

Registered number: 05082298

## **Greenenergy Biofuels Limited**

**Unaudited annual report and financial statements for the year ended 31 December 2022**

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## Contents

Officers and professional advisors .....	1
Strategic report .....	2
Directors' report .....	15
Income statement .....	18
Balance sheet .....	19
Statement of changes in equity .....	20
Notes to the financial statements .....	21

## **Officers and professional advisors**

### **Directors**

P T Bateson  
A J Traeger  
P Curtis

### **Company secretary**

R W Clifton

### **Registered number**

05082298

### **Registered office**

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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 2022.

### Principal activity

Greenergy Biofuels Limited ("the Company") is part of the group of companies headed by Greenergy Group Holdings Limited ("the Group") which 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 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 reported an increase in revenue to £31,341,000 (2021: £27,878,000) in the year but had a loss of £3,094,000 (2021: loss £2,220,000) due to chemical price and utility price increases. Net assets decreased to £10,446,000 as at 31 December 2022 (31 December 2021: £13,540,000) 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.

Greenergy is a leading supplier of waste-based renewables and transportation fuels. Originally founded over thirty years ago to supply diesel with lower emissions than standard diesel at the time, Greenergy is 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:

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

### Our values

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 raw material supply

The market continued to be constrained by further disruptions to raw material supply in 2022 owing to continued lockdowns in Asia and tightening markets for chemicals used in biodiesel production. As legislative blending obligations increased once more in the UK, Europe and North America, demand for high quality biofuels continued to grow.

Our flexible supply chains enabled us to adapt our sourcing to other regions and ensure consistent feedstock supply for our plants.

### Future developments

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

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

### 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.

## Strategic report (continued)

### Principal risks and uncertainties

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

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

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

Group risks			
<b>Health, safety and environmental incidents</b>  Our operations involve the storage and processing of fuel products and the movement of these products by ship, train and truck, and includes deliveries to both customer and retail sites. These activities bring us into contact with members of the public and the environment.		<b>Mitigating action</b> The personal health and safety of our staff and customers is our top priority. Safety is embedded in our culture and all staff understand their responsibility, and are empowered to operate safely.  We focus on preventing major pollution, injury and/or loss of life due to systems or equipment failure through process management.  Our Group Process Integrity function oversees our global operations and sets the standard for all activities.  Personal and process management systems are based on best industry practice and implemented at both corporate and country level.  As we expand internationally, we audit 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</b>	<b>Responsibility</b>	<b>Magnitude of impact after mitigation</b>	
4.5 (2021: 4.5)		3 (2021: 2.75)	
<b>Likelihood of occurrence</b>	Executive Directors and Head of Process Integrity	<b>Likelihood of occurrence after mitigation</b>	
4 (2021: 4)		2.5 (2021: 2.5)	

## Strategic report (continued)

### Risks and uncertainties (continued)

<p><b>Climate change</b></p> <p>Climate change is identified as a principal risk in recognition of low carbon transition impacts and potential physical impacts of climate change.</p> <p>Risks associated with climate change and the transition to a lower carbon economy will affect markets, policy, technology, reputational and physical risks.</p> <p><i>Broadly, transition risks have been identified as posing the greatest potential impact on Greenery's business and strategy. Physical risks pose less of risk to Greenery in the short and medium term but have the potential to increase.</i></p> <p>Although we are not required to make any climate-related financial disclosures until year ended 31 December 2023, Greenery has welcomed the TCFD framework to help guide development of the internal assessment of climate related risks and opportunities.</p> <p>The information from this assessment will be used to inform an ongoing review of the measures required to manage exposure and seize the associated opportunities.</p> <p>For more detailed information, refer TCFD disclosure.</p>		<p><b>Mitigating action</b></p> <p>Our climate impact assessment has provided a more granular understanding of risks and subsequently increased the comparative importance of climate change as a principal risk.</p> <p>Greenery is committed to delivering sustainable solutions for transportation through the energy transition. Climate is already embedded in the way we think about our strategy and how we manage and respond to risks.</p> <p>We are investing in the delivery of next generation renewables that support the low-carbon transition but also deliver against circular economy ambitions. Diversification of our products we offer will also minimise the effect of changing customer demands.</p> <p>Ensuring the Group's resilience to physical climate hazards is a primary aspect of the Business Continuity Plans developed for each site. In addition, investment in climate adaptation measures ensures the Group can enhance its preparedness and ensure resilience.</p> <p>We are decarbonising our own operations, implementing energy efficiency measures and switching to renewable or lower-carbon energy sources at our plants and terminals. Longer term, we believe emerging technologies will be needed to further reduce emissions in our direct operations.</p> <p>Our project pipeline supports our resilience through the climate transition.</p> <p>Whilst the climate transition poses a risk, it also creates opportunities for Greenery to continue its development of new products and services that deliver low-carbon and circular solutions, as well as enhance the Group's future business resilience.</p>
<b>Magnitude of impact</b>	<b>Responsibility</b>	<b>Magnitude of impact after mitigation</b>
4 (2021: 4)	Executive Directors, ESG Committee and Head of ESG	3 (2021: 4)
<b>Likelihood of occurrence</b>		<b>Likelihood of occurrence after mitigation</b>
4 (2021: 3)		3.5 (2021: 3.5)
<p><b>Pandemic</b></p> <p>A global outbreak of an infectious disease, increasing the risk of morbidity and mortality.</p> <p>As seen from the outbreak of the COVID-19, a global pandemic can have sudden and widespread impacts on our operations, global economies and the physical and mental health of our employees</p>		<p><b>Mitigating action</b></p> <p>To protect our staff during COVID-19, we transitioned non-operational staff to working from home where possible and implemented a raft of measures to protect our operational staff, such as those at plants, terminals and our drivers. These measures minimised contact with colleagues and the public to provide as safe a working environment as possible whilst ensuring continuity of supply for our customers.</p> <p>The approach taken allows us to make quick risk-based decisions to protect our team and limit the impact of any different virus mutations that arise or any future pandemic.</p>
<b>Magnitude of impact</b>	<b>Responsibility</b>	<b>Magnitude of impact after mitigation</b>
5 (2021: 5)	Executive Directors	4 (2021: 4)
<b>Likelihood of occurrence</b>		<b>Likelihood of occurrence after mitigation</b>
2.5 (2021: 2.5)		2.5 (2021: 2.5)

## Strategic report (continued)

### Risks and uncertainties (continued)

<b>Business continuity</b> Unforeseen extreme events are by their nature difficult to predict but have potential to cause severe impact on business performance and customer service.  The COVID-19 pandemic and Russian sanctions introduced following the invasion of Ukraine, highlights the importance of planning and preparation of unforeseen events and our ability to respond.		<b>Mitigating action</b> The Group has a well-established and communicated crisis management plan, which gives a structured response to unforeseen events and detailed plans to ensure business continuity. This includes the setting up of response teams to co-ordinate a structured response for longer-term situations.  Comprehensive disaster recovery processes are tested regularly, which allow business operations to continue in the event of a disruption that impacts our critical systems or office locations.  Office staff are well equipped to work remotely with secure access to all resources.  As demonstrated through the pandemic and the introduction of Russian sanctions we were able to maintain operations to ensure continuous fuel supply for customers. Drawing on our crisis plans and flexible supply chains that allowed us to source product from further afield to ensure business continuity and compliance with sanctions.	
<b>Magnitude of impact</b>  4 (2021: 4)	<b>Responsibility</b>  Executive Directors	<b>Magnitude of impact after mitigation</b>  3 (2021: 3)	
<b>Likelihood of occurrence</b>  4.5 (2021: 4.5)		<b>Likelihood of occurrence after mitigation</b>  3 (2021: 3)	
<b>Regulatory changes</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.  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) obligation scheme which sets out the requirements to blend biofuels into road fuel<ul style="list-style-type: none"><li>- Ireland's Biofuel Obligation Scheme which sets out the requirements to blend biofuels into road fuels</li></ul></li><li>• The UK standard moving from an E5 standard to E10 (maximum 10% ethanol for gasoline) in 2021.</li></ul>		<b>Mitigating action</b>  Our global supply chain allows us optionality to switch product sourcing between regions as required. We have multiple sourcing and delivery locations for all of our feedstock, components and products, ensuring security of supply to our customers.  We continue to work with governments in the regions we operate to prepare for any changes and minimise any potential disruptions for our customers.  As Europe's largest manufacturer of biodiesel from waste, we are uniquely positioned to meet growing demand for biofuels from higher UK blending obligations from our own plants, and we continue to invest in next generation renewables from waste projects to support transport decarbonisation. These projects also meet the RTFO legislation that requires a growing portion of biofuels to be derived from development fuels, such as our end-of-life tyre project.	
<b>Magnitude of impact</b>  3.5 (2021: 3.5)	<b>Responsibility</b>  Board	<b>Magnitude of impact after mitigation</b>  3 (2021: 3)	
<b>Likelihood of occurrence</b>  3 (2021: 3)		<b>Likelihood of occurrence after mitigation</b>  2 (2021: 2)	



## Strategic report (continued)

### Risks and uncertainties (continued)

<p><b>Cyber</b></p> <p>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.</p> <p>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.</p> <p>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</p>		<p><b>Mitigating action</b></p> <p>We work with leading external security specialists to improve our technology, staff awareness and involve multiple layers of security to protect the business. Participation in specialist Government/industry committees provides additional notification and ensures we remain aligned with industry best practice.</p> <p>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</p> <p>Our information security strategy is reviewed at Board level.</p>
<b>Magnitude of impact</b>	<b>Responsibility</b>	<b>Magnitude of impact after mitigation</b>
4 (2021: 4)	Board, Executive Directors and Head of IT	4 (2021: 4)
<b>Likelihood of occurrence</b>		<b>Likelihood of occurrence after mitigation</b>
5 (2021: 5)		3 (2021: 3)
<p><b>Loss of key staff</b></p> <p>Loss of key staff would mean loss of knowledge and skills to the Group. As we expand, the importance of experienced senior management increases.</p> <p><i>The 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.</i></p>		<p><b>Mitigating action</b></p> <p>Staff retention and succession planning is carried out with a focus on both culture and financial reward, including an established performance related pay scheme.</p> <p><i>With the acceleration of the energy transition, it is important that all staff understand our strategy for the future and their role within in. The Group recognises the need to engage staff, along with training and retraining our people to ensure they are skilled for the transition.</i></p> <p>We have a strong focus on wellness and mental health supported by a number of initiatives including an employee assistance helpline.</p> <p>There is good management connection and team building between different offices and a long-serving senior management team.</p> <p>Our business preparedness plans review our dependence on key staff and our ability to respond to events, such as COVID-19, in particular to ensure staff are available to maintain business continuity.</p>
<b>Magnitude of impact</b>	<b>Responsibility</b>	<b>Magnitude of impact after mitigation</b>
3 (2021: 3)	Executive Directors	2 (2021: 2)
<b>Likelihood of occurrence</b>		<b>Likelihood of occurrence after mitigation</b>
4 (2021: 4)		2 (2021: 2)

## Strategic report (continued)

### Risks and uncertainties (continued)

<b>Liquidity risk</b>  Greenergy operates in a capital-intensive industry. Market volatility can lead to increased calls on working capital as security for our ongoing operations or through heightened purchasing costs.		<b>Mitigating action</b>  We monitor the utilisation of capital within all areas of the business to ensure that resources are appropriately allocated.  The impact on working capital of our trading terms and operations is built into strategic decision making across the Group.  Customers are actively managed to ensure that the costs of providing working capital is built into commercial assessments.	
<b>Magnitude of impact</b>  4 (2021: 3)	<b>Responsibility</b>  Treasury / Chief Financial Officer	<b>Magnitude of impact after mitigation</b>  3 (2021: 3)	
<b>Likelihood of occurrence</b>  4 (2021: 3)		<b>Likelihood of occurrence after mitigation</b>  3 (2021: 3.5)	
<b>Currency Risk</b> We purchase fuel products mainly in US Dollars and Euros. Because the international oil markets generally price in US Dollars, and our customers generally wish to purchase fuel products in their domestic currency, there can be a significant foreign currency exchange risk inherent in our business.  Without mitigating action, the nature of our business creates significant currency exposure, particularly as we expand further into new markets and operations, and this has increased in recent years.		<b>Mitigating action</b> To mitigate transactional foreign exchange risk, our treasury department ensures that, at all times, the financial assets denominated in a particular currency match the financial liabilities denominated in the same currency.  As a further control, balance sheets for each of our major currencies are prepared on a monthly basis and any surplus assets or liabilities are hedged as appropriate. In response to market and exchange risks we continue to develop and refine our internal control processes and hedging mechanisms.  Our experience in managing market volatility provides us with the expertise to manage any increase currency volatility.	
<b>Magnitude of impact</b>  4.5 (2021: 4.5)	<b>Responsibility</b>  Chief Financial Officer	<b>Magnitude of impact after mitigation</b>  2 (2021: 2)	
<b>Likelihood of occurrence</b>  5 (2021: 5)		<b>Likelihood of occurrence after mitigation</b>  2.5 (2021: 2.5)	

## Strategic report (continued)

### Risks and uncertainties (continued)

<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.</p> <p>There is a need to ensure compliance with domestic and international rules around full disclosure of business dealings, codes of conduct and controls on facilitation and equivalent payments (such as those stipulated in the UK under the Bribery Act 2010).</p>		<p><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, a record of supplier/customer entertainment and regular ethics/ABC training sessions. Staff across the business undertake annual training to ensure awareness.</p> <p>We identify any roles, which may be considered to be high risk and ensure those staff members particularly are aware of the requirements placed on them.</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>Magnitude of impact after mitigation</b>	
2 (2021: 2)		2 (2021: 2)	
<b>Likelihood of occurrence</b>	Chief Financial Officer	<b>Likelihood of occurrence after mitigation</b>	
3 (2021: 3)		2 (2021:2)	

## Strategic report (continued)

### Risks and uncertainties (continued)

<p><b>Counterparty risk</b></p> <p>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.</p> <p>There is also the risk that counterparts behave in a fraudulent or unethical manner, including failure to adopt processes to identify and mitigate human rights and modern slavery risks, placing our supply chain at risk, exposing the company to increased risk of litigation as well as compromising our ability to comply with mandated sustainability schemes.</p> <p>The lingering effects of both COVID-19 and Brexit, combined with the current financial environment that is impacting debt servicing costs leads to an increased risk of corporate failure in 2023.</p> <p>The introduction of sanctions against Russia following its invasion of Ukraine creates further counterparty risk.</p>	<p><b>Mitigating action</b></p> <p>We have a robust KYC process on all new counterparts to ensure that companies not previously known to the Group are thoroughly checked.</p> <p>Our risk committee monitors and sets appropriate trading levels for all counterparts ensuring that risks of trading are well managed and reported.</p> <p>We proactively manage our counterparty risk and exposure daily. Drawing on our strong relationships with counterparts, we can quickly identify counterparts that may be experiencing increased cash flow pressure.</p> <p>We use third party auditors and adopt standards such as the ISCC to ensure that our biofuel supply chain is compliant with the regulations of the UK RTFO scheme. These standards include issues such as human and labour rights, emissions and environmental management practices. We focus on knowing our suppliers and maintain regular contact through our purchasing, sustainability, and credit teams. Credit insurance is maintained where considered appropriate.</p> <p>As sanctions have been introduced against Russia, we have proactively reviewed our KYC process on both new and existing counterparties to ensure compliance.</p>	
<p><b>Magnitude of impact</b></p> <p>4 (2021: 4)</p> <p><b>Likelihood of occurrence</b></p> <p>4 (2021: 4)</p>	<p><b>Responsibility</b></p> <p>Risk Committee</p>	<p><b>Magnitude of impact after mitigation</b></p> <p>2 (2021: 2)</p> <p><b>Likelihood of occurrence after mitigation</b></p> <p>3.5 (2021: 3.5)</p>

## Strategic report (continued)

### Risks and uncertainties (continued)

<b>Product quality issues</b>  The supply of fuel failing to meet quality standards could lead to significant reputational damage and remediation costs.		<b>Mitigating action</b> The risk of a field quality issue is minimised through extensive operational controls embedded within our quality management system and certified to ISO 9001. This includes independent product quality tests on receipt of product, in tank and prior to releasing product for customer deliveries.  Our own internal procedures go above and beyond national standards.
<b>Magnitude of impact</b>  3.5 (2021: 3.5)	<b>Responsibility</b>  Process Integrity Committee	<b>Magnitude of impact after mitigation</b>  1.5 (2021: 1.5)
<b>Likelihood of occurrence</b>  3.5 (2021: 3.5)		<b>Likelihood of occurrence after mitigation</b>  1.5 (2021: 1.5)

## Strategic report (continued)

### Risks and uncertainties (continued)

<b>Biofuel compliance risk</b>  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 50ppl, audit failure would have significant financial implications for the business.  In Canada, the Clean Fuel Regulations impose a requirement to meet certain targets on the carbon intensity of fuel supplied. Regulated parties such as producers and importers of gasoline and diesel must create or buy credits to comply with the reduction in carbon intensity requirements.  For all jurisdictions we comply with the criteria set out in the local legislation be that in the UK RTFO and the implementation by member states or in other state's biofuel legislation.		<b>Mitigating action</b> We own and operate a number of biodiesel production locations. Our manufacturing facilities are certified by the ISCC sustainability and carbon system, making the biodiesel we produce automatically compliant with RTFO criteria. We work with feedstock suppliers to implement our ISCC accreditation in their supply chain.  We have invested upstream in the supply chain providing us with greater visibility of our biofuel supply chain and increased confidence of its sustainability data.  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.	
<b>Magnitude of impact</b>  4 (2021: 4)	<b>Responsibility</b>  Chief Operating Officer	<b>Magnitude of impact after mitigation</b>  1.5 (2021: 1.5)	
<b>Likelihood of occurrence</b>  3 (2021: 3)		<b>Likelihood of occurrence after mitigation</b>  3.5 (2021: 3.5)	
<b>Inflation</b>  Sustained higher levels of inflation can lead to a growing cost base without sufficient ability to pass those costs on to our customers.		<b>Mitigating action</b> Our pricing of customer contracts passes through any increase or decrease in the price of fossil fuels directly to the customer and is not exposed to inflation, however there are significant costs embedded in the supply chain that are exposed to inflation.  We have long term agreements over critical assets that contribute to supply chain costs limiting the impact of inflation on our cost base.  Greenergy maintains long term relationships with our customers which are renewed at regular intervals, sustained levels of inflation impacting on our overheads is built into renewal of contracts.	
<b>Magnitude of impact</b>  2.5	<b>Responsibility</b>  Board	<b>Magnitude of impact after mitigation</b>  2	
<b>Likelihood of occurrence</b>  3		<b>Likelihood of occurrence after mitigation</b>  3	

## Strategic report (continued)

### Risks and uncertainties (continued)

<b>Input costs</b>  Greenergy operations, particularly in biofuels, are heavily dependent on steam for the creation of UCOME. Steam boilers are primarily run from either gas or kerosene and are key contributors to utility costs. With the current war in Ukraine, these costs are significantly higher in 2022 than historical.		<b>Mitigating action</b> Where possible, flexibility on fuel sources is maintained and fixed term utility costs to allow appropriate management of site running costs.  The spread between feedstock and finished biodiesel has widened to reflect some of the increased cost of operation.	
<b>Magnitude of impact</b>  3.5	<b>Responsibility</b>  Board	<b>Magnitude of impact after mitigation</b>  3	
<b>Likelihood of occurrence</b>  5		<b>Likelihood of occurrence after mitigation</b>  5	
<b>Protest action</b>  Greenergy delivers road fuel across the UK and Ireland.  With increasing focus on climate change, there is increasing risk of our supply locations or customers being targeted with a goal of disrupting supply to carry a political message.  Although less likely that Greenergy is the target of such protests, we are likely to be impacted owing to our supply footprint. Disruption of supply is likely to gain public visibility.		<b>Mitigating action</b>  We work with the relevant authorities, our terminal partners and our customers to provide as secure and reliable a supply chain as possible.  Where protest action is anticipated, we proactively engage with our staff to ensure they are prepared and aware of procedures.  We will always comply with the prevailing regulations and where sanctions or other restrictions exist with those as well.	
<b>Magnitude of impact</b>  3	<b>Responsibility</b>  Board	<b>Magnitude of impact after mitigation</b>  3	
<b>Likelihood of occurrence</b>  4.5		<b>Likelihood of occurrence after mitigation</b>  4.5	
<b>Renewable products</b>  The energy transition has been accelerated by availability of new products and legislation changes to meet government targets. In countries where we operate, demand for alternative products such as HVO, hydrogen and higher percentage biodiesel blends is increasing.  Increasing demand for renewables is also increasing competition to procure waste feedstock, such as used cooking oil.		<b>Mitigating action</b>  Already Europe's largest manufacturer of biodiesel, we work with suppliers and customers to understand their transition strategies and provide reliable supply of renewable fuels.  We are continuing to progress next generation projects to create and supply waste-based renewables both now and for the future.  We work with our customers to ensure that differences between products are clearly understood.	
<b>Magnitude of impact</b>  3	<b>Responsibility</b>  Board	<b>Magnitude of impact after mitigation</b>  3	
<b>Likelihood of occurrence</b>  3		<b>Likelihood of occurrence after mitigation</b>  3.5	

## Strategic report (continued)

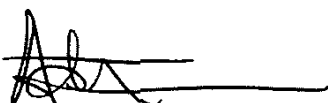
### Key performance indicators

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

	Year ended 31 December 2022	Year ended 31 December 2021
Revenue (£'000)	31,341	27,878
Gross profit (£'000)	2,713	4,149
Net assets (£'000)	10,446	13,540

Increase in revenue is primarily due to increase in production from 2021, however the lower gross profit is due to higher chemical and utility costs in 2022. 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

21 August 2023



## Directors' report

The Directors present Directors' report and the financial statements for the year ended 31 December 2022.

### Results and dividends

The Company made a loss for the financial year of £3,094,000 (2021: £2,220,000). No dividend has been declared in the current year (2021: £nil).

### Going concern

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

The Directors of the Group have issued a written commitment stating that no entity within the Group will call due an intercompany debt for which the corresponding creditor does not have sufficient resources to meet their obligation. Furthermore, the Company has received a written commitment from a sister company that it will continue to have access to the Group working capital facilities as required. Both commitments are for a period of at least 12 months from the date that the financial statements are authorised for issue.

After careful consideration of the principal risks and uncertainties and considering the fact that the Company will continue to have access to funding by fellow group companies, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the going concern period, being a period of 12 months from the date the financial statements are authorised for issue. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

## **Directors' report (continued)**

### **Financial risk management**

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

### **Post Balance Sheet Events**

Post balance sheet events of the Company are detailed in note 21 of the financial statements.

### **Future developments**

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

### **Directors**

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

P T Bateson  
P Curtis  
A J Traeger

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

## Directors' report (continued)

### Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, directors' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

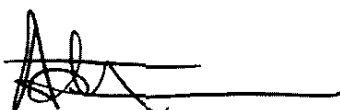
Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required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

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

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

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

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



A J Traeger  
**Director**

21 August 2023

Greenergy Biofuels Limited  
Income statement

**Income statement**  
**For the year ended 31 December 2022**

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue	3	31,341	27,878
Cost of sales		(28,628)	(23,729)
<b>Gross profit</b>		<b>2,713</b>	<b>4,149</b>
Distribution costs		(2,994)	(2,093)
Administrative expenses		(2,926)	(3,020)
<b>Operating loss</b>		<b>(3,207)</b>	<b>(964)</b>
Finance costs	6	(707)	(475)
<b>Loss before tax</b>	4	<b>(3,914)</b>	<b>(1,439)</b>
Income tax credit/(charge)	7	820	(781)
<b>Loss for the year</b>		<b>(3,094)</b>	<b>(2,220)</b>

There were no other items of other comprehensive income for the year 31 December 2022 (31 December 2021: none) and accordingly, no separate statement of comprehensive income has been presented.

The results relate to continuing activities.

The notes on pages 21 to 36 are an integral part of these financial statements.

**Balance sheet**  
**As at 31 December 2022**

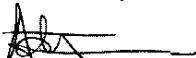
	Note	31 December 2022 £'000	31 December 2021 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	24,260	26,243
Right-of-use assets	14	10,296	12,255
		<u>34,556</u>	<u>38,498</u>
<b>Current assets</b>			
Inventories	9	228	174
Cash at bank		38	87
Trade and other receivables	10	7,378	6,167
		<u>7,644</u>	<u>6,428</u>
<b>Total assets</b>		<u>42,200</u>	<u>44,926</u>
<b>Current liabilities</b>			
Trade and other payables	11	15,598	13,376
Lease liabilities	15	2,590	2,354
		<u>18,188</u>	<u>15,730</u>
<b>Net current liabilities</b>		<u>10,544</u>	<u>9,302</u>
<b>Non-current liabilities</b>			
Lease liabilities	15	8,682	10,522
Deferred tax	12	4,374	4,624
Provisions	13	510	510
		<u>13,566</u>	<u>15,656</u>
<b>Total liabilities</b>		<u>31,754</u>	<u>31,386</u>
<b>Net assets</b>		<u>10,446</u>	<u>13,540</u>
<b>Equity</b>			
Issued capital	16	25,041	25,041
Share premium account		4,460	4,460
Accumulated losses		(19,055)	(15,961)
<b>Total equity</b>		<u>10,446</u>	<u>13,540</u>

The notes on pages 21 to 36 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 21 August 2023 and were signed on its behalf by:



A J Traeger  
Director

**Greenergy Biofuels Limited**  
**Statement for changes in equity**

**Statement of changes in equity**  
**For the year ended 31 December 2022**

	Issued capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 January 2021	<b>25,041</b>	<b>4,460</b>	<b>(13,71)</b>	<b>15,760</b>
Comprehensive income				
Loss for the financial year	-	-	(2,220)	(2,220)
Balance at 31 December 2021	<b>25,041</b>	<b>4,460</b>	<b>(15,961)</b>	<b>13,540</b>
Comprehensive income				
Loss for the financial year	-	-	(3,094)	(3,094)
Balance at 31 December 2022	<b>25,041</b>	<b>4,460</b>	<b>(19,055)</b>	<b>10,446</b>

The notes on pages 21 to 36 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 represent the cumulative balance of earnings not distributed.

## **Notes to the financial statements**

### **1. Summary of business and significant accounting policies**

#### **General business description**

Greenenergy 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.

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

#### **Financial reporting standard 101 - reduced disclosure exemptions**

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

- information relating to the entities objectives, policies and processes for managing capital (IAS 1.134-136);
- the requirements of 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 Greenenergy Fuels Holdings Limited. The financial statements of Greenenergy Fuels Holdings Limited can be obtained from its registered address stated at 198 High Holborn, London, WC1V 7BD.

## Notes to the financial statements (continued)

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

#### Going concern

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

The Directors of the Group have issued a written commitment stating that no entity within the Group will call due an intercompany debt for which the corresponding creditor does not have sufficient resources to meet their obligation. Furthermore, the Company has received a written commitment from a sister company that it will continue to have access to the Group working capital facilities as required. Both commitments are for a period of at least 12 months from the date that the financial statements are authorised for issue.

After careful consideration of the principal risks and uncertainties and considering the fact that the Company will continue to have access to funding by fellow group companies, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the going concern period, being a period of 12 months from the date the financial statements are authorised for issue. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

#### 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 at functional currency's spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement within administrative expenses. Non-monetary assets and liabilities that are measured at historical cost and denominated in a foreign currency are translated into the functional currency using the rates of exchange as at the dates of the initial transactions.



## Notes to the financial statements (continued)

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

#### 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:

Land and buildings	15 to 20 years
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.

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.

## Notes to the financial statements (continued)

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

#### Financial assets

##### *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.

##### *(i) 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 solely of receivables in the balance sheet.

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

Regular way 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.

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

##### *(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.

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

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

#### 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:

##### *(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.

## Notes to the financial statements (continued)

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

#### 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 and other 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.

#### 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.

#### Impairment of non-financial assets

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

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

## Notes to the financial statements (continued)

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

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them accordingly. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### Revenue recognition

Revenue consists of amounts billed to the Company's sister 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.

#### 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 14 years.

## Notes to the financial statements (continued)

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

#### Leases (continued)

##### (ii) Lease liabilities

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

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

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

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

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

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

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

##### *Amendments to IFRS 3 Reference to the Conceptual Framework*

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

## 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)

##### *Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use*

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

##### *Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract*

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

##### *Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle*

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards:

##### *IFRS 1 First-time Adoption of International Financial Reporting Standards*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

##### *IFRS 9 Financial Instruments*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

##### *IFRS 16 Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements.

##### *IAS 41 Agriculture*

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

## 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 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 2022 £'000	Year ended 31 December 2021 £'000
Provision of manufacturing tolling services to a group company	<b>31,341</b>	27,878

All revenue arose within the United Kingdom.

### 4. Loss before tax

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Depreciation of property, plant and equipment	<b>3,226</b>	3,112
Depreciation of right-of-use assets	<b>2,782</b>	2,483
Employee benefit expense	<b>3,344</b>	3,214
Defined contribution pension cost	<b>212</b>	215
Foreign exchange loss / (gain)	<b>398</b>	(375)

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, analysed by category, was as follows:

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Plant Operations	68	69

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 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	3,024	2,914
Social security costs	320	300
Defined contribution pension cost	212	215
	<b>3,556</b>	<b>3,429</b>

### 6. Finance costs

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Bank interest payable	-	1
Interest on loans from other group companies	304	76
Leases liabilities	403	398
	<b>707</b>	<b>475</b>



## Notes to the financial statements (continued)

### 7. Taxation

Analysis of charge in year:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
<b>Current tax</b>		
Group relief receivable	(775)	(425)
Adjustments in respect of previous years	205	105
<b>Total current tax credit</b>	<b>(570)</b>	<b>(320)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	22	1,242
Adjustments in respect of prior years	(272)	(141)
<b>Total deferred tax charge</b>	<b>(250)</b>	<b>1,101</b>
<b>Tax (credit)/charge on loss</b>	<b>(820)</b>	<b>781</b>

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

The total tax credit for the period is higher (31 December 2021: higher) than the standard rate of corporation tax in the UK of 19.00% (31 December 2021: 19%). The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loss before tax	(3,914)	(1,438)
At tax rate of 19.00% (2021: 19%)	(744)	(273)
Effects of:		
Expenses not deductible for tax	1	-
Fixed asset differences	(15)	(19)
Remeasurement of deferred tax for changes in tax rates	5	1,109
Adjustments in respect of prior periods	(67)	(36)
<b>Total tax credit for the year</b>	<b>(820)</b>	<b>781</b>

#### Factors that may affect future tax charges

Finance Bill 2021 announced that the main rate of Corporation Tax would increase to 25% from April 2023. This increase was reversed in the Mini budget in September 2022 but subsequently reinstated in the October 2022 Autumn Statement. Therefore deferred tax balances continue to be calculated at the rate of 25%

## 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>				
<b>At 31 December 2021</b>	<b>2,269</b>	<b>6,454</b>	<b>57,348</b>	<b>66,071</b>
Additions	1,143	100	-	1,243
Reclassification	(2,192)	-	2,192	-
<b>At 31 December 2022</b>	<b>1,220</b>	<b>6,554</b>	<b>59,540</b>	<b>67,314</b>
<b>Accumulated depreciation</b>				
<b>At 31 December 2021</b>	<b>-</b>	<b>(4,321)</b>	<b>(35,507)</b>	<b>(39,828)</b>
Charge for the year	-	(330)	(2,896)	(3,226)
<b>At 31 December 2022</b>	<b>-</b>	<b>(4,651)</b>	<b>(38,403)</b>	<b>(43,054)</b>
<b>Net book value at 31 December 2022</b>	<b>1,220</b>	<b>1,903</b>	<b>21,137</b>	<b>24,260</b>
Net book value at 31 December 2021	2,269	2,133	21,841	26,243

### 9. Inventories

	31 December 2022 £'000	31 December 2021 £'000
Raw materials	228	174

### 10. Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Amounts owed by other Group undertakings	5,310	4,992
Other receivables	779	421
Other taxation and social security	720	530
Prepayments and accrued income	569	224
	<b>7,378</b>	<b>6,167</b>

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

## Notes to the financial statements (continued)

### 11. Trade and other payables

	31 December 2022 £'000	31 December 2021 £'000
Trade payables	794	440
Amounts owed to Group undertakings	6,565	6,719
Amounts owed to immediate parent company	5,659	3,489
Accruals and deferred income	2,580	2,728
	<b>15,598</b>	<b>13,376</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 SONIA plus 4%.

### 12. Deferred taxation

The elements of the deferred taxation provision are as follows:

	31 December 2022 £'000	31 December 2021 £'000
Accelerated timing differences	(4,374)	(4,624)
Net deferred tax liability	(4,374)	(4,624)

The movement on deferred taxation is as follows:

	Accelerated capital allowances £'000	Tax losses carried forward and other deductions £'000	Total £'000
<b>At the beginning of the year</b>	<b>(4,624)</b>	<b>-</b>	<b>(4,624)</b>
Adjustment in respect of prior years	(144)	416	272
Current year income statement charge	394	(416)	(22)
<b>At the end of the year</b>	<b>(4,374)</b>	<b>-</b>	<b>(4,374)</b>

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)

### 13. Provisions

	Provisions for plant dismantlement £'000
At 31 December 2021	510
Increase in the year	-
As at 31 December 2022	<b>510</b>

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 5 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.

### 14. 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 2022	2,396	16,912	11	19,319
Additions	33	793	-	826
Disposals	-	-	(11)	(11)
On 31 December 2022	<b>2,429</b>	<b>17,705</b>	<b>-</b>	<b>20,134</b>
<b>Accumulated depreciation</b>				
On 1 January 2022	(881)	(6,175)	(8)	(7,064)
Charge for the year	(309)	(2,473)	-	(2,782)
Disposals	-	-	8	8
On 31 December 2022	<b>(1,190)</b>	<b>(8,648)</b>	<b>-</b>	<b>(9,838)</b>
<b>Carrying amount at 31 December 2022</b>	<b>1,239</b>	<b>9,057</b>	<b>-</b>	<b>10,296</b>
Carrying amount at 31 December 2021	1,515	10,737	3	12,255

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 10 years.

The maturity analysis of lease liabilities is presented in note 15.

#### Amounts recognised in profit and loss

	31 December 2022 £'000
Depreciation expense on right-of-use assets	2,782
Interest expense on lease liabilities	403

## Notes to the financial statements (continued)

### 15. Lease liabilities

	31 December 2022	31 December 2021
	£'000	£'000
<b>Maturity analysis</b>		
Year 1	2,855	2,665
Year 2	2,853	2,664
Year 3	2,853	2,664
Year 4	2,846	2,664
Year 5	497	2,656
Onwards	-	460
	<b>11,904</b>	13,773
Less : Unearned interest	<b>(632)</b>	(897)
	<b>11,272</b>	12,876
Analysed as:		
Current	2,590	2,354
Non-current	8,682	10,522
	<b>11,272</b>	12,876

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.

### 16. Issued capital

	31 December 2022	31 December 2021
	£'000	£'000
<b>Allotted, called up and fully paid</b>		
2,504,109,936 (31 December 2021: 2,504,109,936) Ordinary shares of £0.01 each	<b>25,041</b>	25,041

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

### 17. Financial commitments

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

	31 December 2022	31 December 2021
	£'000	£'000
Property, plant and equipment	<b>301</b>	145

## Notes to the financial statements (continued)

### 18. 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.

### 19. Assets pledged as collateral

		31 December 2022	31 December 2021
	Notes	£'000	£'000
<b>Current assets</b>			
Inventories	9	228	174
Trade and other receivables	10	2,068	1,175
Cash and cash equivalents		38	87
<b>Total current assets pledged as security</b>		<b>2,334</b>	<b>1,436</b>
<b>Non current assets</b>			
Property, plant and equipment	8	24,260	26,243
<b>Total non current assets pledged as security</b>		<b>24,260</b>	<b>26,243</b>

Current assets of £1,555,000 (2021: £1,436,000), and non-current assets with a carrying amount of £24,260,000 (2021: £26,243,000) 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 Limited is a part, held letters of credit of £184,927,879 (2021: £113,490,695) as at the year-end date, which is secured against the Group's borrowing facility.

### 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 Corporation, a Company incorporated in Canada.

Greenergy Fuels Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2022. Brookfield Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2022.

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

### 21. Events after the reporting period

There have been no events after the reporting period that require disclosure.