

Blue Point Pellet Denmark ApS

Værftsvej 6 B, 4600 Køge

CVR no. 34 72 39 90

Annual report 2018

Approved at the Company's annual general meeting on 7 June 2019

Chairman:



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Brent Marcel Thomas Keele

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Blue Point Pellet Denmark ApS for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Fort Collins, 7 June 2019
Executive Board:

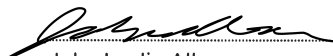


Brent Marcel Thomas Keele

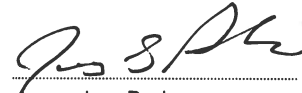
Board of Directors:



Brent Marcel Thomas Keele
Chairman



John Leslie Allen



James Lee Parke



Curtis Robert Richardson

Independent auditor's report

To the shareholder of Blue Point Pellet Denmark ApS

Opinion

We have audited the financial statements of Blue Point Pellet Denmark ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Emphasis of matter in the financial statements

We draw attention to note 2 in the financial statements, which reflects that the value of the Company's production facilities for the production of wood pellets are associated with considerable uncertainty.

We have not modified our opinion in respect of this matter.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines 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, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 7 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Bo Leinum
State Authorised Public Accountant
mne10087

Management's review

Company details

Name	Blue Point Pellet Denmark ApS
Address, Postal code, City	Værftsvej 6 B, 4600 Køge
CVR no.	34 72 39 90
Established	28 September 2012
Registered office	Køge
Financial year	1 January - 31 December
Board of Directors	Brent Marcel Thomas Keele, Chairman John Leslie Allen James Lee Parke Curtis Robert Richardson
Executive Board	Brent Marcel Thomas Keele
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The Company was established on 1 October 2012. The main activity of the Company is production and sale of wood pellets for industrial, commercial and residential purposes.

Wood pellets

2018 saw many large capital expenditure projects come to a close. We were finally able to complete the installation of 3 new high speed, high efficiency, hammer mills along with the removal of the high cost, low efficiency, air transportation system. We have seen a dramatic decrease in energy costs and an increase in throughput of the plant.

Blue Point Pellets (BPP) again observed an increase in pellet prices as demand continues to grow. Wholesale bulk pellet prices reached €180 per ton in 2018 while bagged prices reached €215 per ton. Along with the increase in finished goods prices, we also witnessed an increase in raw material prices in 2018. Given raw material constraints, BPP has been experimenting with different suppliers and various blends to develop the most cost effective premium quality pellets. In an attempt to find new cost effective raw material sources we have experienced quality issues that have required us to set up an accrual for claims. These costs have been fairly minimal and we have learned what materials and from what regions of the world are ideal for our process.

Overall, wood pellet production at the Koge facility was below anticipated volumes. This was caused by two primary reasons: 1. our main raw material supplier had a large fire and was only able to supply us with 50% of contracted volumes in the third and fourth quarters and 2. our inability to procure quality raw materials. After we learned of quality issues with new suppliers we were unable to replace these volumes in an efficient and cost effective manner. We have been able to fulfill all contracted amounts but our plan to take advantage of spot market pricing on extra volumes of pellets was never realized. Procurement concerns have been extremely frustrating given our plant is running exceptionally well and we have demand in the market.

Midway through the heating season BPP was able to secure small volume contracts with a new significant customer to assist in their shortage of pellets. We are very excited about the future relationship with the new customer and we are currently in talks to secure a large 50,000 ton contract with them. This is an ideal set up for BPP as it gives us the ability to utilize the selling of bulk pellets by shipload as the plant was originally designed.

Plastic

BPP has completed the R&D phase and capital expenditures associated with the recycled plastic production side of the business. These assets were placed in service in Q1 of 2018. Production has been consistent and we are making a very high quality clean LDPE granule. We have been able to dial in the production capacity of the plant to refine the profit potential of the business. While we have been able to secure raw material supplies and dial in our production we are still pre-revenue. It has proven to be a challenge finding the right partner to use our recycled product in their process. Based on this, Management has decided to sell the production facilities, we refer to the description in the section "Events after the balance sheet date".

Recognition and measurement uncertainties

The valuation of the production facilities are based on expected future cash flow. The future cash flows on the production facilities for the production of wood pellets is subject to uncertainty as it is dependent on the realisation of certain key assumptions used in the budget.

The annual report is based on the assumption of the Company being a going concern. The Parent Company has, as in the past, financed the operations in the first part of 2019 and has confirmed to continue to do this for the remaining part of 2019 as required.

Furthermore, the Parent Company will not demand any repayment of the advances made to the Company unless the funds of the Company permit repayment.

Reference is made to note 2 and 6 for more details.

Management's review

Unusual matters having affected the financial statements

During 2018 it was discovered that the previous Management of the Company had performed fraudulent actions, causing the purchase value of the Company's Property, plant and equipment to be overstated in previous years.

Accordingly, Management has treated the change in accordance with Section 52(2) of the Danish Financial Statements Act regarding correction of material misstatement. Consequently, comparative figures and the opening equity have been restated in the financial statements.

Further reference is made to the accounting policies where the financial impact has been disclosed.

Financial review

The income statement for 2018 shows a loss of DKK 68,300,602 against a loss of DKK 29,171,468 last year, and the balance sheet at 31 December 2018 shows equity of DKK 96,053,022.

During 2018, the share capital was increased through a debt conversion. The share capital was increased by a nominal amount of DKK 29,000 with a share premium of DKK 86,644,742 resulting in a positive equity at 31 December 2018.

Events after the balance sheet date

In May 2019 Management has decided to sell the Company's production facilities for the production of the plastic granola from reused plastic, primarily as the demand and sales prices in Europa has not developed as expected. The sale is expected to be finalized in 2019, and the sales price is expected to exceed the carrying amount as of 31 December 2018.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Gross loss	-56,920,388	-52,642,428
	Administrative expenses	-7,433,084	-8,457,525
	Operating profit/loss	-64,353,472	-61,099,953
	Financial income	0	33,412,667
3	Financial expenses	-3,947,130	-1,484,182
	Profit/loss before tax	-68,300,602	-29,171,468
	Tax for the year	0	0
	Profit/loss for the year	-68,300,602	-29,171,468
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-68,300,602	-29,171,468
		-68,300,602	-29,171,468

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2018</u>	<u>2017</u>
	ASSETS		
	Fixed assets		
4	Intangible assets		
	Software	16,375	27,292
		<u>16,375</u>	<u>27,292</u>
5	Property, plant and equipment		
	Plant and machinery	72,564,825	41,860,408
	Other fixtures and fittings, tools and equipment	4,973,039	7,374,284
	Plant and machinery in progress	1,907,331	33,128,125
		<u>79,445,195</u>	<u>82,362,817</u>
	Investments		
	Deposits	5,947,377	6,370,922
		<u>5,947,377</u>	<u>6,370,922</u>
	Total fixed assets	<u>85,408,947</u>	<u>88,761,031</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	6,412,332	2,246,830
	Finished goods and goods for resale	13,065,156	6,274,021
		<u>19,477,488</u>	<u>8,520,851</u>
	Receivables		
	Trade receivables	5,520,117	10,758,500
	Other receivables	4,020,811	3,465,457
	Prepayments	578,287	2,061,385
		<u>10,119,215</u>	<u>16,285,342</u>
	Cash	<u>3,015,140</u>	<u>9,712,897</u>
	Total non-fixed assets	<u>32,611,843</u>	<u>34,519,090</u>
	TOTAL ASSETS	<u><u>118,020,790</u></u>	<u><u>123,280,121</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2018</u>	<u>2017</u>
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	209,000	180,000
	Share premium account	388,794,010	302,149,268
	Retained earnings	-292,949,988	-224,649,386
	Total equity	<u>96,053,022</u>	<u>77,679,882</u>
	Provisions		
7	Other provisions	6,865,226	9,449,512
	Total provisions	<u>6,865,226</u>	<u>9,449,512</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	13,456,171	15,118,903
	Payables to group entities	0	19,725,617
	Other payables	1,646,371	1,306,207
		<u>15,102,542</u>	<u>36,150,727</u>
	Total liabilities other than provisions	<u>15,102,542</u>	<u>36,150,727</u>
	TOTAL EQUITY AND LIABILITIES	<u>118,020,790</u>	<u>123,280,121</u>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral
- 11 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2017	80,000	0	-180,272,709	-180,192,709
Correction of material misstatement	0	0	-15,205,209	-15,205,209
Capital increase	100,000	302,149,268	0	302,249,268
Transfer through appropriation of loss	0	0	-29,171,468	-29,171,468
Equity at 1 January 2018	180,000	302,149,268	-224,649,386	77,679,882
Capital increase	29,000	86,644,742	0	86,673,742
Transfer through appropriation of loss	0	0	-68,300,602	-68,300,602
Equity at 31 December 2018	209,000	388,794,010	-292,949,988	96,053,022

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Blue Point Pellet Denmark ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Material misstatements

During 2018 it was discovered that the previous Management of the Company had performed fraudulent actions, causing the value of the Company's Property, plant and equipment to be overstated in previous years.

Accordingly, Management has treated the adjustment in accordance with Section 52(2) of the Danish Financial Statements Act regarding correction of material misstatement. Consequently, comparative figures and the opening equity for 2017 have been restated in the financial statements for 2018.

As a result of the adjustments, caused by the material misstatement, the comparative figures have been restated with the following adjustments:

- Plant and machinery at 1 January 2017 has decreased from DKK 51,025,000 to DKK 41,917,666
- Plant and machinery in progress at 1 January 2017 has decreased from DKK 31,716,665 to DKK 25,618,791
- Plant and machinery at 31 December 2017 has decreased from DKK 49,908,043 to DKK 41,860,408
- Plant and machinery in progress at 31 December 2017 has decreased from DKK 39,225,999 to DKK 33,128,125
- Gross margin in 2017 has decreased from DKK -53,702,128 to DKK -52,642,428
- The equity at 1 January 2017 has decreased from DKK -180,192,709 to DKK -195,397,918 resulting in a change in equity at 31 December 2017 from DKK 91,825,391 to DKK 77,679,882

Reference is made to the comments in Management's review.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are measured at the exchange rate at the transactions date.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income from the sale of wood pellets is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross loss

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Production costs

Production costs include expenses incurred to generate the year's revenue and expenses incurred during test productions. The item includes direct and indirect expenses relating to raw materials, consumables, labour, rent and leasing as well as depreciation of production equipment.

Research costs, development costs not satisfying the criteria for capitalisation and depreciation of capitalised development costs are also recognised under production costs.

Administrative expenses

Administrative expenses comprise staff costs for the administration, rental costs, consultant fees, travel expenses, insurance and other administrative expenses, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Intangible assets include software licences.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

On initial recognition, items of property, plant and equipment are measured at cost.

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Production overheads and borrowing costs are not included in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Plant and machinery:	10 years
Furniture and equipment:	3-5 years

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not included in the cost price.

Receivables

Receivables are measured at amortised cost.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective indication that a receivable is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Provisions

Provisions comprise anticipated expenses relating to onerous contracts. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised.

Other payables

Other payables are measured at net realisable value.

2 Recognition and measurement uncertainties

Material accounting estimates relate to the valuation of the production facilities for the production of wood pellets.

In 2018, Management carried out impairment testing of the carrying amount of property, plant and equipment (The production facilities), of which approximately

- 2/3 of the value relates to the production facilities for the production of wood pellets
- 1/3 of the value relates to the production facilities for the production of the plastic granules from reused plastic

The recoverable amount in the form of the value in use exceeds the carrying amount as of 31 December 2018.

Financial statements 1 January - 31 December

Notes to the financial statements

The value in use for the production facilities relating to the production of wood pellets is based on the expected net cash flows. The expected cash flows are based on budgets for the period 2019-2024, as approved by Management, and comprise the following main assumptions:

- expected annual increases in sales prices for pellets of around 2% in excess of inflation starting in 2020, and
- unchanged purchase prices on raw materials and a supply of raw materials in required quality when needed, and
- a significant increase in the yearly production and sale of pellets compared to what has been achieved historically. This also includes an anticipation to gain cost savings due to benefits of mass production, which have not been able to be observed in previous years' production, as these have been at much lower amounts, and
- a reduction in the production costs, due to previous years' investments in energy saving initiatives, which are expected to be observed in subsequent years when the planned increased production numbers are realized,
- a discount factor before tax of 11%.

The terminal value accounts for 84% of the value in use as of 31 December 2018.

The calculated headroom amounts to approximately 40% of the carrying amount as of 31 December 2018. The headroom is highly sensitive to even minor deviations in the main assumptions made, such as budgeted sales prices, costs of production and purchase prices on raw materials.

The estimated future cash flow depends that the above assumptions are met. The assumptions may not be met. Therefore the valuation of the production facilities as of 31 December 2018 is encumbered with considerable uncertainty.

Regarding the production facilities for the production of the plastic granules, we refer to Management's review regarding events after the balance sheet date.

DKK	2018	2017
3 Financial expenses		
Interest expenses, group entities	432,699	1,379,944
Other interest expenses	0	15,540
Exchange losses	3,514,431	88,698
	3,947,130	1,484,182
 4 Intangible assets		
DKK		Software
Cost at 1 January 2018		32,750
Cost at 31 December 2018		32,750
Impairment losses and amortisation at 1 January 2018		5,458
Amortisation/depreciation in the year		10,917
Impairment losses and amortisation at 31 December 2018		16,375
Carrying amount at 31 December 2018		16,375
 Amortised over		2,5 years

Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant and machinery in progress	Total
Cost at 1 January 2018	53,992,703	9,133,826	33,128,125	96,254,654
Additions for the year	852,134	31,771	9,586,441	10,470,346
Transfer from other accounts	38,648,257	696,124	-39,344,381	0
Cost at 31 December 2018	<u>93,493,094</u>	<u>9,861,721</u>	<u>3,370,185</u>	<u>106,725,000</u>
Impairment losses and depreciation at 1 January 2018	12,132,295	1,759,542	0	13,891,837
Impairment losses in the year	2,649,425	0	1,462,854	4,112,279
Amortisation/depreciation in the year	<u>6,146,549</u>	<u>3,129,140</u>	<u>0</u>	<u>9,275,689</u>
Impairment losses and depreciation at 31 December 2018	<u>20,928,269</u>	<u>4,888,682</u>	<u>1,462,854</u>	<u>27,279,805</u>
Carrying amount at 31 December 2018	<u><u>72,564,825</u></u>	<u><u>4,973,039</u></u>	<u><u>1,907,331</u></u>	<u><u>79,445,195</u></u>

6 Share capital

Management has presented the annual report based on an assumption of going concern. The Parent Company has, as in the past, financed the operations in the first part of 2019 and intends to continue to do this as required. The Parent Company and the investor behind the Parent Company have confirmed that they will continue to provide financial support as and when it may be required for the Company to meet the liabilities until and after 31 December 2019. In addition, the Parent Company will not recall or demand any repayment whatsoever of the advances made to the Company unless the funds of the Company permit repayment.

7 Other provisions

The provisions are expected to be payable in:

DKK	2018	2017
0-1 year	<u>6,865,226</u>	<u>9,449,512</u>
	<u><u>6,865,226</u></u>	<u><u>9,449,512</u></u>

8 Staff costs

Average number of full-time employees	<u>23</u>	<u>25</u>
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Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other financial obligations

Rent and lease liabilities include rent obligations totalling DKK 9,420 thousand in interminable rent agreements with remaining contract terms of up to 2 years. Furthermore, the Company has liabilities under operating leases for production machines, totalling DKK 1,998 thousand, with remaining contract terms of 1-3 years.

The premises, on which the production facilities are located, are rented from GGD Global Green Developer ApS. The Company has entered into an agreement with an option to buy part of the premises. The option expires no later than 30 September 2020.

10 Collateral

An amount of DKK 2,400 thousand has been placed on an escrow account as a guarantee for future purchases, primarily electricity.

11 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Blue Point Pellet, LLC	Colorado, USA