

Registered number: 04058825

Greenergy Fuels Limited

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



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Officers and professional advisors

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Strategic report

The Directors present their strategic report and the audited financial statements for the year ended 31 December 2020.

Business review

Greenergy Fuels Limited ("the Company") is the principal UK trading subsidiary of Greenergy Group Holdings Limited, which is the parent Company of the Greenergy Group ("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 activities during the year were the blending, supply and marketing of transportation fuels and waste derived renewable fuels.

The Company made a loss for the year of £7.58m (31 December 2019: profit of £50.06m). Revenue fell by £4,172m to £10,777m, primarily due to the significant impact of COVID-19 on our business with demand down in all regions due to lockdowns. Net assets reduced to £22.19m (31 December 2019: £42.56m) as a result of the loss for the year and a dividend payment being made.

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

Strategic report (continued)

Sales and marketing

In all of the regions we operate, governments are looking at the transport sector and introducing increasing mandates for renewables and targets to transition energy to NetZero.

The increase in renewable fuel obligations in the UK and Europe saw demand for waste-based biofuels increase once more in 2020, even as demand for road fuels declined. With further increases mandated, we have continued to invest in our manufacturing plants, with our third plant in Amsterdam commencing commercial production in early 2020. We have further investments planned that will allow us to further increase production to meet rapidly increasing demand.

A particularly exciting investment is the Group's waste tyre project that will play its part in the circular economy by processing waste tyres into metal that can be recycled again, recovered carbon black that be used in the production of new tyres, and renewable biofuels that reduce emissions.

In the UK as people stayed home, demand for fuels fell significantly in 2020. Our in-house haulage company Flexigrid saw volumes fall 65% in April 2020 compared to 2019, as the first lockdown was introduced in the UK in March 2020. To ensure the long-term viability of Flexigrid and to protect jobs we utilised the Coronavirus Job Retention Scheme and permanently closed a distribution depot.

COVID-19 and Government lockdowns resulted in the significant reduction in demand, with total road fuel demand in the UK down 17%.

In the UK, diesel demand fell by 15% (2019: down by 2.73%) whilst gasoline demand declined by 22% (2019: up by 1.05%) across the year.

As the UK comes out of lockdown, demand is expected to increase and stabilise at a lower level due to further efficiency and decarbonisation within the industry.

In November 2020, the UK Government announced it would ban the sale of new gasoline and diesel vehicles in 2030, with hybrids to follow in 2035 to drive the decarbonisation of the transport sector.

With the average lifespan of a car at scrappage around 14 years, cars and vans powered by gasoline and diesel will be on the road for some time.

As a leading supplier of road fuel, we recognise the urgent need to tackle greenhouse gas emissions in the transportation sector.

Biofuels, such as the waste-based biodiesel we produce, remains to be one of the most readily deployable renewable options available, capable of cutting carbon emissions from the many diesel vehicles on the road today.

Infrastructure, manufacturing and tankage

The Company blends the majority of the petrol it supplies, buying petrol components from a variety of oil companies, mostly outside the UK, for blending in its tanks. Since January 2015 we have operated three petrol blending facilities in the UK. This gives us additional economies of scale and, with petrol demand falling in the UK and elsewhere in Europe, we were able to source competitively priced petrol products for blending from European refiners which had limited alternative markets.

Renewable Transport Fuel Obligation (RTFO)

In the UK, the percentage of biofuel that fuel suppliers are required to blend into their gasoline and diesel under the Renewable Transport Fuel Obligation (RTFO) continued to rise to 9.75% in 2020 (2019: 8.5%).

If a supplier is unable to meet their obligation, they are required to pay a buy-out price. From 1 January 2021, the buy-out price has increased from 30p per litre to 50p per litre.

In 2019 and 2020 only, the UK also introduced new Greenhouse Gas (GHG) legislation requiring GHG savings from the inclusion of renewable fuels. The legislation incentivised the lowest carbon biofuels such as the waste-based biodiesel we manufacture. The legislation does not apply from 2021 onwards.

Strategic report (continued)

Development fuels

As part of the UK legislation, the RTFO also requires that a growing percentage of biofuel must be classed as development fuels (dRTFC).

Defined as new types of advanced biofuels made from sustainable wastes and residues, they are required to have a greenhouse gas savings threshold of at least 65% and represent a significant opportunity for Greenergy.

We are actively exploring opportunities to develop new and advanced forms of renewable 'drop-in' fuels, capable of replacing diesel and petrol components in conventional combustion engines. This year, our waste tyre project progressed to engineering stage, and we are continuing to evaluate other projects, including using household and commercial waste to produce liquid fuels or substitute natural gas (SNG).

Compulsory Stock Obligation (CSO)

As a member of the International Energy Agency, the UK is required to maintain emergency oil reserves. This international obligation is passed on to industry through a Compulsory Stock Obligation (CSO), which requires all refiners and importers of fuel in the UK to hold a minimum level of stock, either as physical oil in tank and/or as 'tickets'. This represents an ongoing cost for our business.

Greenhouse gas legislation

As of 1 January 2019, new Greenhouse Gas (GHG) Legislation in the UK came into effect. This new legislation requires fuel suppliers to reduce the GHG emissions from the fuel they supply in the UK by 4% in 2019 and 6% in 2020.

The legislation incentivised the lowest carbon biofuels such as the waste-based biodiesel we manufacture. The legislation does not apply from 2021 onwards.

To comply with the new legislation, suppliers need to obtain a certain number of GHG credits, which are awarded according to the carbon intensity of the biofuel they supply. This is different to the existing RTFO scheme which awards certificates based on a volume of biofuel blended.

If the supplier does not have enough credits to meet its obligation, it will need to acquire credits generated by other suppliers or pay a Buy-Out price to the Government.

The GHG Legislation terminates as of 31st December 2020, with redemption in September 2021. This could affect high GHG percentage saving biofuels in the UK market as the GHG Obligation continues in several Member States through 2021. In the UK, the focus will shift to Double Counting feedstock's as the main RTFO Obligation remains at 9.6%, above the blend percentage allowable for UK specification fuel.

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)

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.

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.

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 the management of these risks and in identifying and implementing responses to those risks.

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

Unless noted, ratings for magnitude of impact and likelihood of occurrence are unchanged from prior years.

Group risks		
Health, safety and environmental incidents <p>The personal health and safety of our staff and customers is our top priority, and safety is embedded in our culture. Our operations involve the storage and processing of fuel products and the movement of these products by ship, train and truck, including deliveries to customer sites and retail sales. These activities bring us into contact with members of the public and with the environment.</p> <p>We focus on preventing major pollution, injury and/or loss of life due to systems or equipment failure.</p>		Mitigating action <p>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.</p> <p>As we expand internationally, we apply our auditing across all businesses on an appropriate timeline. Our approach is to ensure all activities are assessed, people trained and all incidents are reported. Investigations are in an atmosphere of ownership and responsibility.</p>
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation
High	Executive Directors and Head of Process Integrity	Medium

Pandemic <p>A global outbreak of an infectious disease, increasing the risk of morbidity and mortality. 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>		Mitigating action <p>To protect our staff during COVID-19, we transitioned non-operational staff to working from home where possible and have implemented a raft of measures to protect our operational staff, such as those at plants, terminals and our drivers. These measures minimise contact with colleagues and the public to provide as safe a working environment as possible.</p> <p>As testing becomes more widely available, particularly Lateral Flow Testing that provides rapid results, we will consider how best to leverage this across the Group.</p> <p>The knowledge and experience gained during the COVID-19 pandemic, combined with our business continuity plans ensures the business is prepared for possible future outbreaks.</p>
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation
High (new)	Executive Directors	Medium

Strategic report (continued)

Principal risks and uncertainties (continued)

Climate change Demand for fossil fuel products is being displaced by demand for renewable fuel products. In most of our markets, notably the UK, Ireland and Canada, this demand shift is being driven by legislation that aims to decrease carbon emissions. Increased use of electric vehicles will over time reduce the size of the markets in which we operate. Extreme weather events and rising tides may affect production or supply, particularly in coastal areas. With key stakeholders giving more attention to climate change and ESG more broadly, it is important that we continue to demonstrate our commitment to driving change to avoid the risk that access to certain markets may be limited in the future.		Mitigating action Greenergy is already a leading producer and supplier in the waste-derived renewable fuel sector. We see ongoing opportunities for our renewable business, as biofuels and other liquid renewable fuels continue to displace traditional fossil fuels. We continue to invest in the area, including to bring to market development fuels not previously part of the supply chain, such as the waste tyre project. Our market will be impacted in the medium to long term by growth in use of electric vehicles (EVs). The Board is of the view that the risks of demand reduction from EVs are more than offset by the opportunities in liquid renewable fuel production. Greenergy established an ESG committee reporting to the Board to evaluate and drive our response to environmental issues. There is a very long-term risk to our biodiesel manufacturing facilities and coastal import terminals from rising sea levels, but with current forecasts these are not expected to impact within the economic life of the facilities. The likelihood of our shipping and haulage activities being affected by adverse weather is likely to increase. We will continue to manage our supply chains rigorously to minimise disruption for customers.
Magnitude of impact High	Responsibility Executive Directors and ESG Committee	Likelihood of occurrence after mitigation Medium (2019: Low)

IT security The profile and therefore the risk of cyber-attack is increasing for businesses globally. Threats present themselves in many forms, including viruses or targeted emails which create data integrity issues or loss of data, leading to inaccurate reporting or financial loss. Unauthorised access to systems either internally or externally create risk of loss of data and exposure under GDPR legislations, local approaches to GDPR exist in many jurisdictions we operate in including UK, the EU and Canada. The pandemic created an increased risk of cyber attack particularly through complex social engineering attacks as much of the workforce moved to a remote working platform.		Mitigating action We work with leading external security specialists to improve our technology, staff awareness and evolve multiple layers of security to protect the business. Participation in specialist Government/industry committees provides additional notification and ensures we remain aligned with industry best practice. Our systems retain the same security and access restrictions in a remote working environment as they do when physically present in the office and as such are well structured for the new ways of working in response to the pandemic Our information security strategy is reviewed at Board level.
Magnitude of impact High	Responsibility Executive Directors and Head of IT	Likelihood of occurrence after mitigation Medium

Strategic report (continued)

Principal risks and uncertainties (continued)

Business continuity <p>Unforeseen extreme events are by their nature difficult to predict, but have potential to cause severe impact on business performance and customer service.</p> <p>The current COVID-19 pandemic highlights the importance of planning and preparation of unforeseen events and our ability to respond.</p>		Mitigating action <p>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 to longer-term situations.</p> <p>There are comprehensive disaster recovery processes, tested regularly, which allow business operations to continue in the event of a disruption that impacts our critical systems or office locations.</p> <p>Office staff are well equipped to work remotely with secure access to all resources.</p> <p>During the COVID-19 pandemic we maintained operations to ensure continuous fuel supply for customers, drawing on our crisis plans to implement new ways of working to ensure minimal contact with colleagues and the public in executing our business.</p> <p>Where appropriate, we utilised government support schemes to assist the business through the pandemic.</p>
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation
High	Executive Directors	Medium

Regulatory <p>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.</p> <p>Any change to global sanctions and tariffs can also disrupt our supply chain, increasing costs.</p> <p>Historical changes have included:</p> <ul style="list-style-type: none"> • The introduction of lower sulphur requirements for marine fuel which may impact on the cost of diesel products • The UK's Renewable Transport Fuel Obligation (RTFO) and Greenhouse Gas (GHG) obligation schemes which set out the requirements to blend biofuels into road fuel • The UK standard moving from an E5 standard to E10 (maximum 10% ethanol for gasoline) in 2021; and possible changes to fuel particulate limits in 2020. • The exit from the United Kingdom from the European Union (Brexit) in 2020. 		Mitigating action <p>Our global supply chain allows us to switch product sourcing between regions as required. We have multiple sourcing and delivery locations for all our products, allowing us to provide reliable low cost supply into any of our supply destinations.</p> <p>As Europe's largest manufacturer of biodiesel from waste, we are well placed to meet growing demand resulting from higher UK blending obligations. In 2020, our third biodiesel plant in Amsterdam commenced commercial production and we made investments to increase outputs from our UK plants.</p> <p>We continue to invest in projects to meet the RTFO legislation that requires a growing portion of biofuels must be derived from development fuels, such as waste tyre project currently under development.</p> <p>With the EU-UK Trade and Cooperation Agreement now in place, we monitor and adapt to any changes in tariffs and regulations with the EU as we would from any other jurisdiction.</p>
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation
Medium	Executive Directors	Medium

Strategic report (continued)

Principal risks and uncertainties (continued)

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

<p>Loss of key staff</p> <p>Loss of key staff would mean loss of knowledge and skills to the Group. As we expand, the need for the strength and depth of the senior management increases.</p> <p>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.</p>			<p>Mitigating action</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>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 excellent 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> <p>As we look to return our staff to offices and other locations following COVID-19 lockdowns, we are committed to offering staff flexible working options around returning to site post COVID-19.</p>
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation	
Medium	Executive Directors	Low	

Strategic report (continued)

Principal risks and uncertainties (continued)

Liquidity risk <p>The Group relies on external finance facilities to carry on its business, namely a \$930 million working capital facility, which is provided by a syndicate of banks with both a committed and uncommitted element.</p> <p>If the Group failed to meet its covenants, or there was a change in risk appetite from its lenders which resulted in the facility being terminated or significantly reduced, it would place a risk on the Group's ability to continue to fund operations.</p>		Mitigating action <p>The Group's maintains strong transparent relationships with its banking syndicate and has done so for a number of years.</p> <p>The treasury department constantly monitors the Company's cash position and borrowing availability by maintaining up-to-date cash flow projections so that appropriate action may be taken to ensure financial liabilities are met as they become due.</p> <p>Covenants are tracked and forecasts are reported monthly to all banks. The Group undertakes regular scenario analysis to stress test performance outlook to ensure sufficient headroom remains available.</p> <p>In the event of a potential covenant breach, the business will engage with its banks in advance to agree remedial action, including temporary relief, to resolve prior to a breach occurring</p>	
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation	
High	Chief Financial Officer	Low	

Bribery and corruption, codes of conduct, ethics and good governance <p>The business sources product globally from a wide variety of suppliers, counterparties, agents and intermediaries.</p> <p>As we expand internationally, we sell to customers on increasingly complex terms with the number of counterparties connected to transactions increasing. There is a need to ensure compliance with domestic and international rules around full disclosure of business dealings, codes of conduct and controls on facilitation and equivalent payments (such as those stipulated in the UK under the Bribery Act 2010).</p>		Mitigating action <p>The Group has in place robust, clear and company-wide policies to inform and set limitations and prohibitions, including reporting of conflicts of interest, a gift register and a record of supplier/customer entertainment and regular ethics/ABC training sessions. Staff across the business have greater awareness and visibility of our policies from this training. We identify any roles, which may be considered to be high risk and ensure those staff members particularly are aware of the requirements placed on them.</p> <p>The Group has established an "ethics hotline" to allow staff to report concerns and we have rolled out a process of agreement to a code of conduct by all non-driver staff.</p>	
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation	
Low	Ethics and ESG Committees	Low	

Strategic report (continued)

Principal risks and uncertainties (continued)

Global fuel supply		
<p>Oil price volatility</p> <p>Fluctuations in fuel product prices can result in a difference between purchase and sales prices. Unless managed, these fluctuations could very significantly impact purchase and sales margins.</p>	<p>Mitigating action</p> <p>Our comprehensive control processes and hedging mechanisms are in place to limit exposure to oil and product price fluctuations.</p> <p>The objective of these mechanisms is to match our priced physical positions (generated from spot and term contracts entered into with suppliers and customers with equal and opposite hedging instruments).</p> <p>Our risk committee assesses and limits exposure to particular markets and products to ensure that risk is in line with company appetite.</p> <p>In response to global supply and demand risk, we maintain an active forward purchasing and sales activity hedged with appropriate market instruments. Sales contracts also include floating elements which are linked to market prices which reduces exposure to fuel product price rises.</p> <p>Significant changes in demand, such as seen in early 2020 as a result of COVID-19, caused more intense price fluctuations in the oil and product markets. Our controls to mitigate the effect of volatility allows us to minimise its impact on the business.</p>	
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation
High	Executive Directors	Low

<p>Interruption of fuel supply to customers</p> <p>An event which significantly interrupts the supply of fuel to our customers has potential to cause reputational, commercial and financial damage.</p> <p>Supply disruption could be market-wide or site-specific:</p> <ul style="list-style-type: none"> A political or physical event in a major oil producing nation or a significant supply location could disrupt supplies Weather-related shipping delays, industrial action, a fuel quality issue or an IT failure could cause product unavailability at a specific supply location. 	<p>Mitigating action</p> <p>Supply resilience is central to our mission. By maintaining optionality across our supply chain, we minimise reliance on any single supplier, supply location or haulage provider.</p> <p>Our access to storage allows us to effectively manage product availability and ensure supply resilience for customers.</p> <ul style="list-style-type: none"> With our flexible, global supply chains and our deep-water infrastructure, we can quickly switch our purchasing to other locations in the event of a major event disrupting oil flows In Europe, our global product sourcing, network of storage and supply locations, in-house and third party haulage arrangements all give operational flexibility and the ability to switch to other sites in the event of an outage or closure at one location In North America, supply resilience is achieved by combining rail and import infrastructure, giving us the ability to source from local suppliers and also from the USA and Europe. 	
Magnitude of impact	Responsibility	Likelihood of occurrence after mitigation
Medium	Executive Directors	Low

Strategic report (continued)

Principal risks and uncertainties (continued)

Product quality issues The supply of fuel failing to meet quality standards could lead to significant reputational damage and remediation costs.		Mitigating action The risk of a field quality issue is minimised through extensive operational controls embedded within our quality management system and certified to ISO 9001. This includes independent product quality tests on receipt of product, in tank and prior to releasing product for customer deliveries. Our own procedures go above and beyond national standards.
Magnitude of impact Medium	Responsibility Chief Operating Officer	Likelihood of occurrence after mitigation Low

Counterparty risk Our global supply chain means that we transact with a wide range of counterparts around the world. Failure of any of these parties to perform could affect our results. There is also the risk that counterparts behave in a fraudulent or unethical manner, including failure to comply with requirements of the UK modern slavery legislation, 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. COVID-19 and Government lockdowns have placed increased pressure on many companies. While the government support schemes have helped to relieve pressure, it has deferred what may still be a number of defaults into 2021 and beyond. A number of our counterparts will carry increased costs as a result of the changing relationship with Europe owing to Brexit.		Mitigating action We have a robust KYC process on all new counterparts to ensure that companies not previously known to the Group are thoroughly checked. Our risk committee monitors and sets appropriate trading levels for all counterparts ensuring that risks of trading are well managed and reported. We use third party auditors to ensure that our biofuel supply chain is compliant with the regulations of the UK RTFO scheme. We focus on knowing our suppliers and maintain regular contact through our purchasing, sustainability and credit teams. Credit insurance is maintained where considered appropriate. We proactively manage our counterparty risk and exposure on a daily basis. Drawing on our strong relationships with counterparts, we are able to quickly identify counterparts that may be experiencing increased cash flow pressure. During the COVID-19 situation we are continuing to work actively with those impacted to ensure that any disruption to supply or payments is managed and does not create a default.
Magnitude of impact High (2019: Medium)	Responsibility Risk Committee	Likelihood of occurrence after mitigation Low

Strategic report (continued)

Principal risks and uncertainties (continued)

Industrial relations <p>From time to time our global operations are impacted by third party industrial relations disputes. Recent examples include third party strike action in Brazil (2018) and Canada (2019) affecting our ship, road and rail operations and having a knock on impact on our ability to supply fuel.</p> <p>In the UK our driver workforce is largely unionised. An industrial dispute involving our drivers has the potential to disrupt fuel supply to customers, with potentially significant implications for the business. Deliveries could also be disrupted by industrial action involving third party facilities or drivers.</p>		Mitigating action <p>We maintain a diverse supply chain with multiple supply points and options around different delivery methods. By keeping in close communications with all our delivery partners we minimise the impact of any disruption.</p> <p>In the UK we have in-sourced most of our haulage operations. We focus on open dialogue with our in-house drivers under a respect agenda and provide a variety of forums for communication, both formal and informal, including regular updates on the performance of the business. Past and present drivers are also stakeholders in Greenergy Flexigrid, encouraging performance and ownership.</p> <p>A practical working relationship with the union is ensured through various channels including full engagement with shop stewards.</p> <p>In the event of disruption we have the flexibility to lift from alternative storage locations as and when required.</p>	
Magnitude of impact <p>Medium</p>	Responsibility <p>Executive Directors and CEO Greenergy Flexigrid</p>	Likelihood of occurrence after mitigation <p>Medium</p>	

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

Strategic Report (continued)

Streamlined energy and carbon report¹

We continually look to improve all of our processes, making them more efficient and sustainable to reduce the impact of our operations.

Energy consumption

Energy consumption declined across the Group in 2020 reflecting the drop in demand. This was partially offset by energy consumption in Amsterdam, as our third plant commenced commercial production.

Biodiesel plants

We believe regular maintenance schedules and continued investment in our plants keeps them in optimal condition, allowing us to operate them as efficiently as possible and increase output.

In late 2020, we completed the transition of our UK-based biodiesel plants to run off renewable electricity.

As part of recent upgrades at our Amsterdam plant, we have piloted the use of solar panels and energy saving measures. Following the success of this programme, we plan to replicate this at both of our UK biodiesel facilities.

We aim to have 100% of electricity purchased coming from renewable sources by 2025 or sooner.

Energy consumption across the Group (MWh) by type

	2020	2019
Non-renewable fuel	73,989	95,385
Non-renewable electricity	43,217	46,928
Heat	253,801	238,644
Total non-renewable energy	371,007	380,957
Renewable fuel	4,472	4,559
Renewable electricity	5,865	0
Total renewable energy	10,337	4,559
Total energy consumption	381,344	385,516

Carbon emissions	Our commitment
<p>We remain committed to reducing our emissions from our operations, and the products we supply. We do this by continually improving our processes to operate more efficiently and our continued leadership in waste-based renewables.</p> <p>To further drive our commitment to providing lower carbon fuels, this year we have created an ESG committee and identified ESG champions across the business to develop our framework for the future. We have also introduced carbon targets across the Group.</p> <p>We support the recommendations of the Task Force on Climate-related Financial Disclosures, and are working to align with it before it becomes a mandatory requirement in the UK, including reporting on total Scope 3 emissions in 2021.</p>	<ol style="list-style-type: none"> Net zero operations by 2035 (50% by 2030) against 2020 baseline Help our customers avoid 8m tCO₂e by 2030 and 12m tCO₂e by 2035 with our products

¹ The Streamlined energy and carbon report is presented for the Greenergy Fuels Holdings Limited Group, of which the Company is a wholly owned subsidiary.

Strategic report (continued)

Streamlined energy and carbon report (continued)

2020 Carbon emissions for the Group

CO₂e emissions (metric tonnes)

	2020	2019
Operational control	18,378	22,899
Scope 1	66,760	65,309
Scope 2		
Scope 3 – related to business travel ²	182	717
Scope 3 – related to business travel		
Total	85,320	88,925

Intensity Figures

	2020	2019
Tonnes CO ₂ e per cubic metre of product sold	0.005	0.005
Tonnes CO ₂ e per employee	73	84

Scope 3 - CO₂e emissions (metric tonnes) from business travel only

	2020	2019
Flights	82	519
Train	1	7
Car travel	99	191
Total	182	717

CO₂e emissions (metric tonnes by activity)

	2020	2019
Renewables	60,580	59,423
Marketing and supply – Europe	23,375	28,786
Marketing and supply - Americas	1,345	654
Middle East	20	62
Total	85,320	88,925

Methodology

Conversions from Greenergy operational data have been calculated in accordance with the Defra Conversion Factors 2020 (version 1.0 expiry 31 July 2021), except for office workers where an industry standard carbon factor was used as government data was unavailable.

We have included all emissions classified in Scope 1 (fuel combustion, company vehicles and fugitive emissions) and Scope 2 (purchased electricity, heat and steam) of the World Business Council on Sustainable Development and World Resources Institute Scope GHG Protocol. Certain aspects of Scope 3 have also been included as required, relating to business travel, with full Scope 3 emissions to be included from 2021.

Emissions associated with office and travel have been allocated to the relevant business unit.

KWh figures follow same methodology as CO₂ calculations, using conversion factor where necessary.

² Note full Scope 3 emissions to be included from 2021.

Strategic report (continued)

Streamlined energy and carbon report (continued)

By blending biofuels in 2020, we saved our customers 6.0 million tonnes CO₂e compared with using the fossil fuel equivalent. This is equivalent to taking 2.9 million cars off the road.

Renewables	Retail, marketing and supply Europe	Americas
<p>Emissions from our renewables production business increased in 2020, totalling 61k mt CO₂e (2019: 59k mt CO₂e) as our third plant in Amsterdam commenced commercial production in early 2020.</p> <p>In late 2020, our UK biofuel plants also transitioned to renewable energy to further improve emissions.</p> <p>We continue to make incremental investments in our plants that further improve the efficiency of our plants.</p>	<p>Flexigrid, our road haulage business is usually the main contributor to emissions our European operations. This year, Flexigrid drove 33% fewer miles than prior years owing to declining demand due to Government lockdowns.</p> <p>We also benefitted from investments in our fleet replacement programme in 2019 and 2020 that has seen the introduction of more fuel efficient vehicles.</p> <p>Due to fewer other road users, we also benefitted from less congestion, which in turn improved vehicle efficiency further.</p>	<p>Emissions from our operations to source, store, and supply fuel in the Americas declined in 2020 owing to reduced import volumes as a result lower demand.</p> <p>Brazil saw an increase in emissions this year due to previously agreed storage coming online.</p>

Future developments

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

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

Strategic Report (continued)

Corporate governance report

The Companies (Miscellaneous Reporting) Regulations 2018 requires large private companies to disclose its corporate governance arrangements to extend sustainable and responsible governance practices to private limited companies.

All entities in the Greenergy Group, including Greenergy Fuels Limited, operate under the Group Corporate Governance Framework mandated by the Board of Directors (the "Board") of the ultimate parent company, Greenergy Group Holdings Limited. During the year, the Group adopted the Wates Principles as part of its governance framework, and considers these an integral part of its approach to governance.

Purpose and Leadership

The Group's mission is to deliver long-term value for our stakeholders through the production and distribution of waste-derived renewable transportation fuels. We are guided by our values and do this by evolving our supply chain, retaining strong customer relationships, delivering change through innovation and acting responsibly and being accountable.

Our mission is more than supplying products and services it includes the way we do our business, our interactions with customers, our governance and values.

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

The close relationship between effective Governance and effective Executive authority and action is at the heart of this process and our business.

Day-to-day operations of the Group are managed by the Executive Leadership Team, comprising thirteen members of senior management (female: three) who have executive authority to make key decisions on operational, commercial and key stakeholder matters. The Executive Leadership Team meet formally and informally on a weekly basis to discuss key stakeholder matters and make decisions within their Executive Authority. In addition to these meetings, the Executive Directors also meet on a weekly basis.

The Executive Leadership Team receives its mandates and guidance from the Board and the Sub-Committees, each with a particular mandate, which have been established to directly advise and engage with the company. They in turn give mandates and guidance to the senior management team with weekly Management meetings as well as regular engagement through emails, blogs and stewardship meetings with the functional heads.

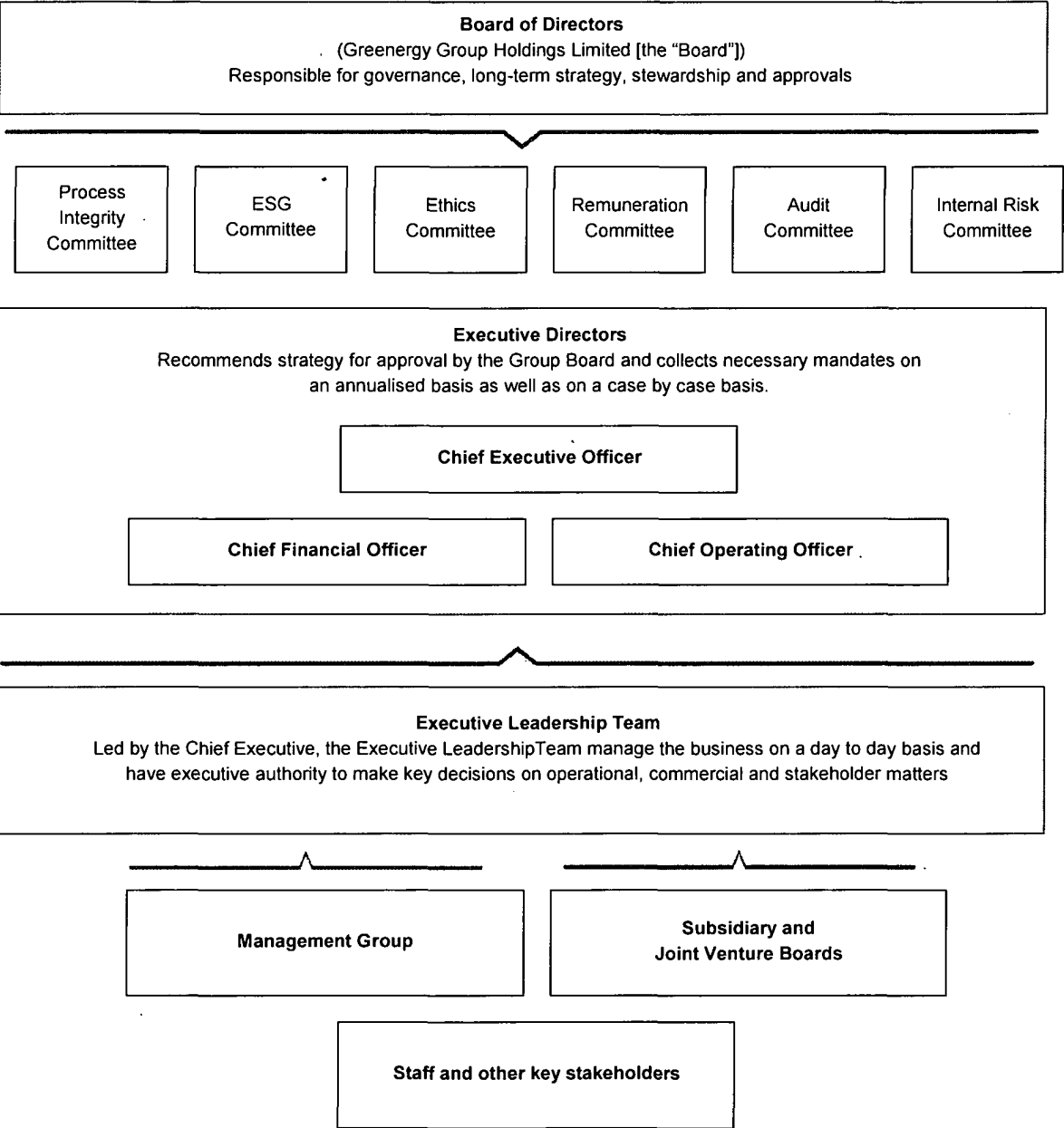
This framework ensures that the Greenergy Group's executive and core management team are empowered with the appropriate level of authority to make decisions on behalf of the individual operating entities.

Throughout 2020, the primary focus for the Board and Executive Leadership Team was to ensure the Group was able to successfully navigate through the pandemic and come out the other side a stronger more resilient business.

Over the past decade, global economies have been discussing transitioning towards a lower carbon environment with limited progress. COVID-19 has created unprecedented disruption and accelerated changes to the energy sector. Since our inception, Greenergy has been an innovative transportation fuel supplier at the forefront of cleaner, greener fuels. This continues today through the Board and Executive Leadership team who have redefined the Group's purpose and mission, setting our vision for the future.

Strategic Report (continued)

Governance Framework



Strategic Report (continued)

Governance Framework (continued)

Board composition

The Board comprises three executive directors, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer and seven non-executive directors, including a non-executive Chairman.

At times, subject matter experts from the Executive Leadership Team and management teams will attend the Board meetings to observe and advise. Certain reserved matters such as governance, long-term strategy, mergers and acquisitions, restructuring and commercial deals over a certain size or duration are submitted to the Board for advice and ultimate approval.

The composition of the Group Board is considered appropriate for the size of the Group, with the directors bringing a wide range of commercial and industry experience, ensuring a well-balanced range of views and experience.

The directors recognise the Board composition lacks diversity. We are committed to supporting diversity and inclusion across the entire workforce and in particular continuing to improve diversity among the senior management and executive leadership teams.

Directors responsibilities

The Board is continuously improving its approach to Corporate Governance ensuring clear responsibilities are allocated to individuals and sub-committees and reviewing if the strategy is still fit for purpose, requesting updates from the sub-committees and subject matter experts.

At the beginning of each year, Quarterly recurring board meetings for Greenergy Group Holdings Limited are scheduled for the year and dates are set.

Two additional strategic board meetings are set:

1. Strategy Day: Discuss and define the Group's strategy; and
2. Five Year Plan: Taking the outcomes of the strategy day to review the Group's five year strategic plan.

The Board uses its meetings as a mechanism to evaluate and review business operations and how they align with the Groups overall strategy and the impact on our key stakeholders. The key activities and decisions undertaken by the Board in 2020 are outlined in the 'Section 172(1) Companies Act 2006 Statement' on pages 21 to 32.

Each board meeting follows a considered agenda, agreed in advance by the Board. Within the set sections there are certain standing items such as review and discussion on Process Integrity data and events and Governance. There are also special topics which are added to individual sections as required with non-board Executives and key management periodically invited to Board meetings for specific items to provide their expertise to the Board discussion dependent on matters under consideration.

The Board aims to hold meetings at different locations to allow the non-executive board members the opportunity to meet staff at different locations.

Opportunity and risks

Greenergy's mission, values and overall Group strategy guide the Board's decisions to promote and deliver long-term value, taking advantage of opportunities which arise whilst ensuring an appropriate risk framework is in place to manage the risks we face in our business.

The Group's Risk Committee, chaired by the Chief Financial Officer, aims to assist the Board in the fulfilment of its corporate governance, establishment of procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long term strategic objectives.

Strategic Report (continued)

Governance Framework (continued)

Principal risks are identified across the business at all levels, to ensure those are registered and reported to the Board along with the mitigation plans associated with them. The risks we face in our business, and the action we take to mitigate those risks, are formalised in a risk register on pages 6 to 13 which is reviewed by the Risk Committee and formally approved by the Board.

Different business units assess the risk in their area of expertise, with the Board being informed of such risks to establish the level of risk accepted to meet its strategic objectives.

Remuneration

The role of Greenergy's Remuneration Committee is to determine the strategy and policy in relation to terms and conditions of engagement (including remuneration) of the senior management of the Greenergy Group and to determine the specific total remuneration of the Senior Management (including payments and awards under annual bonus plans, share incentive schemes, pension schemes and any other compensation arrangements).

The Committee is responsible for the development of the remuneration policy which ultimately is approved by the Board. It also regularly reviews the on-going appropriateness and relevance of the remuneration policy to ensure compliance and appropriate consistency and effectiveness of application, and, if necessary, make proposals for changes.

Greenergy strives to be and remain a preferred employer, retaining talents at all levels, developing and promoting where possible from within.

Stakeholders

Stakeholder engagement is considered crucial by the Board, and this is applied at all levels of the organisation supported by the Leadership Team and reported to the Board.

All stakeholders are appropriately considered throughout our decision making process and consulted and engaged regularly through dedicated surveys or meetings, including tailored initiatives. The impact that activities might have on each stakeholder is balanced and assessed in the decision making process to ensure the stakeholder's interests are appropriately taken into account.

Our key stakeholders, how we engage with them, and the effect stakeholders have on Board decision making is outlined in the 'Section 172(1) Companies Act 2006 Statement' on pages 21 to 32.

Strategic Report (continued)

Section 172(1)³ – Our stakeholders

Our relationships with our stakeholders are essential for us to deliver on our mission. This section summarises our key stakeholders for all entities in the Greenergy Group, including Greenergy Fuels Limited, and their interests, how we regularly engage with them, and the effect stakeholders have on board decision making.

Our stakeholders

Colleagues	
Our people are our most important asset. They are a reflection of our culture and values and are essential to upholding our values and delivering on our mission.	
Our priorities <ul style="list-style-type: none"> Ensuring all staff can perform their roles safely Ensuring diversity and inclusion across our workforce Ensuring that all key positions are filled with the best person for the job Maintaining high employee engagement Instilling our culture and values with rapid employee growth Developing skills and talents of our people Supporting the mental and physical health of our people. 	How we engage and communicate <ul style="list-style-type: none"> Safety underpins all that we do. Lessons Learned and safety updates are shared with employees across the entire business Colleagues are kept informed of performance and strategy through Staff Reviews and Monthly Meetings. All executives regularly engage with our colleagues around the business Our Intranet provides regular updates of what is going on around the business, along with regular updates from the CEO Prior to COVID-19, staff conferences were seen as an important opportunity to foster team building and instil our values across the business. We look forward to hosting these when we are safely able to The Knowledge Hub provides a learning and development tool for our colleagues, to provide people with a range of programmes that be accessed anywhere on any device.

Shareholders	
Our shareholders support the growth of our business to achieve our long-term growth objectives.	
Our priorities <ul style="list-style-type: none"> Demonstrate sound financial and operational performance, in line with the Group strategy. 	How we engage and communicate <ul style="list-style-type: none"> Attendance at board meetings Regular communications such as financial updates, investment plans and capital allocation.

³ In accordance with Companies Act 2006 Regulations, the Directors are required to provide a 'S172(1) statement'. Pages 21 -32 are our section 172(1).

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Environment	
Our business was founded in the 1990s to supply low emission diesel, and our commitment to do no harm to people or place continues today.	
Our priorities <ul style="list-style-type: none"> We recognise the urgent need to further reduce greenhouse gas emissions in the transportation sector We are investing in the sector to expand our renewable fuel production and explore new, innovative ways of producing fuel from renewable resources. 	How we engage and communicate <ul style="list-style-type: none"> Reducing the environmental impact of our activities by continued investment in process improvements at our plants to improve efficiency of our operations Manufacturing biodiesel from waste raw materials, rather than virgin vegetable oils, giving higher carbon savings and reducing land-use impacts Involvement in round table discussions and industry consultations on best practice Introduction of Sustainability Report to include detailed carbon reporting, increasing transparency of our operations.

Customers and Suppliers	
Our customers include supermarkets, major oil companies, commercial users, independent retailers and consumers. Our customers rely on us to run their business, and our relationships with our suppliers allows us meet these needs.	
Our priorities <ul style="list-style-type: none"> Build supply chain optionality through our relationship with our suppliers Develop long-term relationships with suppliers who support our strategic growth objectives. 	How we engage and communicate <ul style="list-style-type: none"> By living our mission, in every interaction we have Dedicated and engaged teams, who are available to our customers when they needs us most. Our local Customer Care teams remain a key differentiator in our offer and allows us to support our customer when they need it most Regular and timely communications, including financial and operational updates throughout the year. We understand the important role our suppliers and partners have in achieving our growth objectives.

Communities	
We believe in supporting our communities. Our charity programme and our STEM projects help support our communities.	
Our priorities <ul style="list-style-type: none"> Through our charity programme, help fund a range of charity initiatives with a directly identifiable benefit Engage with our local communities through STEM projects that provide information and inspiration to young people considering their future careers. 	How we engage and communicate <ul style="list-style-type: none"> The total charity budget is determined by the Board, however the allocation of funds is nominated by charity teams that involve all employees of the Group, with the Charity Committee making the final decision Employees are encouraged to work closely with the charities to understand how funds will be used The Charity Committee is made up of volunteer staff, and each team within the business is led by a Captain to encourage engagement Through our STEM projects, we aim to work with local schools and educational colleges to inspire students, and demonstrate tangible career options that are available through STEM. COVID-19 has created challenges in delivering this programme, but it remains a priority.

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Government	
As a fuel supplier, we maintain close relationships with Government bodies in the regions we operate.	
Our priorities <ul style="list-style-type: none"> Develop productive relationships with Government bodies, particularly in the UK where we provide a critical role in the national supply chain. 	How we engage and communicate <ul style="list-style-type: none"> Regular meetings and communications with our Government contacts to provide business updates Involvement in round table discussions and industry consultations.

Financial institutions	
We rely on support from our banks to fund our ongoing working capital requirements to allow us to operate in the way in which we do.	
Our priorities <ul style="list-style-type: none"> Develop long-term relationships with a syndicate of banks and other institutions to support our ongoing business. 	How we engage and communicate <ul style="list-style-type: none"> Monthly financial and operations update provided to our lenders Annual all banks presentation on our results and outlook and strategy for the years ahead Regular ad hoc meetings with all lenders to discuss business operations.

Board Activities

People	
Global Staff Survey The Board recognises the importance of engaging with employees across the organisation. One of the primary tools used is a Global Staff Survey with the feedback being used to help drive employee development and form the overall strategy and investment for years to come.	
Our decision process <ul style="list-style-type: none"> Engaging with human resources, the Board undertook a Global Staff Survey The survey was undertaken by an independent consultant Results of the survey were presented to the Board with the key highlights, such as the high level of engagement, and areas for improvement discussed in more detail. 	Our decision <ul style="list-style-type: none"> The Board decided to support further investment in employee training and enhancing the induction process for new starters.
Interested stakeholder groups Colleagues, Shareholders	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

<p>Culture, mission, values</p> <p>Regardless of where in the world its operations are, our purpose, mission and values are core to how the Greenergy Group operates.</p> <p>The Board engages with employees on various levels and by listening to employee feedback, the Board recognised the need to continue to invest in employee development as the Group expands and employee numbers grow. It was recognised this was important to develop our high performing staff and enhance morale.</p>	
<p>Our decision process</p> <ul style="list-style-type: none"> The statements are published on our website and are reinforced at the start of all internal staff presentations. The Board reviews these as part of the overall Group five year business plan and discusses whether any changes are required to ensure these remain appropriate for our business and our stakeholders, and that the Group continues to evolve. 	<p>Our decision</p> <ul style="list-style-type: none"> The Board debated whether the existing Values, Mission and Integrity statements remained relevant in a "post-COVID" world The Board agreed it was appropriate to review and update the Values and Mission to reflect the Group's position in the Energy Transition These have been introduced to staff in early 2021, with further campaigns scheduled throughout 2021.
<p>Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions</p>	

Process Integrity	
<p>Increase in minor injuries</p> <p>The Board observed an increase in minor injuries at one of its operational fuel terminals.</p>	
<p>Our decision process</p> <ul style="list-style-type: none"> Process Integrity (PI) is the first standing agenda item at all board and Executive meetings The PI Committee Chairman presented an update on PI to the Board including trends on health and safety events The Board observed an upward trend in minor injuries per 100,000hrs worked at one of its operational fuel terminals The Board discussed the findings and the specific injury events that had occurred and resulted in the trend. 	<p>Our decision</p> <ul style="list-style-type: none"> It was noted that some of the injuries appeared to be due a lack of attention or care by staff The Board requested that the PI Committee Chairman address this with the site management directly and a broader reminder campaign should be shared with all staff of the importance of care and attention to uphold our culture of doing no harm to people or place.
<p>Interested stakeholder groups Colleagues, Shareholders</p>	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Canada Retail Gap Analysis The Group's Canadian operations risk profile changed following the acquisition of BG Fuels and the introduction of a national retail estate.	
Our decision process <ul style="list-style-type: none"> The Board acknowledged that the number of Process Integrity (PI) events within our Canadian business had increased following the acquisition of BG Fuels The Board discussed why this was occurring and recognised the change in risk profile with the introduction of over 230 retail gas stations As with all changes to the Group's operations, the business would ordinarily look to undertake a PI gap analysis to identify risks and underlying "gaps" 	Our decision <ul style="list-style-type: none"> The Board decided that the PI team should undertake a full gap analysis to identify the underlying issues As health and safety is core to the Group's values, it was agreed that new employees should be educated about the Group's PI culture with continued reinforcement from the Group's executive and leadership teams In addition, it was identified that the business should undertake a gap analysis with its third party operators in Canada to identify and close any PI gaps.
Interested stakeholder groups Colleagues, Shareholders, Community	

Adapting approach to Driver Training throughout the pandemic The Group has a number of policies and procedures to ensure the health and safety of our staff. Some of these had to be adapted to reflect the changes caused by COVID pandemic	
Our decision process <ul style="list-style-type: none"> The Board discussed the impact on the ability to conduct driver assessments during COVID- related lock-downs The Board also considered the potential heightened risk to safety for any drivers who had extended periods off work due to COVID-19 related furlough. 	Our decision <ul style="list-style-type: none"> The Board agreed that it would be appropriate for the business to develop and implement plan for on-boarding drivers returning from furlough.
Interested stakeholder groups Colleagues, Shareholders, Community	

COVID-19	
Office closures / Return to work At the onset of the COVID-19 pandemic, the business established a CV Taskforce to oversee and plan for impacts on all elements of the business from the pandemic. One of most material items to consider was the impact on our staff, with office closures, prolonged isolation and in time, the need to plan for reopening of offices in a COVID-secure way.	
Our decision process <ul style="list-style-type: none"> The Board was informed by the executive directors of the intention to shut the Group's offices in advance of government advice to ensure the safety of staff and business continuity The Board was presented with a weekly update / assessment of the pandemic on all elements of the business The Chair of the CV Taskforce, presented the taskforce's preparations for return to work. 	Our decision <ul style="list-style-type: none"> The Board agreed with the decision to close the Group's offices The Board considered and challenged the proposed return to work plans, including discussion around the need for balance between the need to bring employees together and ensuring it is done in a safe and appropriate manner.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

<p>Site safety (control measures)</p> <p>With social distancing and reduced site access during the pandemic, the Group had to consider alternative ways to ensure site safety remained paramount.</p>	
<p>Our decision process</p> <ul style="list-style-type: none"> The Board discussed the need to ensure that the importance of Health and Safety at our sites did not suffer as a result of the pandemic The COO and Process Integrity (PI) Committee Chairman outlined the measures that the Group was taking to address health and safety during the pandemic and how processes were being adapted as a result The Board was informed that the PI team was trialling technology to allow "virtual" walk-arounds at the Plymouth Terminal, which could be rolled out to other sites. 	<p>Our decision</p> <ul style="list-style-type: none"> The Board supported the PI team's approach and investment in the necessary equipment to enable "virtual" walk-arounds.
<p>Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers</p>	

<p>Staff wellbeing</p> <p>With our staff being our greatest asset, fostering employee wellbeing is essential for both our employees and the wider Greenergy organisation, particularly as COVID-19 impacted every employee's way of life.</p>	
<p>Our decision process</p> <ul style="list-style-type: none"> The Group has long recognised the importance of staff wellbeing The Board was presented with an update on staff wellbeing, including the proposed additional steps that would be implemented by the business during the pandemic. 	<p>Our decision</p> <ul style="list-style-type: none"> The Board made the decision to support management with the plan to build upon the existing staff wellbeing initiatives that to date had been successful.
<p>Interested stakeholder groups Colleagues, Shareholders</p>	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Financial	
Strategic business plan and financial budget Each year, the business prepares a five year strategic plan and financial budget to share with the Board giving consideration to longer term strategic direction of the Group and what steps are required to ensure that the plan can be delivered.	
Our decision process <ul style="list-style-type: none"> The Group business plan process commences with a Board strategy day to discuss and debate the future strategic direction and how it would benefit and support our business and key stakeholders The output from the strategy day is input into the five year business plan for the Board to assess The key drivers and underlying assumptions were discussed, debated and challenged by the Board The business plan process was iterative with several follow up sessions to review key changes and impacts on the financial budgets. 	Our decision <ul style="list-style-type: none"> The Board reviewed the five year strategic business plan and financial budget and after due consideration and discussion approved the plan. This included the approval of the Group's capital expenditure programme and major projects and subsequent alignment with the financial budget and business plan.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions	

Deferral of Capital Expenditure Programme Reflecting the challenging conditions owing to COVID-19, the Board considered the deferral of discretionary capital spend.	
Our decision process <ul style="list-style-type: none"> The Board reviewed the Group's historical and future capital expenditure requirements as part of the five year strategic planning and monthly operational reports. Specifically, the Board reviewed projects planned for 2020 and 2021 The CFO presented a capital expenditure deferral plan to the Board, giving consideration to those projects which were of a discretionary nature and could be deferred without materially impacting on the safe operations of the business When considering the deferral of capital projects, the Board gave consideration to the impact on the Group's banking covenants and the health and safety of its staff and contractors in being able to undertake projects during the pandemic. 	Our decision <ul style="list-style-type: none"> The Board reviewed the list of deferred capital projects The Board made the decision to defer over 50% of the budgeted 2020 capital expenditure programme until it was comfortable that the business had navigated its way through the pandemic and had the financial health to support such discretionary projects and that they could be undertaken without putting its employees or contractors at risk.
Interested stakeholder groups Colleagues, Shareholders, Financial Institutions	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Renewal of the Group's borrowing base The Group relies on a working capital facility to finance its ongoing business. The facility was due to expire on 14 April 2020. Negotiations for its renewal commenced in Q4 2019.	
Our decision process <ul style="list-style-type: none"> The CFO presented an overview of the working capital facility to the Board The Board considered the current and future capital structure of the Group. 	Our decision <ul style="list-style-type: none"> On recommendation of the CFO, the Board agreed to extend the Group's financing facility for an additional twelve months to April 2021. This has now been extended until April 2023.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Government, Financial Institutions	

Strategic priorities	
Formation of ESG Committee Establishment of an Environmental, Social and Governance (ESG) committee to understand and consider the impact of the business.	
Our decision process <ul style="list-style-type: none"> The Board discussed that there has been increased interest in Greenergy's climate change policies and strategies, including queries on the subject from various stakeholders The Board discussed the importance of remaining transparent to our stakeholders about the impact on the environment and what we are actively doing to reduce this The Board acknowledged that there was a need to report on a broader set of KPIs to provide stakeholders a more fulsome view of our business. 	Our decision <ul style="list-style-type: none"> An ESG committee to be formed, reporting to the Board Part of their mandate will be to articulate Greenergy's climate change policies and strategy.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions	

Acquisition of BG Fuels The Board assesses merger and acquisition opportunities as and when they arise, giving consideration to the broader growth strategy.	
Our decision process <ul style="list-style-type: none"> The Board gives consideration to the investment rationale, risks, impact on stakeholders and link to the overall future strategy of the Group The Board reviewed external due diligence undertaken, including a third-party valuation of both the target and the existing Greenergy Group The Board recognised and discussed the common control of both entities. 	Our decision <ul style="list-style-type: none"> After considering the transaction in its entirety and the potential implications on the Group's various stakeholders, the Board agreed that the transaction was in the best interest of the Group and its stakeholders The Board agreed to the all-share acquisition of BG Fuels.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Financial Institutions	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Acquisition of Amber Petroleum The Board assesses merger and acquisition opportunities as and when they arise, giving consideration to the broader growth strategy.	
Our decision process <ul style="list-style-type: none"> The Board gives consideration to the investment rationale, risks, impact on stakeholders and link to the overall future strategy of the Group The Board reviewed external due diligence undertaken on the target 	Our decision The Board approved the transaction on the basis that it aligned with the Group's strategic priorities and created shareholder value. This was approved during the year and completed post balance sheet date.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Financial Institutions	

Strategic priorities (cont)	
Closure of road loading at Thames Oilport The Board reviews strategic options for existing assets and business units, including the potential closure and downsizing of operations	
Our decision process <ul style="list-style-type: none"> The Board discussed the declining demand following the onset of COVID-19 pandemic and the impacts it was expected to have in the longer term with respect to the Group's UK terminal import operations A review of the current and expected future supply / demand breakdown was discussed and consideration given to the various options that were available to the Group taking into consideration the various stakeholders The Board considered the impacts that downsizing its operations on the Thames would have on its various stakeholders, including its staff. 	Our decision <ul style="list-style-type: none"> The Board accepted managements proposal to cease road loading from Thames Oilport and maintain the terminal as a contango storage facility The Board acknowledged the impact that its decision would have on staff, ultimately resulting in a number of redundancies for staff who could not be redeployed to other parts of the business.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Environment	
Investment in ethanol blending capability at our Thunder Bay Terminal Investment in discretionary capital to support the growth of existing assets and underpin our commitment to the environment	
Our decision process <ul style="list-style-type: none"> The Board was presented with a business case for the investment in infrastructure to upgrade our terminal in Thunder Bay, Canada to enable the ability to blend ethanol into the gasoline we supply to the local market The Board discussed the investment rationale The Board understood the legislative requirements, including the requirement to blend ethanol into gasoline in Northern Ontario from 2023. 	Our decision <ul style="list-style-type: none"> Whilst not mandated until 2023, the Board agreed it was able to pursue the opportunity ahead of legislative requirements, demonstrating its commitment to drive reductions in carbon emissions The Board made the decision in late 2020, with the project due to commence in 2021.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions	

2020 Sustainability Report Many Greenergy businesses exist in direct response to reducing emissions in transport fuels. In recent years, there has been a push towards alternative fuel solutions and legislation has been introduced in all of our key regions to reduce emissions in the years ahead.	
Our decision process <ul style="list-style-type: none"> The Board discussed the growing requirement from stakeholders for transparency and reporting of KPIs related to Environmental, Social and Governance (ESG) factors The Board discussed how best to communicate to its stakeholders, what the Group is doing in respect of ESG and how the company addresses it. 	Our decision <ul style="list-style-type: none"> The Board agreed that under the leadership of the ESG Committee, the Group would prepare an annual report, commencing with a 2020 Sustainability Report.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Waste tyre project Continuing our commitment to renewables, the Group agreed to invest in an advanced biofuels project to create low carbon fuels from waste tyre feedstock.	
Our decision process <ul style="list-style-type: none"> The Board reviewed the investment case and gave consideration to the partners and technology providers involved in delivering the project for Greenergy Consideration was given to the risks and opportunities associated with the project, including the underlying technology and access to feedstock The Board also gave consideration to the evolving legislative environment and the ability of this project to help reduce carbon emissions through the production of lower carbon renewable fuels The Board assessed the capital investment and the resulting commercial benefit for our customers, shareholders and environment. 	Our decision <ul style="list-style-type: none"> The Board decided to proceed with committing resources and capital to invest in the Front End Engineering Design (FEED) phase of the project.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions	

Legal	
Approval of statutory accounts The Group prepares statutory financial reports which are not only a legal requirement, but are used by our stakeholders to understand the financial performance and decisions taken by the Group.	
Our decision process <ul style="list-style-type: none"> The final statutory accounts and any adjusting items are presented to the Audit Committee The audit committee reviews these and once satisfied, recommends to the Board to approve the statutory accounts. 	Our decision <ul style="list-style-type: none"> On the recommendation of the Audit Committee, the Board approved the statutory accounts and authorised them for issue.
Interested stakeholder groups Shareholders, Customers and Suppliers, Financial Institutions	

Adoption of Corporate Governance Principles With changes to regulatory reporting requirements, the Group has to consider additional disclosures with respect to its corporate governance arrangements	
Our decision process <ul style="list-style-type: none"> The CFO updated the Board on regulatory changes and the requirement for certain companies within the group to make additional disclosures with respect to its approach to corporate governance The Board reviewed the Wates Principles as a framework to adopt A working group was established to review the changes and provide the Board with a recommendation on approach. 	Our decision <ul style="list-style-type: none"> Upon feedback from the working group, the Board agreed to adopt the Wates Principles.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions	

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Brexit transition preparations As the United Kingdom's transition period for exit from the European Union ended on 31 December 2020, the Group needed to give consideration to the impacts in the event no trade deal could be reached (hard Brexit).	
Our decision process <ul style="list-style-type: none"> • The business established a working group to plan for different scenarios, giving consideration to the potential risks and opportunities associated with the UK's exit from the European Union in the event that a trade agreement was secured • The plan was continually updated and shared discussed amongst the Leadership Team • The CEO presented to the Board the key risks identified, the potential impact of the risk (both financial and non-financial) and what mitigations the business had put in place in the event that the risks came to fruition. 	Our decision <ul style="list-style-type: none"> • The Board discussed the key risks that were identified • The Board decided that it was comfortable that the Business had clearly identified the key risks and had suitable mitigations (to the extent possible) in place to reduce the risks should a trade agreement not be secured.
Interested stakeholder groups Colleagues, Shareholders, Customers and Suppliers, Communities, Environment, Government, Financial Institutions	

The Directors present their strategic report for the Company for the year ended 31 December 2020 on pages 2-33.

Review of the business

The review of the business can be found on page 2.

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
Gross profit (£'000)	122,692	212,131
Volume of fuel supplied (CBM)	12,919,000	14,462,206
Haulage performance - on time deliveries (%)	98.20%	98.17%
Accurate invoices (%)	98.96%	99.98%

Decrease in 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%.

In the UK, diesel demand fell by 15% (2019: down by 2.73%) whilst gasoline demand declined by 22% (2019: up by 1.05%) across the year.

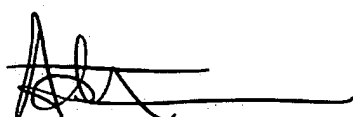
Volume of fuel supplied decreased to 12,919,000cbm, down 10% on prior year, primarily as a result of the impact of COVID-19 and the various national and regional government-imposed lockdowns across the core regions in which the Group operates.

We continue to maximize our use of waste-based biofuels in our blending in the UK. With rising demand, and reduced feedstock as restaurants were closed during the pandemic, this period we supplemented waste-based biodiesel produced in our manufacturing facilities with crop-based biodiesel supplied by third parties.

Our target is for more than 99% of our deliveries to be made within the delivery window agreed with the customer. The complexity of our delivery operations increased further as we expanded our delivered-in sales and improved our haulage optimisation. To support the continued growth of the business we are implemented a major systems upgrade to give improved scheduling and in-cab functionality. This has allowed us to improve customer service, for example by providing real-time reporting of ETAs. Average on time deliveries improved from 2019 levels owing to reduced traffic due to lockdowns.

Our invoice accuracy is an indicator of the quality of the information flow throughout our business, and our target is to achieve 99% invoice accuracy. In order to improve the efficiency and accuracy of our processes, we continue to automate our invoicing wherever possible.

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



A J Traeger
Director

30 April 2021

Directors' report

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2020.

Directors' report for the period 1 January to 31 December 2020

In accordance with s414C(11) of the Companies Act 2016 information relating to subsequent events, future developments, Key Performance Indicators, streamlined energy and carbon reporting and financial risk management have been included within the strategic report.

Results and dividends

The Company made a loss for the financial year of £7,579,000 (31 December 2019: profit of £50,056,000).

Dividends declared in the year were £12,794,000 (31 December 2019: £57,836,000 paid). Of the total dividends declared, the Directors propose a final dividend of £nil (31 December 2019: £15,000,000), to be paid after the balance sheet date.

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, 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 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.

Directors' report (continued)

Political and charitable contributions

The Company made no charitable donations during the year (2019: £nil). No political donations or expenditure were incurred during the year (2019: £nil).

Suppliers

Terms and conditions for business transactions are agreed individually with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the suppliers including the timely submission of satisfactory invoices and the due verification of the bank account to which payment is made. For this period the average trade payables period for the Company was one day, unchanged from last year.

Future developments

An indication of the likely future developments in the business can be found in the Strategic report.

Financial risk management

The financial risk management programme of the Company, which includes liquidity risk, market risk, credit risk and foreign exchange risk is detailed on pages 6 to 13.

Directors

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

P T Bateson
C S Lumbard
A J Traeger
C F Flach

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 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 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.

Directors' report (continued)

Directors' responsibilities statement (continued)

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.

Streamlined energy and carbon report

The 'Streamlined energy and carbon report' is presented in the Strategic report on pages 14 to 16.

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

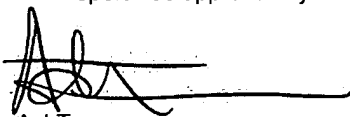
- As far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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



A J Traeger

Director

30 April 2021

Independent auditor's report to the members of Greenergy Fuels Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Greenergy Fuels Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included our assessment of the entity's:

- business model and related risks including the impact of the COVID-19 pandemic and the requirement of the applicable financial reporting framework;
- financing facilities held by the entity including the nature of such facilities the repayment terms and the associated covenants;
- system of internal control;
- assumptions used in the forecasts and challenge of the underlying data, which included testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management.

Independent auditor's report to the members of Greenergy Fuels Limited (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Greenergy Fuels Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities and note no instances of non-compliance or fraud.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, Data Protection Act 1998, Disability Discrimination Act, Age Discrimination Act 2006, Health and Safety at Work Act 1974, Anti-Bribery Act 2010 & General employment laws; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included the Environment Agency's Containment Policy.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- We presume a risk of fraud related to revenue recognition. In order to address this, we have identified which tranche of revenue is subject to this risk, performed extensive work on the controls surrounding revenue, and have carried out substantive procedures in order to gain comfort over the potential risk.
- We presume a risk of fraud related to management override.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Independent auditor's report to the members of Greenergy Fuels Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in [the strategic report or] the directors' report.

Matters on which we are required to report by exception

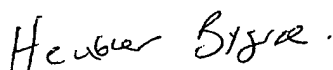
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Heather Bygrave, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
30 April 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	10,777,207	14,949,079
Cost of sales		(10,654,515)	(14,736,948)
Gross profit		122,692	212,131
Distribution costs		(68,617)	(83,001)
Administrative expenses		(45,323)	(45,602)
Other operating costs		672	-
Operating profit		9,424	83,528
Finance income	5	4,701	6,423
Finance costs	6	(19,229)	(28,157)
(Loss)/profit before taxation	4	(5,104)	61,794
Taxation charge	7	(2,475)	(11,738)
(Loss)/profit and total comprehensive (loss)/income for the financial year		(7,579)	50,056

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

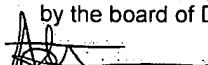
The results stated above are all derived from continuing operations.

The notes on pages 45 to 69 are an integral part of these financial statements.

Balance sheet
As at 31 December 2020

	Note	31 December 2020 £'000	31 December 2019 £'000
Fixed assets			
Intangible assets	8	14,309	13,472
Property, plant and equipment	9	9,786	10,331
Right-of-use assets	20	257,677	290,428
Investments	10	315	315
Non-current receivables	12	4,013	-
		<u>286,100</u>	<u>314,546</u>
Current assets			
Inventories	11	647,402	669,433
Trade receivables	12	885,583	1,064,937
Derivative financial instruments	22	32,146	25,497
Cash and short-term deposits	13	53,573	26,961
		<u>1,618,704</u>	<u>1,786,828</u>
Total assets		<u><u>1,904,804</u></u>	<u><u>2,101,374</u></u>
Current liabilities			
Trade payables and accrued liabilities	14	(1,271,665)	(1,117,174)
Interest-bearing loans and borrowings	18	(249,831)	(616,791)
Lease liabilities	21	(34,319)	(26,693)
Derivative financial instruments	22	(57,548)	(24,254)
		<u>(1,613,363)</u>	<u>(1,784,912)</u>
Net current assets		<u>5,341</u>	<u>1,916</u>
Non-current liabilities			
Lease liabilities	21	(228,005)	(272,082)
Deferred tax	15	(1,837)	(1,816)
Non-current trade and other payables	14	(39,408)	-
		<u>(269,250)</u>	<u>(273,898)</u>
Total liabilities		<u><u>(1,882,613)</u></u>	<u><u>(2,058,810)</u></u>
Net assets		<u><u>22,191</u></u>	<u><u>42,564</u></u>
Equity			
Issued capital	16	1,333	1,333
Share premium		1,715	1,715
Retained earnings		19,143	39,515
Total equity		<u><u>22,191</u></u>	<u><u>42,564</u></u>

The notes on pages 45 to 69 are an integral part of these financial statements. The financial statements were approved by the board of Directors on 30 April 2021 and were signed on its behalf by:


A J Traeger
Director

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

	Note	Issued capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2018		1,333	1,715	47,296	50,344
Comprehensive income					
Profit for the financial year		-	-	50,056	50,056
Total comprehensive income		-	-	50,056	50,056
Transactions with owners					
Dividend paid	19	-	-	(57,836)	(57,836)
Total transactions with owners		-	-	(57,836)	(57,836)
Balance at 31 December 2019		1,333	1,715	39,516	42,564
Comprehensive income					
(Loss) for the financial year		-	-	(7,579)	(7,579)
Total comprehensive income		-	-	(7,579)	(7,579)
Transactions with owners					
Dividend paid	19	-	-	(12,794)	(12,794)
Total transactions with owners		-	-	(12,794)	(12,794)
Balance at 31 December 2020		1,333	1,715	19,143	22,191

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

Retained earnings represents the cumulative balance of earnings not distributed.

The notes on pages 45 to 69 are an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2020

		Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Net cash generated from / (used in) / operating activities	Note	472,212	(72,804)
	17		
Investing activities			
Purchases of property, plant and equipment	9	(4,562)	(2,948)
Purchases of intangibles assets	8	(1,669)	(2,313)
Net cash used in investing activities		(6,231)	(5,261)
Financing activities			
Proceeds from borrowings		-	173,324
Repayments of borrowings	18	(366,960)	-
Finance income	5	4,701	6,423
Finance costs	6	(12,962)	(18,536)
Repayment of lease liabilities - principal	21	(49,101)	(27,937)
Dividends paid	19	(15,047)	(42,836)
Net cash used in financing activities		(439,369)	90,440
Increase/(decrease) in cash, cash and cash equivalents		26,612	12,375
Cash, cash equivalents at the beginning of the year		26,961	14,586
Cash, cash equivalents at the end of the year		53,573	26,961

The notes on pages 45 to 69 are an integral part of these financial statements.

Re-presentation of cash and cash equivalents in cash flow statement

Following IFRIC guidance, a restatement of cash and cash equivalents has been made to exclude the bank overdrafts of £249,831,000 (2019: £616,791,000). The comparatives have been presented on the same basis. The impact of this restatement is as follows:

- Presentation of cash and cash equivalents in the cash flow statement now excludes the bank overdrafts.
- The movement in bank overdrafts is now presented within financing activities on the face of the statement of cash flows.

Notes to the financial statements

1. Summary of business and significant accounting policies

General business description

Greenergy Fuels 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 is a major supplier of UK transportation fuels and waste derived renewable fuels.

Basis of preparation

The separate financial statements have been prepared under the historical cost convention as modified by financial instruments and inventories recognised at fair value 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 preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Basis of consolidation

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. The Company is included in the consolidated financial statements of Greenergy Fuels Holdings Limited, a Company incorporated in the United Kingdom. The registered address of Greenergy Fuels Holdings Limited is 198 High Holborn, London, WC1V 7BD.

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.

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.

Notes to the financial statements (continued)

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

Going concern (continued)

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, 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 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 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.

Investments in subsidiaries and associates

Investments in subsidiary companies and associates held by the Company are stated at cost less impairment.

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:

Plant and machinery	2 to 20 years
Office equipment	2 to 5 years

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

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

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

Intangible assets

Intangible assets with a finite useful life are capitalised at their cost and written off on a straight line basis over their useful economic life.

The carrying values of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Research and development assets are amortised over the estimated life of the related asset.

Branding rights	1 to 10 years
Internally generated software	1 to 10 years

Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the non-financial asset or the group of non-financial assets that can be reliably estimated.

Notes to the financial statements (continued)

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

Impairment of non-financial assets (continued)

If any such indication exists, a full impairment review is undertaken for that asset or group of assets, and any estimated loss is recognised in the income statement. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Current and deferred income taxes

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

(a) Current taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in 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

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Notes to the financial statements (continued)

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

Financial assets (continued)

Financial assets at amortised cost

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, cash and commercial paper in the balance sheet.

Financial assets at fair value through other comprehensive income

Other investments in debt and equity securities held by the Company are classified as being equity investments and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised through other comprehensive income is recognised in the income statement.

(b) 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. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. 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 income statement 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 income statement within cost of sales in the period in which they arise.

(c) 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 investments in debt instruments that are measured at amortised cost or at FVOCI, lease receivables, 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 Company has made an assessment in respect of credit losses and valued them at £nil.

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.

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

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

Notes to the financial statements (continued)

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

Financial liabilities

Classification

When a financial liability is recognised initially, the Company measures it at its fair value less, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Financial liabilities include trade payables, other payables, borrowings and derivative financial instruments. Subsequent measurement depends on its classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities classified as held for trading and derivative liabilities that are not designated as effective hedging instruments are classified as financial liabilities at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses being recognised in the income statement.

Financial liabilities at 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.

Derivative financial instruments

Derivative financial instruments, such as forward commodity contracts are used to hedge commodity price risks. No hedge accounting has been applied to these derivatives. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair values of various derivative instruments used for hedging purposes are disclosed in note 22.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income, and presented within operating profit.

Trade Receivables

Trade receivables are amounts due from customers for fuel products sold or for services performed in the course of ordinary 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 short-term deposits

Cash and short-term deposits 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. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

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 and accrued liabilities

Trade payables and accrued liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables 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)

Interest-bearing loans and borrowings

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

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

Bank overdrafts are included within current liabilities on the balance sheet.

Provisions

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

The Company recognises revenue from the following sources:

- Sale of fuel products and RTFO certificates;
- The provision of managed services and storage services; and
- The provision of haulage services to third-party customers on a delivered-in basis.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. The transaction price is allocated to fuel products on a price-per-litre basis in line with weekly published averages.

Sale of fuel products and RTFO certificates

Revenue from the sale of goods represents net invoiced sales of fuel products and RTFO certificates, excluding value added tax and including excise duty. Revenue is recognised when the control of goods has transferred, this being the point at which the product has been delivered to/lifted by the customer.

Managed services and storage services

Revenue is recognised for these services based on the stage of completion of the contract, which is deemed to be complete satisfaction of the performance obligations under IFRS 15. Revenue related to one-off services is recognised on the date of the service provision.

Haulage services

The Group provides haulage services to third-party customers on a delivered-in basis. The revenue related to haulage services is recognised at the point the goods are received by the customer.

Revenue in note 4 is disclosed as only sale of fuel products as the other sources noted above are considered to be immaterial.

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.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants are offset against the expense to which they relate.

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.

Notes to the financial statements (continued)

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

Inventories

Fuel products are traded in active markets and are purchased with a view to resale in the near future, generating a profit from fluctuations in process or margins. As a result, stocks of fuel products are carried at fair value (less costs to sell), taken as the market value by reference to quoted market prices at year end, in accordance with the broker/trader exemption granted by IAS2. Changes in fair value are recognised in the income statement through cost of sales. Used cooking oil and other products and chemicals used in the production of biofuels are valued at the lower of cost and net realisable value. Tank heels and duty paid on stock are valued at cost.

At each balance sheet date, stocks valued at cost are assessed for impairment. If stock is 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.

Renewable Transport Fuel Obligation (RTFO)

Since 1 April 2008 the Group has been part of the Renewable Transport Fuel Obligation (RTFO) Scheme under which it is required to meet annual targets for the supply of biofuels. The obligations which arise are either settled by cash or through the delivery of certificates to the extent the Group grants certificates (via its biofuel, manufacturing operations), in excess of its current year obligation these can either be carried forward to offset up to 25% of the next year's obligation of the Group or sold to other parties.

The liability associated with the Group's obligations under the scheme are recognised in the year in which the obligation arises and is valued by reference to either the cost of generating the certificates which will be surrendered to meet the obligation or the expected future cash outflow where the cash is settled.

Certificates generated or purchased during the year which will be used to settle the current obligation are recognised at the lower of cost and net realisable value. Where the certificates are generated cost is deemed to be the average cost of blending biofuels during the year in which the certificates are generated.

Certificates held for sale to third parties are recognised at fair value by reference to year end market prices. Changes in market prices of the certificates and the quantity of tickets considered to be realisable through external sales are recognised immediately in the income statement. Certificates for which no active market is deemed to exist are not recognised.

Greenhouse Gas Emissions Reporting (GHG)

As of 1 January 2019, new Greenhouse Gas (GHG) Legislation in the UK came into effect. This new legislation requires fuel suppliers to reduce the GHG emissions from the fuel they supply in the UK by 4% in 2019 and 6% in 2020.

To comply with the new legislation, suppliers must obtain a certain number of GHG credits, which are awarded according to the carbon intensity of the fuel they supply.

GHG Certificates held for sale to third parties are recognised at fair value by reference to year-end market prices. Changes in market prices of the certificates and the quantity of tickets considered to be realisable through external sales are recognised immediately in the income statement.

If the supplier does not have enough credits to meet its obligation, it will need to acquire credits generated by other suppliers or pay a Buy-Out price to the Government.

The liability associated with the Group's obligations under the scheme is recognised in the year in which the obligation arises and is valued by reference to the fair value of GHG credits required to meet the obligation.

Certificates held for sale to third parties are recognised at fair value by reference to year-end market prices. Changes in market prices of the certificates and the quantity of tickets considered to be realisable through external sales are recognised immediately in the income statement.

Notes to the financial statements (continued)

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

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

Impact of the initial application of Interest Rate Benchmark Reform 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 Group 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 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:

- 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.

Re-presentation of cash and cash equivalents

Following IFRIC guidance, a restatement of cash and cash equivalents has been made to exclude the bank overdrafts of £249,831,000 (2019: £616,791,000). The comparatives have been presented on the same basis. The impact of this restatement is as follows:

- Presentation of cash and cash equivalents in the cash flow statement now excludes the bank overdrafts
- The movement in bank overdrafts is now presented within financing activities on the face of the statement of cash flows.

Notes to the financial statements (continued)

2. Critical judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Recognition of revenue from contracts with customers containing non-standard terms and conditions

The Directors have identified the assessment of revenue derived from contracts with customers under non-standard terms and conditions to be a critical accounting judgement in light of the fact that, during the year, the Company entered into an increased number of non-standard revenue transactions compared to prior periods. Critical judgements include the determination of when revenue should be measured on a gross or net basis depending on whether the Company controls goods from a contractual perspective, in addition to the timing of revenue recognition for transactions that fall outside of standard terms for delivery of goods.

Specific revenue streams where judgement involved in recognition are:

- a) Bookouts: the group does not physically control the goods that are supplied in these transactions and is therefore unable to recognise revenue in relation to these transactions. The gain or loss from net settlement is taken to cost of sales.
- b) Network customers: risk and title do not transfer at the same stage. Management have assessed the performance obligation to have been met in respect of these sales when physical delivery to end customer takes place.

Key sources of estimation uncertainty

No key sources of estimation uncertainty were identified.

3. Revenue

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

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Sale of fuel products	10,777,207	14,949,079

Notes to the financial statements (continued)

4. (Loss)/profit before taxation

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

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Depreciation property, plant and equipment	1,467	1,807
Amortisation of intangible assets	4,472	4,633
Depreciation on right-of-use assets	34,671	36,826
Loss on disposal of property, plant and equipment	-	3,492
Fair value loss/(gain) on financial instruments	26,645	8,120
Net foreign exchange loss/(gain)	265	(542)

During the year, no employees received remuneration from the Company given that all members of staff were employed by Greenery International Limited and the appropriate costs were recharged by way of management fees.

No Directors received emoluments from the Company in respect of the qualifying services to the Company. All emoluments paid to or receivable by, Directors are paid by the Company's fellow group Company, Greenery International Limited in respect of their services as either Directors or employees of that Company. Management have deemed it impractical to apportion remuneration figures for services provided to Greenery Fuels Limited.

Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	503	150
- Other audit related services	681	-
Total audit fees	1,184	150
 - Taxation compliance services	 244	 193
Total non- audit fees	244	193

Non-audit fees of £244k (2019: £193k) were provided in relation to tax consultancy services during the year.

Auditor's remuneration has been recharged to subsidiaries from Greenery Group Holdings Limited I this year on a proportionate basis. In prior periods, Greenery Group Holdings Limited I has recognised the total fees on the Group's behalf.

5. Finance income

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Bank interest receivable	40	350
Interest receivable from group companies	4,661	6,073
	4,701	6,423

Notes to the financial statements (continued)

6. Finance costs

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Interest payable in servicing of:		
Working capital facilities and bank overdrafts	12,328	20,113
Lease liabilities	6,901	8,044
	19,229	28,157

7. Income tax expense/(credit)

Analysis of charge/(credit) in the year:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Current tax		
Current tax on income for the year	630	4,868
Group relief payable	-	7,678
Adjustments in respect of prior years	1,824	(2,472)
Total current tax charge	2,454	10,074
Deferred tax		
Origination and reversal of timing differences	(7)	625
Adjustments in respect of prior years	28	1,039
Total deferred tax charge	21	1,664
Tax charge/(credit) on profit on ordinary activities	2,475	11,738

Notes to the financial statements (continued)

7. Income tax expense/(credit) (continued)

Factors affecting tax charge/(credit) for year

The total tax charge for the year is higher (31 December 2019: charge is lower) than the standard rate of corporation tax in the UK of 19% (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	(5,104)	61,794
At tax rate of 19% (2019: 19%)	(970)	11,741
Effects of:		
Expenses not deductible for tax	1,376	1,504
Effect of change in deferred tax rate	217	(74)
Income not subject to taxation	-	-
Adjustment in respect of prior periods	1,852	(1,433)
Total tax charge for the year	2,475	11,738

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 £580,000 increase in the deferred tax liability.

8. Intangible assets

	Branding rights £'000	Internally generated software £'000	Total £'000
Cost			
At 31 December 2019	17,686	22,410	40,096
Additions	1,669	-	1,669
Reclassifications	-	3,640	3,640
At 31 December 2020	19,355	26,050	45,405
Accumulated depreciation			
At 31 December 2019	(14,871)	(11,753)	(26,624)
Charge for the year	(2,287)	(2,185)	(4,472)
At 31 December 2020	(17,158)	(13,938)	(31,096)
Net book value at 31 December 2020	2,197	12,112	14,309
Net book value at 31 December 2019	2,815	10,657	13,472

Branding rights relate to the costs associated with the Company becoming a branded wholesaler within the UK market. Intangible assets amortisation is recorded in administrative expenses in the income statement.

Notes to the financial statements (continued)

9. Property, plant and equipment

	Plant and machinery £'000	Office equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 31 December 2019	27,590	2,962	266	30,818
Additions	-	-	4,562	4,562
Reclassifications	438	254	(4,332)	(3,640)
At 31 December 2020	28,028	3,216	496	31,740
Accumulated depreciation				
At 31 December 2019	(17,506)	(2,962)	(19)	(20,487)
Charge for the year	(1,267)	(200)	-	(1,467)
At 31 December 2020	(18,773)	(3,162)	(19)	(21,954)
Net book value at 31 December 2020	9,255	54	477	9,786
Net book value at 31 December 2019	10,084	-	247	10,331

The depreciation charge for the year forms part of distribution costs and administrative expenses.

There was a reclassification of assets under construction to internally generated software relating to an IT project.

10. Investments

Direct subsidiary undertakings

	£'000
At 1 January 2020	315
Impairment	-
At 31 December 2020	315

The following were subsidiary undertakings of the Company during the year:

Name	Country of incorporation	Holding	Class of shares	Registered Office Address	Principal activity
Greenergy Brazil Trading SA	Brazil	100%	Ordinary shares	Rua Gomes de Carvalho, 1069, cj 181 and 182 Advanced Tower Vila Olimpia, Sao Paulo - SP Brazil 04547 - 004	Supply and marketing of road fuel

As at 31 December 2020, the Company had no interests in joint arrangements carrying on businesses.

Notes to the financial statements (continued)

11. Inventories

	31 December 2020	31 December 2019
	£'000	£'000
Stocks held at cost	12,858	13,565
Fuel products	386,907	408,820
RTFO certificates - own use	188,781	168,984
GHG credits – own use	10,161	75,468
RTFO certificates - held for trading	45,132	-
GHG credits - held for trading	3,564	2,596
	647,402	669,433

During the year £8,980,272,000 of raw materials was expensed through cost of sales (31 December 2019: £12,806,872,000).

Fuel products are traded in active markets and are purchased with a view to resale in the near future, generating a profit from fluctuations in prices or margins. As a result, stocks of fuel products are carried at fair value by reference to quoted market prices at year-end, in accordance with the broker/trader exemption granted by IAS 2. As such, these inventories are categorised as level 1 within the fair value hierarchy.

Inventories with a carrying amount of £634,544,000 were pledged as security for certain of the Company's borrowings at the balance sheet date (31 December 2019: £655,868,000). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity. See note 24 for details.

There is currently no externally quoted market for the valuation of RTFO certificates. In order to value these contracts, management have adopted a pricing methodology, combining both observable inputs based on market data and the assumptions developed internally based on observable market activity.

The anticipated market premia above the calculated cost of creation of RTFO certificates is the most significant input. Assuming other inputs remain unchanged, if the premia was decreased by 1ppl, pre-tax profit would decrease by £605,051 (31 December 2019: decrease by £30,394).

GHG and RTFO Certificates held for sale to third parties are recognised at fair value by reference to year-end market prices. Changes in market prices of the certificates and the quantity of tickets considered to be realisable through external sales are recognised immediately in the income statement.

12. Trade receivables

	31 December 2020	31 December 2019
	£'000	£'000
Trade receivables	380,155	590,238
Amounts owed by parent Company	203,686	177,614
Amounts owed by other Group companies	153,609	149,974
Other receivables	38,446	16,655
Corporation tax	91	437
Prepayments and accrued income	109,596	130,019
	885,583	1,064,937
	31 December 2020	31 December 2019
	£'000	£'000
Non-current		
Derivative assets	4,013	-
	4,013	-

Notes to the financial statements (continued)

12. Trade receivables (continued)

A provision of £1,289,883 (31 December 2019: £78,000) has been made against trade receivables. The debit during the year in relation to the movement in the bad debt provision was £1,211,883 (2019: Credit of £1,050,000).

Reconciliation of loss allowance

At 1 January 2020	78,000
Increase in provision for impairment of receivables	1,211,833
At 31 December 2020	1,289,883

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Total £'000	Current - 90 Days £'000	90+ Days £'000
At 31 December 2020			
Expected credit loss rate		0%	100%
Estimated total gross carrying amount at default	380,155	378,865	1,290
Expected credit loss	(1,598)	0	(1,290)
At 31 December 2019			
Expected credit loss rate		0%	100%
Estimated total gross carrying amount at default	590,238	590,160	78
Expected credit loss	(244)	0	(78)

Amounts due from group undertakings relate to intercompany trading and are unsecured, have no formal repayment plan and as such are classified as current. In the instances where interest is charged on these balances, it is charged at a rate of LIBOR plus 2%.

13. Cash and short-term deposits

Cash and short-term deposits include the following:

	31 December 2020 £'000	31 December 2019 £'000
Cash at bank and in hand	53,573	26,961
Cash and short-term deposits	53,573	26,961

14. Trade payables and accrued liabilities

	31 December 2020 £'000	31 December 2019 £'000
Trade payables	64,112	72,315
Amounts owed to other Group companies	64,021	45,788
RTFO - current year obligation	298,332	253,499
Other taxes and social security	660,314	446,653
Other payables	625	361
Accruals and deferred income	184,261	298,558
	1,271,665	1,117,174

Notes to the financial statements (continued)

14. Trade payables and accrued liabilities (continued)

Non-current		
Other creditors	34,357	-
Derivative liabilities	5,051	-
	<u>39,408</u>	<u>-</u>

There are no amounts falling due after more than 5 years.

The carrying amounts of trade payables and other payables approximate to their fair values.

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%.

15. Deferred taxation

	31 December 2020 £'000	31 December 2019 £'000
Negative accelerated capital allowances	(1,319)	(1,248)
Intangible fixed assets	(518)	(568)
Tax losses carried forward and other deductions	-	-
Net deferred tax liability	<u>(1,837)</u>	<u>(1,816)</u>

The movement on deferred taxation is as follows:

	Accelerated capital allowances	Intangible fixed assets	Tax losses carried forward and other deductions	Total
At the beginning of the year	(1,248)	(568)	-	(1,816)
Adjustment in respect of prior years	28	(56)	-	(28)
Current year income statement charge	(99)	106	-	7
At the end of the year	<u>(1,319)</u>	<u>(518)</u>	<u>-</u>	<u>(1,837)</u>

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.

16. Issued capital

	31 December 2020 £'000	31 December 2019 £'000
Allotted, called up and fully paid		
1,333,334 (2019: 1,333,334) Ordinary shares of £1 each	<u>1,333</u>	<u>1,333</u>

Notes to the financial statements (continued)

17. Net cash generated from/(used in) operating activities

Net cash provided by operating activities	31 December 2020 £'000	31 December 2019 £'000
(Loss)/profit before taxation	(5,104)	61,794
Adjustments for:		
Depreciation of property, plant and equipment	1,467	1,807
Amortisation of intangibles	4,472	4,633
Right-of-use asset depreciation	34,671	36,826
Loss on disposal of property, plant and equipment	-	3,492
Foreign exchange loss/(gains) on operating activities	10,729	(542)
Revaluation of financial instruments	26,645	8,120
Repayment of lease liabilities - interest	(6,900)	(8,044)
Net finance costs	14,528	21,734
Operating cash flows before movements in working capital	85,612	129,820
Decrease/(increase) in inventory	6,335	(115,874)
Decrease in receivables	175,086	42,840
Increase/(decrease) in payables	212,736	(119,208)
Cash generated by operations	394,157	(62,422)
Income taxes paid	(2,454)	(10,382)
Net cash from operating activities	472,211	(72,804)

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's cash flow statement as cash flows from financing activities.

	At 1 January 2020 £'000	Financing cash flows £'000	At 31 December 2020 £'000
Bank overdrafts (note 18)	616,791	(366,960)	249,831
	616,791	(366,960)	249,831

There were no changes in financing cash flows from losing subsidiaries or other businesses or changes in the fair value of the liabilities.

Notes to the financial statements (continued)

18. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings - current

		31 December 2020	31 December 2019
	Maturity	£'000	£'000
Bank overdrafts:			
United Kingdom	On demand	249,831	616,791
		249,831	616,791

All related covenants were satisfied during 2020.

The bank overdraft includes £249.8 million drawn on a \$1,100 million asset backed facility, secured with a syndicate of UK and European banks. The Company formally extended its \$1.1bn borrowing base facility on 10 March 2020. The facility was renewed during the year until 30 April 2021 comprising \$630 million of committed and \$470 million of uncommitted funding. Subsequent to balance sheet date, with lower demand and underlying oil prices, the Company took the decision to resize the level of the facility to US\$930 million and renew for a further two years to 30 April 2023. These changes were approved by our banking syndicate on 28 April 2021.

19. Dividend paid

Dividends declared in the year were £12,794,000 or £9.60 per share (31 December 2019: £57,836,000 or £43.38 per share). The Directors proposed a final dividend of £nil (31 December 2019: £15,000,000 or £11.25) to be paid after the balance sheet date.

Notes to the financial statements (continued)

20. Right-of-use assets

	Plant and Machinery £'000	Total £'000
Cost		
At 1 January 2019	330,878	330,878
Additions	1,173	1,173
Disposals	(4,712)	(4,712)
Foreign exchange	(85)	(85)
At 1 31 December 2019	327,254	327,254
Additions	46,996	46,996
Write down of cost ⁴	(41,825)	(41,825)
Disposals	(4,881)	(4,881)
Foreign exchange	(4,413)	(4,413)
At 31 December 2020	323,131	323,131
Accumulated depreciation		
At 1 January 2019	-	-
Charge for the year	(36,826)	(36,826)
At 1 December 2019	(36,826)	(36,826)
Charge for the year	(34,671)	(34,671)
Disposals	4,572	4,572
Foreign exchange	1,471	1,471
At 31 December 2020	(65,454)	(65,454)
Carrying amount at 31 December 2020	257,677	257,677
Carrying amount at 31 December 2019	294,052	294,052

The average lease term is 7 years.

The maturity analysis of lease liabilities is presented in note 21.

Amounts recognised in profit and loss	31 December 2020 £'000
Depreciation expense on right-of-use assets	34,671
Interest expense on lease liabilities	6,900
Expense relating to short-term leases	830

Total cash outflows for leases were £56m (2019: £36m).

⁴ 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.

Notes to the financial statements (continued)

21. Lease liabilities

	31 December 2020	31 December 2019
	£'000	£'000
Maturity analysis		
Year 1	34,319	26,693
Year 2	30,312	25,389
Year 3	27,766	26,304
Year 4	25,249	26,673
Year 5	25,759	25,876
Onwards	118,919	167,840
	262,324	298,775
Analysed as:		
Current	34,319	26,693
Non-current	228,005	272,082
	262,324	298,775

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.

22. Financial instruments

The Company has the following financial instruments measured at fair value through profit or loss:

	31 December 2020	31 December 2019
	£'000	£'000
Assets		
Derivative financial instruments	32,146	25,497
Liabilities		
Derivative financial instruments	57,548	24,254

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Initial measurement is at fair value and transaction costs are expensed in the income statement. Subsequent measurement is at fair value with gains or losses to the fair value recognised in the income statement.

Notes to the financial statements (continued)

23. 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).

Trading transactions

Balances and transactions with joint ventures and equity investments measured at fair value through other comprehensive income are shown in the following table.

	Sale of goods		Purchase of goods	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£'000	£'000	£'000	£'000
Morzine Limited	-	-	-	5,642
PD Ports Limited	-	-	-	2,625

The remaining 33.3% of the shares in Morzine Limited were acquired by the group headed by Greenergy Group Holdings Limited on 20 August 2019. As a result, transactions occurring after this date have not been disclosed as related party transactions as the entity was recognised as a direct subsidiary.

PD Ports Limited is a related party of the Company because it is owned by the ultimate parent undertaking and controlling party, Brookfield Asset Management Inc. The transaction relates to the purchase of conservancy services.

The Company has identified no further transactions which require disclose under the terms of IAS 24.

24. Assets pledged as collateral

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Notes	31 December 2020 £'000	31 December 2019 £'000
Current assets			
Inventories	11	647,402	669,433
Trade and other receivables	12	528,288	737,349
Cash and cash equivalents	13	53,573	26,961
Derivative financial instruments	22	32,146	25,497
Total current assets pledged as security		1,261,409	1,459,239
Non current assets			
Intangible assets	8	14,309	13,472
Property, plant and equipment	9	9,786	10,331
Right-of-use assets	20	257,677	290,428
Investments	10	315	315
Non-current receivables	12	4,013	-
Total non current assets pledged as security		286,100	314,546

Non-current assets with a carrying amount of £286,100,000 (2019: £314,546,000) have been pledged to secure borrowings of the Company (see note 18). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Cash with a carrying amount of £38.1m (2019: £nil) have been pledged as SOCGEN as collateral against all open derivative positions of the Company (see note 22). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

The Group, of which Greenergy Fuels Limited is a part, held letters of credit of £82,352,000 (2019: £102,531,000) as at the year-end date, which is secured against the Group's borrowing facility.

25. Capital commitments

	31 December 2020 £'000	31 December 2019 £'000
Contracted but not provided for:		
Intangible assets	964	15,899
Property, plant and equipment	27	2,773

26. 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 undertaking 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.