

# Blue Point Pellet Denmark ApS

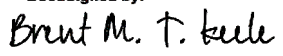
Værftsvej 6 B, 4600 Køge

CVR no. 34 72 39 90

## Annual report 2021

Approved at the Company's annual general meeting on 11 July 2022

Chair of the meeting:

DocuSigned by:  
  
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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 2021.

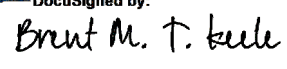
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

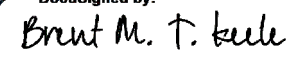
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

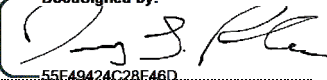
We recommend that the annual report be approved at the annual general meeting.

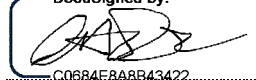
Fort Collins, 11 July 2022  
Executive Board:

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Brent Marcel Thomas Keele

Board of Directors:

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Brent Marcel Thomas Keele  
Chair

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James Lee Parke

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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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, which shows that the Company recorded a loss of DKK 0.5 million in the financial year 2021 and that the Company's liabilities at 31 December 2021 are DKK 13.3 million which exceed the Company's assets by DKK 5.9 million. The company has a negative equity of DKK 7.4 million. This, combined with the other matters described in note 2, indicates a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. 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, 11 July 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Martin Alsbæk  
State Authorised Public Accountant  
mne28627

## 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, Chair James Lee Parke Curtis Robert Richardson
Executive Board	Brent Marcel Thomas Keele
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 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.

In 2019, the company has vacated the premises in Køge as part of a shutdown of the company's activities.

During 2021, the company had no activity. The company's liabilities as at 31 December 2021 exceed the company's assets by DKK 7.4 million. Following the vacation of the premises, the landlord has brought preliminary claims against the company for breach of leases and the restoration of the premises totaling DKK 34.2 million. Blue Point Pellets Denmark ApS has similarly filed a preliminary claim against the landlord in the amount of DKK 27.5 million. None of the claims raised are currently referred to the courts. The claim raised by the landlord has been rejected by the company as being unjustified. The demands raised remain at an initial stage and the final outcome of negotiations, alternatively a legal decision, is therefore subject to great uncertainty. The decision as to continue or liquidate the company is expected to be made when there is clarity regarding these claims.

### Financial review

The income statement for 2021 shows a loss of DKK 515,341 against a loss of DKK 173,952 last year, and the balance sheet at 31 December 2021 shows a negative equity of DKK 7,377,535.

### Capital resources

Since the close-down, the Company's operations have been financed by the Parent Company. Management has not obtained any commitment for further financing of the day-to-day operations, and consequently, the financing of the Company's operations is subject to considerable uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. If such commitment is not obtained, the Company may not be able to realise its assets and settle its liabilities in the ordinary course of business. Management believes that the necessary financing and liquidity will be made available, and therefore, the financial statements have been prepared on a going concern basis.

### Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

## Financial statements 1 January - 31 December

## Income statement

Note	DKK	2021	2020
	Production costs	0	-408,957
	Gross profit	0	-408,957
	Administrative expenses	-147,520	-129,298
	Operating profit/loss	-147,520	-538,255
	Other operating expenses	0	1,458
	Profit/loss before net financials	-147,520	-536,797
3	Financial income	0	362,845
4	Financial expenses	-367,821	0
	Profit/loss before tax	-515,341	-173,952
	Tax for the year	0	0
	Profit/loss for the year	-515,341	-173,952
	Recommended appropriation of profit/loss	-515,341	-173,952
	Retained earnings/accumulated loss	-515,341	-173,952



## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Software	0	0
		0	0
	Investments		
	Deposits	5,584,841	5,944,841
		5,584,841	5,944,841
	Total fixed assets	5,584,841	5,944,841
	Non-fixed assets		
	Receivables		
	Other receivables	20	178,780
		20	178,780
	Cash	336,528	372,006
	Total non-fixed assets	336,548	550,786
	TOTAL ASSETS	5,921,389	6,495,627

## Financial statements 1 January - 31 December

## Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	209,000	209,000
	Share premium account	0	388,794,010
	Retained earnings	-7,586,535	-395,865,204
	Total equity	<u>-7,377,535</u>	<u>-6,862,194</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	50,209	33,617
	Payables to group entities	4,394,939	3,992,835
	Other payables	8,853,776	9,331,369
		<u>13,298,924</u>	<u>13,357,821</u>
	Total liabilities other than provisions	<u>13,298,924</u>	<u>13,357,821</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>5,921,389</u></u>	<u><u>6,495,627</u></u>

- 1 Accounting policies
- 2 Material uncertainties over going concern
- 8 Contractual obligations and contingencies, etc.
- 9 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 2020	209,000	388,794,010	-395,691,252	-6,688,242
Transfer through appropriation of loss	0	0	-173,952	-173,952
Equity at 1 January 2021	209,000	388,794,010	-395,865,204	-6,862,194
Transfer through appropriation of loss	0	0	-515,341	-515,341
Transferred from share premium account	0	-388,794,010	388,794,010	0
Equity at 31 December 2021	209,000	0	-7,586,535	-7,377,535

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Blue Point Pellet Denmark ApS for 2021 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.

Effective from the financial year 2021, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### 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

##### 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.

##### Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Receivables

Receivables are measured at amortised cost.

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.

##### 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.

## Financial statements 1 January - 31 December

## Notes to the financial statements

## 2 Material uncertainties over going concern

During 2019, the company closed down its activities and divested the majority of its assets. In connection with closures, the company has vacated the premises in Køge in September 2019.

During 2021, the company had limited activity. As at 31 December 2021, the Company's liabilities of DKK 13.3 million exceed the Company's assets by DKK 5.9 million. Following the vacation of the premises, the landlord has brought preliminary claims against the Company for breach of leases and the restoration of the premises totaling DKK 34.2 million. Blue Point Pellets Denmark ApS has similarly filed a preliminary claim against the landlord in the amount of DKK 27.5 million. None of the claims raised are currently referred to the courts. The claim raised by the landlord has been rejected by the Company as being unjustified. The demands raised remain at an initial stage and the final outcome of negotiations, alternatively a legal decision, is therefore subject to great uncertainty.

Since the close-down, the Company's operations have been financed by the Parent Company. Management has not obtained any commitment for further financing of the day-to-day operations, and consequently, the financing of the Company's operations is subject to considerable uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. If such commitment is not obtained, the Company may not be able to realise its assets and settle its liabilities in the ordinary course of business. Management believes that the necessary financing and liquidity will be made available, and therefore, the financial statements have been prepared on a going concern basis.

	DKK	2021	2020
3	Financial income		
	Exchange adjustments	0	362,845
		0	362,845
4	Financial expenses		
	Exchange adjustments	367,821	0
		367,821	0
5	Intangible assets		
	DKK		Software
	Cost at 1 January 2021		32,750
	Disposals in the year		-32,750
	Cost at 31 December 2021		0
	Impairment losses and amortisation at 1 January 2021		32,750
	Reversal of amortisation/depreciation and impairment of disposals		-32,750
	Impairment losses and amortisation at 31 December 2021		0
	Carrying amount at 31 December 2021		0
	Amortised over		3,5 years

## Financial statements 1 January - 31 December

## Notes to the financial statements

## 6 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2021	2020	2019	2018	2017
Opening balance	209,000	209,000	180,000	80,000	80,000
Capital increase	0	0	180,000	80,000	80,000
Capital reduction	0	0	29,000	100,000	0
	<u>209,000</u>	<u>209,000</u>	<u>389,000</u>	<u>260,000</u>	<u>160,000</u>

## 7 Staff costs

	2021	2020
Average number of full-time employees	<u>0</u>	<u>0</u>

## 8 Contractual obligations and contingencies, etc.

## Other financial obligations

There are no other financial obligations that Blue Point Pellets ApS is currently liable for other than the obligations that are already recognized in the balance sheet. The primary financial obligation is related to the rent payable during the notice period for the lease of production premises. These are already recognized under other payables.

Potential financial obligations are present based on the outcome of the pending discussions with the landlord. Please refer to the management review section for the same.

## 9 Related parties

## Ownership

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

Name	Domicile
Blue Point Pellet, LLC	Colorado, USA