

Arcadia eFuels ApS

Strandvejen 166,
2920 Charlottenlund

CVR No. 42606065

Annual Report 2022

2. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 9 March 2023

Amy Ellen Hebert
Chairman

Arcadia eFuels ApS

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Management's Statement

Today, Management has considered and adopted the Annual Report of Arcadia eFuels ApS for the financial year 1 January 2022 - 31 December 2022.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January 2022 - 31 December 2022.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

The conditions for not conducting an audit of the Financial Statement have been met.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Charlottenlund, 9 March 2023

Executive Board

Amy Ellen Hebert
Man. Director

Louisa Klixbüll Colombo
Manager

Arcadia eFuels ApS

Auditors' Report on Compilation of Financial Statements

To the day-to-day management of Arcadia eFuels ApS

We have compiled the Financial Statements of Arcadia eFuels ApS for the financial year 1 January 2022 - 31 December 2022 based on the Company's bookkeeping and other information provided by it.

The financial statements comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes.

We have completed the engagement of Compiling Financial Information in accordance with The International Standards on Related Services, ISRS 4410 (Revised), Compilation Engagements.

We have applied our professional expertise to assist you in the preparation and presentation of these Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions in the Danish Act on Auditors and Audit Firms as well as Danish Auditors' (FSR) ethical rules for auditors, including principles of integrity, objectivity, professional competence and due care.

The Financial Statement and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement regarding financial information is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you have given us in order for us to compile the Financial Statements. Accordingly, we do not express an audit or review opinion on whether the Financial Statements are prepared in accordance with the Danish Financial Accounts Act.

Copenhagen, 9 March 2023

HARBOE CONSLUT ApS - GODKENDT REVISIONSVIRKSOMHED

CVR-no. 35649417

John Petersson

State Authorised Public Accountant

mne29420

Arcadia eFuels ApS

Company details

Company	Arcadia eFuels ApS Strandvejen 166, 2920 Charlottenlund
Telephone	61 92 66 60
email	amy.hebert@arcadiaefuels.com
CVR No.	42606065
Date of formation	16 August 2021
Executive Board	Amy Ellen Hebert, Man. Director Louisa Klixbüll Colombo, Manager
Ultimate Parent Company	Arcadia eFuels Corporation
Parent Company	Arcadia eFuels US Inc.
Group enterprises	Arcadia eFuels Vordingborg ApS Arcadia eFuels UK Limited
Auditors	HARBOE CONSLUT ApS - GODKENDT REVISIONSVIRKSOMHED Grønningen 17 1270 København K CVR-no.: 35649417

Management's Review

The Company's principal activities

The Company's principal activities is to handle and carry out administrative work, as well as related activities.

Insecurity regarding recognition or measurement

There is no material insecurity regarding recognition or measurement.

Exceptional circumstances

No exceptional circumstances have affected recognition or measurement.

Development in activities and financial matters

The Company's Income Statement of the financial year 1 January 2022 - 31 December 2022 shows a result of EUR -7.653 and the Balance Sheet at 31 December 2022 a balance sheet total of EUR 1.546.021 and an equity of EUR 700.292.

The managers finds the result for the year satisfying and as expected.

A merger with Greenstar Holding ApS and ZAHARA PAC Holding ApS has been completed during the year. The recognition has taken place per 01 January 2022.

The company has sold their development project in progress to the parent company Arcadia eFuels US Inc. The sale have had a positive impact in the result of 2022.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Accounting Policies

Reporting Class

The annual report of Arcadia eFuels ApS for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Accounting policies have been changed as follows:

- It has been decided to change the reporting currency from DKK to EUR. The exchange rate of DKK/EUR 7,4365 has been used for 2021.
- A merger with Greenstar Holding ApS and ZAHARA PAC Holding ApS has been completed during the year. The recognition has taken place per 01. January .2022.

Comparative figures have been restated to reflect the change in accounting policies in conformity with the Danish Financial Statements Act. As Greenstar Holding ApS and ZAHARA PAC Holding ApS had no material activities in 2021, the result and equity at 31 December 2021 is unchanged

Apart from the above mentioned areas, the accounting policies are consistent with those of the previous year.

Reporting currency

The annual report is presented in Euro.

Translation policies

Transactions in foreign currencies are translated into EUR at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into EUR based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

General information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which

Accounting Policies

exist at the balance sheet date.

Income statement

Gross profit/loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue and other external expenses.

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised excluding VAT and all discounts granted are recognised in revenue.

Other external expenses

Other external expenses include expenses for sales and administration.

Income from investments in group enterprises

Income from equity investments comprises dividends received from group enterprises so far as they do not exceed the accumulated earnings in the group enterprise during the ownership period.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest expenses, realised capital gains and losses regarding transactions in foreign currencies.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Accounting Policies

Balance sheet

Intangible assets

Development projects that are clearly defined and identifiable, and where the degree of technical utilization, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Other development costs are recognised as costs in the income statement as they incur.

Development costs comprise costs, including wages, salaries and amortization, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalized development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortization and the recoverable amount.

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. If cost exceeds the net realizable value, a write-down to this lower value will be performed.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Other receivables

Other receivables are measured at amortized cost, which usually corresponds to the nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Provisions

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Current tax liabilities

The Company are jointly and severally liable as the administration company for subsidiaries corporate taxes to the tax authorities.

Payables

Payables are measured at amortized cost, which usually corresponds to the nominal value.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Arcadia eFuels ApS

Income Statement

	Note	2022 EUR	2021 EUR
Gross profit		18.169	-116.504
Employee benefits expense	1	0	0
Profit from ordinary operating activities		18.169	-116.504
Income from investments in group enterprises		-5.379	0
Other finance income		7.000	148
Finance expences		-27.544	-1.804
Profit from ordinary activities before tax		-7.754	-118.160
Tax expense on ordinary activities		101	45.528
Profit		-7.653	-72.632
 Proposed distribution of results			
Sundry reserves		-277.705	277.705
Retained earnings		270.052	-350.337
Distribution of profit		-7.653	-72.632

Balance Sheet as of 31 December

	Note	2022 EUR	2021 EUR
Assets			
Development projects in progress		0	356.032
Intangible assets		0	356.032
Fixed assets		0	356.032
Short-term trade receivables (group enterprises)		368.270	0
Short-term receivables from group enterprises		239.787	0
Short-term tax receivables		0	70.870
Short-term tax receivables from group enterprises		0	7.457
Other short-term receivables		6.494	83.822
Receivables		614.551	162.149
Cash and cash equivalents		931.470	501.387
Current assets		1.546.021	663.536
Assets		1.546.021	1.019.568

Balance Sheet as of 31 December

	Note	2022 EUR	2021 EUR
Liabilities and equity			
Contributed capital		5.508	5.374
Reserve for development expenditure		0	277.705
Retained earnings		694.784	-350.332
Equity		700.292	-67.253
Provisions for deferred tax		0	32.799
Provisions		0	32.799
Trade payables		177.278	72.470
Payables to participating interests		35.720	0
Tax payables		32.698	0
Other payables		40.759	39.911
Payables to shareholders and management		559.274	941.641
Short-term liabilities other than provisions		845.729	1.054.022
Liabilities other than provisions within the business		845.729	1.054.022
Liabilities and equity		1.546.021	1.019.568
Contingent liabilities	2		
Collaterals and assets pledges as security	3		

Statement of changes in Equity

	Contributed capital	Share premium	Development expenditure	Retained earnings	Total
Equity 1 January 2022	5.374	0	277.705	-350.332	-67.253
Increase of capital	134	775.064	0	0	775.198
Profit (loss)	0	0	-277.705	270.052	-7.653
Transferred from share premium	0	-775.064	0	775.064	0
Equity 31 December 2022	5.508	0	0	694.784	700.292

The share capital has developed as follows:

	2022	2021
Balance at the beginning of the year	5.374	5.374
Addition during the year	134	0
Balance at the end of the year	5.508	5.374

Notes

	2022 EUR	2021 EUR
1. Employee benefits expense		
Average number of employees	<u>1</u>	<u>1</u>

2. Contingent liabilities

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

The total amount appears from the annual report of Arcadia eFuels ApS which is the administration company in the joint taxation.

3. Collaterals and securities

No securities or mortgages exist at the balance sheet date.