

Arcadia eFuels ApS

Strandvejen 166,
2920 Charlottenlund

CVR No. 42606065

Annual Report 2021

1. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 18 February 2022

Louisa Klíxbüll Colombo
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 17 August 2021 - 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year 17 August 2021 - 31 December 2021.

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

The Annual General Meeting of the Company decides that the Financial Statements for next year are not to be audited. The conditions for not conducting an audit of the Financial Statements have been met.

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

Charlottenlund, 18 February 2022

Executive Board

Amy Ellen Hebert
Man. Director

Louisa Klixbüll Colombo
Manager

Independent Auditors' Report

To the shareholders of Arcadia eFuels ApS

Opinion

We have audited the financial statements of Arcadia eFuels ApS for the financial year 17 August 2021 - 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity and notes. 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 Company's financial position at 31 December 2021 and of the results of its operations for the financial year 17 August 2021 - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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.

Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

- * Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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.

Independent Auditors' Report

- * Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Statement on 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 opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

København, 18 February 2022

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
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CVR No.	42606065
Date of formation	16 August 2021
Executive Board	Amy Ellen Hebert, Man. Director Louisa Klixbüll Colombo, Manager
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 consist in developing a product for the production of E-fuels from renewable electricity, to create a negative CO2 emission product.

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 17 August 2021 - 31 December 2021 shows a result of DKK -540.128 and the Balance Sheet at 31 December 2021 a balance sheet total of DKK 7.582.013 and an equity of DKK -500.128.

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

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.

Expectations for the future

In the coming year, a capital increases corresponding to DKK 7 million is expected by debt conversion.

It is also expected that the company will be transformed from ApS to A/S.

Accounting Policies

Reporting Class

The Annual Report of Arcadia eFuels ApS for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

As the financial year 2021 is the Company's first financial year, the Financial Statements with associated notes have been prepared without comparative figures from the previous year.

Reporting currency

The Annual Report is presented in Danish kroner.

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 amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, 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 Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

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 other external expenses.

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

Clearly defined and identifiable development projects where the technical rate of utilisation, 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 amortisation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

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

Receivables

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

Other receivables

Other receivables includes are receivable VAT.

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 balance-sheet 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 crystallise as current tax.

Other payables

Other payables are measured at amortised 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.

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Income Statement

	Note	2021 kr.
Gross profit		-866.386
Employee benefits expense	1	0
Profit from ordinary operating activities		-866.386
Other finance income		1.104
Finance expences		-13.416
Profit from ordinary activities before tax		-878.698
Tax expense on ordinary activities		338.570
Profit		-540.128
Proposed distribution of results		
Sundry reserves		2.065.155
Retained earnings		-2.605.283
Distribution of profit		-540.128

Arcadia eFuels ApS

Balance Sheet as of 31 December

	Note	2021 kr.
Assets		
Development projects in progress		2.647.634
Intangible assets		<u>2.647.634</u>
Fixed assets		<u>2.647.634</u>
Short-term tax receivables		527.028
Short-term tax receivables from group enterprises		55.451
Other short-term receivables		623.337
Receivables		<u>1.205.816</u>
Cash and cash equivalents		<u>3.728.563</u>
Current assets		<u>4.934.379</u>
Assets		<u>7.582.013</u>

Arcadia eFuels ApS

Balance Sheet as of 31 December

	Note	2021 kr.
Liabilities and equity		
Contributed capital		40.000
Reserve for development expenditure		2.065.155
Retained earnings		-2.605.283
Equity		-500.128
Provisions for deferred tax		243.909
Provisions		243.909
Trade payables		538.924
Payables to shareholders and management		7.299.308
Short-term liabilities other than provisions		7.838.232
Liabilities other than provisions within the business		7.838.232
Liabilities and equity		7.582.013
Uncertainties relating to going concern	2	
Contingent liabilities	3	
Collaterals and assets pledges as security	4	

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Statement of changes in Equity

	Contributed capital	Development expenditure	Retained earnings	Total
Equity 17 August 2021	40.000	0	0	40.000
Profit (loss)	0	2.065.155	-2.605.283	-540.128
Equity 31 December 2021	40.000	2.065.155	-2.605.283	-500.128

The share capital has remained unchanged since its foundation.

Notes

2021
kr.

1. Employee benefits expense

Average number of employees

1

2. Uncertainties relating to going concern

The company has lost more than 50% of its equity and is therefore comprehend by the capital provisions ind section 119 of the Danish Companies Act.

The company expects to reestablish the capital though debt conversoion.

3. 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 Greenstar Holding ApS which is the administration company in the joint taxation.

4. Collaterals and securities

No securities or mortgages exist at the balance sheet date.