

## **Arcadia eFuels Vordingborg ApS**

Rådhusstorvet 4F  
4760 Vordingborg

CVR No. 43484141

## **Annual Report 2022/23**

1. financial year

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 13 June 2024

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Amy Ellen Hebert  
Chairman

## Arcadia eFuels Vordingborg ApS

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## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Arcadia eFuels Vordingborg ApS for the financial year 24 August 2022 - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 24 August 2022 - 31 December 2023.

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

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

Copenhagen, 13 June 2024

### **Executive Board**

Amy Ellen Hebert  
CEO

Martin Nielsen  
Director

### **Board of Directors**

Amy Ellen Hebert  
Chairman

Thomas Günter Engelmann  
Member

Jan Melgaard  
Member

Fei Chen  
Member

Bolette Christensen  
Member

## Independent Auditors' Report

To the shareholders of Arcadia eFuels Vordingborg ApS

### Opinion

We have audited the financial statements of Arcadia eFuels Vordingborg ApS for the financial year 24 August 2022 - 31 December 2023, 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 2023 and of the results of its operations for the financial year 24 August 2022 - 31 December 2023 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 the "Auditors' responsibility for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statement in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

## Independent Auditors' Report

- \* 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 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 assurance conclusion thereon.

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.

Copenhagen, 13 June 2024

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Jesper Bo Pedersen

State Authorised

Public Accountant

mne42778

## Arcadia eFuels Vordingborg ApS

### Company details

<b>Company</b>	Arcadia eFuels Vordingborg ApS Rådhusstorvet 4F 4760 Vordingborg
CVR No.	43484141
Date of formation	24 August 2022
Financial year	24 August 2022 - 31 December 2023
<b>Board of Directors</b>	Amy Ellen Hebert Thomas Günter Engelmann Jan Melgaard Fei Chen Bolette Christensen
<b>Executive Board</b>	Amy Ellen Hebert Martin Nielsen
<b>Auditors</b>	KPMG P/S Dampfærgevej 28 2100 København Ø CVR-no.: 25578198
<b>Bank</b>	Nykredit Bank A/S

## Management's Review

### The Company's principal activities

The Company's principal activities consist in production of eFuels from sustainable electricity in order to thereby create a negative CO<sub>2</sub> emission product.

### Development in activities and financial matters

The Company's Income Statement of the financial year 24 August 2022 - 31 December 2023 shows a loss of EUR 852.145 and the Balance Sheet at 31 December 2023 a balance sheet total of EUR 21.854.030 and an equity of EUR 19.243.618.

The loss reported in the Income Statement for the financial year can be attributed to various factors, including initial investments in engineering, permitting, and financing costs as well as operational expenses associated with project development.

Arcadia has observed a significant increase in expenditures related to project development and operational activities. At present, Arcadia is actively engaged in raising funds for the Engineering, Procurement, and Construction (EPC) stage of the project. We are in ongoing discussions with investors and banks to secure the necessary equity and debt funding required to build the facility, with a target date for Final Investment Decision (FID) set for December 2024. We have been actively collaborating with BNPP as our financial advisor to facilitate fundraising efforts.

It's worth noting that Arcadia successfully secured 20.1 million euros from the ESPF6 fund, an early investor, to cover expenses incurred during the Front-End Engineering Design (FEED) stage. These funds were utilized for various purposes, including payroll, project development fees, and engagement with subcontractors for permitting, engineering, and equipment development.

### 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.

### Principal Activities

Arcadia eFuels Vordingborg ApS (Arcadia) will utilize innovative technologies to produce eFuels, namely eSAF, from green hydrogen and captured CO<sub>2</sub>. This process involves the integration of gas-to-liquid (GtL) technologies with renewable electricity, biogenic carbon dioxide, and hydrogen electrolyzers.

The production of eFuels by Arcadia contributes to creating a negative CO<sub>2</sub> emission fuel for aviation. The process results in a net reduction in CO<sub>2</sub> emissions compared to conventional fossil fuel alternatives.

During the reporting period, Arcadia has focused on the preFEED and FEED for the development of its state-of-the-art facility in Vordingborg, Denmark.

### Strategic Decisions or Investments:

Strategic decisions and investments made during the reporting period have primarily focused on advancing project development and establishing key partnerships with industry-leading stakeholders. These initiatives are aimed at positioning Arcadia as a leader in net zero carbon sustainable aviation fuel production.

## Accounting Policies

### Reporting Class

The annual report of Arcadia eFuels Vordingborg ApS for 2022/23 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

As the financial year 2022/23 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 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.

## 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.

### Other external expenses

Other external expenses include expenses for sales, administration and premises.

### Staff costs

Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc.

### Financial income and expenses

Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, realised and unrealised capital gains and losses regarding accounts payable and transactions in foreign currencies.

### Tax on net profit for the year

Tax on net loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity.



## Accounting Policies

### Balance sheet

#### Intangible assets

##### Development project

Intangible assets, including licenses and acquired rights etc., are measured at cost less accumulated amortization and impairment losses.

Amortization and impairment of intangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost, on the basis of the followed assessment of useful life and residual values:

	Useful life	Residual value
Intangible assets, including licenses and acquired rights etc.	5 years	0%

An impairment test of acquired intangible assets is performed in the event of indications of a decrease in value. Furthermore, annual impairment tests are performed for ongoing and activated development projects, if any. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

#### Other receivables

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

#### Prepaid costs

Prepayment recognised in assets comprises prepaid costs regarding subsequent financial years.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand 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.

#### Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the life of the financial instrument.

Other liabilities are measured at net realisable value.

#### Other payables

Other 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.

**Income Statement**

	Note	2022/23 EUR
<b>Gross loss</b>		<b>-595.930</b>
Employee benefits expense	1	-230.541
<b>Loss from ordinary operating activities</b>		<b>-826.471</b>
Other finance income	2	64.559
Finance expenses	3	-94.854
<b>Loss from ordinary activities before tax</b>		<b>-856.766</b>
Tax expense on ordinary activities	4	4.621
<b>Loss</b>		<b>-852.145</b>
 <b>Proposed distribution of results</b>		
Reserve for development expenditure		1.565.153
Retained earnings		-2.417.298
<b>Distribution of loss</b>		<b>-852.145</b>

**Balance Sheet as of 31 December**

	Note	2023 EUR
<b>Assets</b>		
Development projects in progress	5	<u>1.565.153</u>
<b>Intangible assets</b>		<u><b>1.565.153</b></u>
Long-term receivables from group enterprises	6	<u>6.271.233</u>
<b>Investments</b>		<u><b>6.271.233</b></u>
<b>Fixed assets</b>		<u><b>7.836.386</b></u>
Short-term tax receivables from group enterprises		4.621
Other short-term receivables		210.518
Prepaid costs	7	<u>2.778.288</u>
<b>Receivables</b>		<u><b>2.993.427</b></u>
<b>Cash and cash equivalents</b>		<u><b>11.024.217</b></u>
<b>Current assets</b>		<u><b>14.017.644</b></u>
<b>Assets</b>		<u><b>21.854.030</b></u>

## Balance Sheet as of 31 December

	Note	2023 EUR
<b>Liabilities and equity</b>		
Contributed capital		7.850
Reserve for development expenditure		1.565.153
Retained earnings		17.670.615
<b>Equity</b>		<b>19.243.618</b>
Payables to group enterprises		1.845.699
<b>Long-term liabilities other than provisions</b>	8	<b>1.845.699</b>
Debt to banks		1.008
Account payables		581.289
Other payables		182.416
<b>Short-term liabilities other than provisions</b>		<b>764.713</b>
<b>Liabilities other than provisions within the business</b>		<b>2.610.412</b>
<b>Liabilities and equity</b>		<b>21.854.030</b>
Contingent liabilities	9	
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Arcadia eFuels Vordingborg ApS

Statement of changes in Equity

	Contributed capital	Share premium	Reserve for development projects	Retained earnings	Total
Equity 24 August 2022	5.360	0	0	0	5.360
Increase of capital	2.490	20.087.913	0	0	20.090.403
Profit (loss)	0	0	1.565.153	-2.417.298	-852.145
Transferred from share premium	0	-20.087.913	0	20.087.913	0
<b>Equity 31 December 2023</b>	<b>7.850</b>	<b>0</b>	<b>1.565.153</b>	<b>17.670.615</b>	<b>19.243.618</b>

## Notes

	<b>2022/23</b>		
<b>1. Employee benefits expense</b>			
Wages and salaries	229.881		
Post-employment benefit expense	660		
	<u><b>230.541</b></u>		
Average number of employees	<u>1</u>		
<b>2. Other finance income</b>			
Other finance income from group enterprises	21.233		
Other finance income	43.326		
	<u><b>64.559</b></u>		
<b>3. Finance expenses</b>			
Finance expenses arising from group enterprises	69.288		
Other finance expenses	25.566		
	<u><b>94.854</b></u>		
<b>4. Tax expense</b>			
Current tax expense	0		
	<u><b>0</b></u>		
<b>5. Development projects in progress</b>			
Cost at the beginning of the year	0		
Addition during the year, incl. improvements	1.565.153		
<b>Cost at the end of the year</b>	<u><b>1.565.153</b></u>		
<b>Carrying amount at the end of the year</b>	<u><b>1.565.153</b></u>		
Development projects in progress relates to pre-FEED and FEED development of eFuel plant.			
<b>6. Long-term receivables from group enterprises</b>			
Receivables from group enterprises, EUR 6,271,233, is due after 5 years.			
<b>7. Prepayments</b>			
Prepaid costs	2.778.288		
<b>Balance at the end of the year</b>	<u><b>2.778.288</b></u>		
Prepayments relates to prepaid costs for the intangible assets, not yet delivered as of 31st December 2023.			
<b>8. Long-term liabilities</b>			
	<b>Due</b>	<b>Due</b>	<b>Due</b>
	<b>after 1 year</b>	<b>within 1 year</b>	<b>after 5 years</b>
Payables to group enterprises	0	0	1.845.699
	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>1.845.699</b></u>

## Notes

### 9. 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.

### 10. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

### 11. Related parties

Arcadia eFuels Vordingborg ApS' related parties comprise the following:

- Arcadia eFuels US Inc.
- Arcadia eFuels ApS

### 12. Control

Arcadia eFuels Vordingborg ApS is part of the consolidated financial statements of Arcadia eFuels US Inc., 4201 Bluffridge Drive, Austin, Texas 78759, United States, which is the smallest group in which the Company is included as a subsidiary.