (2018: 19%)	(444)	21
Effects of:		
Expenses not deductible for tax	42	41
Effect of change in deferred tax rate	402	15
Adjustments in respect of prior periods	4	(14)
<b>Total tax charge for the year</b>	<b>4</b>	<b>63</b>

#### Factors that may affect future tax charges

Finance Bill 2021 announced the main rate of Corporation Tax would increase to 25% from April 2023. As this change was not substantially enacted by the balance sheet date, deferred tax balances are calculated at the rate of 19% as legislated in Finance Bill 2020. The amended tax rate would cause a £1,112,000 increase in the deferred tax liability.

## Notes to the financial statements (continued)

### 8. Property, plant and equipment

	Assets under construction £'000	Land and Buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At 31 December 2019	1,039	6,454	55,798	63,291
Additions	1,439	-	152	1,591
Reclassification	(1,232)	-	1,232	-
At 31 December 2020	1,246	6,454	57,182	64,882
<b>Accumulated depreciation</b>				
At 31 December 2019	-	(3,675)	(29,966)	(33,641)
Charge for the year	-	(323)	(2,752)	(3,075)
At 31 December 2020	-	(3,998)	(32,718)	(36,716)
<b>Net book value at 31 December 2020</b>	<b>1,246</b>	<b>2,456</b>	<b>24,464</b>	<b>28,166</b>
Net book value at 31 December 2019	1,039	2,779	25,832	29,650

None of the company's tangible assets were pledged as security for the group working capital facility as at 31 December 2020 (2019: Nil).

### 9. Inventories

	31 December 2020 £'000	31 December 2019 £'000
Raw materials	113	123

None of the company's inventories were pledged as security for the borrowing base as at 31 December 2020 (2019: Nil).

### 10. Trade and other receivables

	31 December 2020 £'000	31 December 2019 £'000
Trade receivables	1	-
Amounts owed by other Group undertakings	5,492	4,892
Other taxation and social security	575	777
Prepayments and accrued income	121	-
	<b>6,189</b>	<b>5,805</b>

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%.

## Notes to the financial statements (continued)

### 11. Trade and other payables

	31 December 2020 £'000	31 December 2019 £'000
Trade payables	310	608
Amounts owed to Group undertakings	9,723	9,521
Amounts owed to immediate parent company	1,573	78
Corporation tax	-	21
Other payables	859	168
Accruals and deferred income	1,771	2,482
	<b>14,236</b>	<b>13,020</b>

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%.

### 12. Borrowings

Borrowings - current		31 December 2020 £'000	31 December 2019 £'000
	<b>Maturity</b>		
Bank overdrafts:			
United Kingdom	On demand	31	-

### 13. Deferred taxation

The elements of the deferred taxation provision are as follows:

	31 December 2020 £'000	31 December 2019 £'000
Accelerated-timing differences	(3,635)	(3,396)
Trade losses	113	-
Net deferred tax liability	(3,522)	(3,396)

The movement on deferred taxation is as follows:

	Accelerated capital allowances £'000	Tax losses carried forward and other deductions £'000	Total £'000
At the beginning of the year	(3,396)	-	(3,396)
Adjustment in respect of prior years	(21)	-	(21)
Current year income statement charge	(218)	113	(105)
At the end of the year	(3,635)	113	(3,522)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority.



## Notes to the financial statements (continued)

### 14. Provisions for other liabilities and charges

	Provisions for plant dismantlement £'000
At 31 December 2019	510
Increase in the year	-
As at 31 December 2020	<u>510</u>

The dismantlement provision represents management's estimate of the costs involved in dismantling the Immingham biofuels plant at the end of its useful life and returning the site to the same state in which it was originally acquired. Management review the provision on an annual basis to ensure that the expected outflow of economic benefits is correctly provided for.

The lease is due to expire in 6 years, however currently it is management's intention to renew this lease, therefore the date of outflow of economic resource in relation to this provision is unknown and costs are undiscounted.

### 15. Right-of-use assets

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>Right-of-use assets</b>				
<b>Cost</b>				
On 1 January 2020	2,458	17,307	8	19,773
Additions	-	1,155	-	1,155
Write down of cost*	(152)	(1,912)	-	(2,064)
Disposals	-	(21)	-	(21)
On 31 December 2020	<u>2,306</u>	<u>16,529</u>	<u>8</u>	<u>18,843</u>
<b>Accumulated depreciation</b>				
On 1 January 2020	(366)	(2,132)	(5)	(2,503)
Charge for the year	(72)	(2,006)	-	(2,078)
On 31 December 2020	<u>(438)</u>	<u>(4,138)</u>	<u>(5)</u>	<u>(4,581)</u>
<b>Carrying amount at 31 December 2020</b>	<u>1,868</u>	<u>12,391</u>	<u>3</u>	<u>14,262</u>
Carrying amount at 31 December 2019	2,092	15,175	3	17,270

\* Following clarification to IFRS16 in relation to variable lease costs, management have assessed the carrying values of the right of use assets and related liabilities and revised accordingly. The company leases several assets including buildings and motor vehicles. The average lease term is 13 years.

The maturity analysis of lease liabilities is presented in note 16.

#### Amounts recognised in profit and loss

	31 December 2020 £'000
Depreciation expense on right-of-use assets	2,078
Interest expense on lease liabilities	422

## Notes to the financial statements (continued)

### 16. Lease liabilities

	31 December 2020 £'000	31 December 2019 £'000
<b>Maturity analysis</b>		
Year 1	2,250	2,011
Year 2	2,303	2,209
Year 3	2,366	2,349
Year 4	2,430	2,489
Year 5	2,497	2,664
Onwards	2,825	6,098
	<b>14,671</b>	<b>17,820</b>
 <b>Analysed as:</b>		
Current	2,250	2,011
Non-current	12,421	15,809
	<b>14,671</b>	<b>17,820</b>

The company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the company's treasury function.

### 17. Issued capital

	31 December 2020 £'000	31 December 2019 £'000
<b>Allotted, called up and fully paid</b>		
2,504,109,936 (31 December 2019: 2,504,109,936) Ordinary shares of £0.01 each	<b>25,041</b>	<b>25,041</b>

### 18. Financial commitments

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

	31 December 2020 £'000	31 December 2019 £'000
Property, plant and equipment	<b>58</b>	<b>687</b>

## **Notes to the financial statements (continued)**

### **19. 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.

### **20. 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 2020. 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.