TRANSFORMING WASTE BIOMASS MATERIAL INTO NEXT GENERATION BIOMASS FUELS
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• AEG is a London quoted AIM listed renewable energy company

• The Company is focused on the production and development of a next generation biomass pellet - CoalSwitch®

• AEG’s industrial process transforms waste residual biomass material into high-value renewable fuel

• The Company is led by an experienced Board and Management team
Financial year ending 31st December 2021
Balance sheet restructure completed in Q1 2021

<table>
<thead>
<tr>
<th>$’000</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet – as at 31 December</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>21,691</td>
<td>18,142</td>
<td>21,427</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(1,527)</td>
<td>(24,858)</td>
<td>(21,055)</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>20,164</td>
<td>(6,717)</td>
<td>372</td>
</tr>
<tr>
<td><strong>Net debt position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,941</td>
<td>1,000</td>
<td>397</td>
</tr>
<tr>
<td>Debt</td>
<td>(158)</td>
<td>(22,467)</td>
<td>(18,300)</td>
</tr>
<tr>
<td><strong>Net cash/(debt)</strong></td>
<td>1,782</td>
<td>(21,467)</td>
<td>(17,903)</td>
</tr>
</tbody>
</table>

- $21.9m Convertible loan note redeemed and/or converted in February 2021
- Each CLN Holder received shares at 1p per share.
- Existing Corporate Debenture extinguished in Q1 2021
- Fundraises:
  - £7m – Feb ‘21
  - £3m – Dec ‘21

Extinguishing CLN pivotal for future of AEG
### Balance sheet as at 31 December 2021

<table>
<thead>
<tr>
<th></th>
<th>$’000</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intangible assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CoalSwitch® IP</td>
<td>$’000</td>
<td>5,659</td>
<td>5,259</td>
<td>5,028</td>
</tr>
<tr>
<td>Other intangibles</td>
<td></td>
<td>-</td>
<td>-</td>
<td>4,152</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>11,513</td>
<td>10,444</td>
<td>9,232</td>
</tr>
<tr>
<td><strong>Tangible assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lumberton property</td>
<td></td>
<td>4,294</td>
<td>4,116</td>
<td>3,964</td>
</tr>
<tr>
<td>CoalSwitch® equipment</td>
<td></td>
<td>7,219</td>
<td>6,328</td>
<td>5,268</td>
</tr>
<tr>
<td><strong>Other financial assets</strong></td>
<td></td>
<td>922</td>
<td>931</td>
<td>1,544</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>18,094</td>
<td>16,634</td>
<td>19,883</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td></td>
<td>27</td>
<td>238</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
<td>1,629</td>
<td>271</td>
<td>1,147</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>1,941</td>
<td>1,000</td>
<td>397</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>21,691</td>
<td>18,142</td>
<td>21,427</td>
</tr>
<tr>
<td>Trade and other liabilities</td>
<td></td>
<td>(1,369)</td>
<td>(2,731)</td>
<td>(2,755)</td>
</tr>
<tr>
<td>Debt</td>
<td></td>
<td>(158)</td>
<td>(22,127)</td>
<td>(2,755)</td>
</tr>
<tr>
<td><strong>Net assets / (Liabilities)</strong></td>
<td></td>
<td>20,164</td>
<td>(6,717)</td>
<td>372</td>
</tr>
</tbody>
</table>

- **CoalSwitch® IP** - additional know-how acquired during production in Ashland
- Unleveraged balance sheet as at 31 December 2021 with strong asset base, possible to monetize post year end
- $1.1m project advance toward Ashland development in 2022
- Continuing reduction in liabilities through 2022
# Profit & Loss Statement

<table>
<thead>
<tr>
<th></th>
<th>$’000</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>**Revenue *</td>
<td></td>
<td>644</td>
<td>1,588</td>
</tr>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underlying loss from operations</td>
<td>(1,990)</td>
<td>(1,184)</td>
<td></td>
</tr>
<tr>
<td>Share-based payments charge</td>
<td>(640)</td>
<td>(56)</td>
<td></td>
</tr>
<tr>
<td>Interest charges</td>
<td>(333)</td>
<td>(1,403)</td>
<td></td>
</tr>
<tr>
<td>Impairment charges</td>
<td>(2,000)</td>
<td>(4,191)</td>
<td></td>
</tr>
<tr>
<td><strong>Loss from continuing operations</strong></td>
<td>(4,963)</td>
<td>(6,834)</td>
<td></td>
</tr>
<tr>
<td><strong>Discontinuing operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>(919)</td>
<td>(1,924)</td>
<td></td>
</tr>
<tr>
<td><strong>Total loss from operations</strong></td>
<td>(5,882)</td>
<td>(8,758)</td>
<td></td>
</tr>
</tbody>
</table>

* Revenue associated with discontinued operation

- Revenues – from former lumber operations at Lumberton
- Lumber operations at Lumberton were ceased in H1 ’21
- Impairment – reactors damaged at Ashland in August 2021
Lumberton sale announced in Q1 2022

- Proposed sale of Lumberton factory and site announced on March 31st, 2022.
- Purchaser is Phoenix Investors LLC – an established property developer
- Sale price: $4.65 million
- Transaction progressing on schedule
Operational Update
Biomass has a key role in future renewable energy supply and energy security

...but white pellet is an old technology and is falling short on environmental efficiency

**CoalSwitch® has substantial advantages over existing biomass:**
- Uses waste biomass residuals as feedstock
- Pellet produced to industry standard size and satisfied initial hydrophobic testing
- Increased **heating** value and bulk density to existing white pellet

**In 2021, AEG has proven the industrial process, created a proven product and is accelerating customer interest worldwide**
• Feedstock exclusively focussed on wood waste residuals

• Proven higher heating value than white pellets (12.9% premium to white pellets)
  = latest tests confirm heating value for CoalSwitch® of 10,072 BTU/Lb

• Reduction in emissions in burning or co-firing with coal = proven environmental benefits

• Co-firing with coal demonstrates limited reduction in combined heating values
  = means CoalSwitch® suitable for immediate use in heavy & power generation industries

• Testing confirms minimal changes to materials handling at plants = minimal (to zero) capex required to convert existing fossil fuel operators

CoalSwitch® samples, July 2021

CoalSwitch® pellet fuel:

✔️ removes substantially all soluble minerals
✔️ is essentially sulfur-free, carbon neutral alternate fuel
✔️ is hydrophobic – will not require any special storage or handling facilities
✔️ proven to blend with coal at the conveyor or supplant coal entirely without retro fitting the existing coal fired furnaces

Source: Lumberton AEG
Industrial Wood Pellet Sector – Past Demand and Forecast Demand

- White Pellet Industry is 25-years old
- Established biomass supply chain to Europe
- New growth opportunities
  - New Regions: Japan and North America
  - Improved Fuels: Black Pellet
- Independent analysis supports growth outlook

Average growth from 2010 to 2020 is 1,750,000 metric tons per year
Average growth from 2023 to 2027 could be 3,730,000 metric tons per year

Source: Historical demand from international trade data; forecast and analysis by FutureMetrics - Jan 2022
Production is highly concentrated but future supply constraints

- North America dominates production for global delivery
- Current production and delivery risks from Russia and Belarus, no longer available post July 2022

Key industry players:

- **Enviva**: Established as a leading biomass supplier of white pellet, production focused on US and key markets are Europe and Asia, listed on NYSE.
- **Drax**: Established power utility based in UK, focused on creating a vertically integrated business model around white pellet, expanding Asian operations – inc. acquisition of Pinnacle in Feb 21, listed in London.
Current price trend performance

- AEG focuses on industrial market – provides long term supply contracts with corporate partners
- Market estimates that the volumes of industrial grade wood pellet will increase by 29m tonnes by 2030
- Pricing trends reflect current market volatility
- CoalSwitch® should have a premium to current pellet pricing
- Pricing strengths for CoalSwitch®
  - More GJ per tonne
  - Less ash deposition in co-firing
  - Higher bulk density - lower transportation costs per tonne
  - Emissions benefits in co-firing

Industrial cif NEW spot index at historic heights

* Third party analysis supports price data
**CONTINUING PRODUCT TESTING AND ENVIRONMENTAL CERTIFICATIONS**

- Testing program established in US and Canada with universities and future customers
- Testing program advancing in Japan with prospective customers and commercial partners
- Focus on pellet properties and improving production process
- Award of Chain of Custody controlled wood certificate by FSC®

**ACCELERATING INTEREST ACROSS INDUSTRIES AND GEOGRAPHIES**

- Focus is on industrial coal users, not only power utilities but other industrial coal users
- Interest stems from forthcoming environmental regulation, concerns on forthcoming coal supplies, but product pricing is key
- New Biomass power projects (in Japan) keen to examine next generation black pellets in lieu of white pellets

**FOCUSING ON FUTURE CONSTRUCTION AND PRODUCTION**

- Prime focus on completion of first industrial scale production plant at Ashland
- Permitting Process and Engineering well advanced - goal for CoalSwitch® production as soon as possible.
- Additional sites for production facilities already identified in US

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March 2022: Utah testing unit  
Hunter Power Plant, Utah  
CoalSwitch™ at Ashland
Ashland - local partnerships and established facilities

Key partners in Maine:

- Ashland Facility is the primary focus for AEG to produce the first full-scale manufacturing facility
- Site is already an operational production facility for wood products with appropriate permits:
  - land, site use, waste disposal and emissions
- Site already has a number of critical components to allow production:
  - Railway access
  - Site buildings and infrastructure
  - Access to all utilities
- Additional permitting is required to permit full-scale CoalSwitch® production
- Site closely located for local lumber and forestry partners
Ashland: Industrial Scale CoalSwitch® production plant

Integrated with New England infrastructure:

The production process:

- Ashland to produce up to 70,000 tpa manufacturing facility
- Create a ‘build and copy’ approach using AEG’s know-how for reactors and PDI’s engineering expertise to build a series of production facilities throughout US
- The first site creates opportunities to licence the technology
  - Through JVs in North America
  - Through international licenses & JV partnerships

Financial Results - Presentation | May 2022
Immediate Regional Opportunities …in the US and Canada

Prospective partners across US and Canada
- Commercial Discussions underway
- Customer analysis being under completion

<table>
<thead>
<tr>
<th>Sector</th>
<th>State</th>
<th>Current Coal Consumption</th>
<th>Indicative CoalSwitch® replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility</td>
<td>South Carolina</td>
<td>5m+ tpa</td>
<td>circa 5%</td>
</tr>
<tr>
<td>Utility</td>
<td>North Carolina</td>
<td>Not disclosed</td>
<td>circa 5%</td>
</tr>
<tr>
<td>Utility</td>
<td>South Carolina</td>
<td>Not disclosed</td>
<td>circa 5%</td>
</tr>
<tr>
<td>Steel</td>
<td>Pennsylvania</td>
<td>4m tpa (one plant)</td>
<td>min 5%</td>
</tr>
<tr>
<td>Pulp &amp; Paper</td>
<td>North Carolina</td>
<td>60,000 tpa</td>
<td>100%</td>
</tr>
<tr>
<td>Pulp &amp; Paper</td>
<td>North Carolina/South Carolina</td>
<td>600,000 tpa</td>
<td>Min 25%</td>
</tr>
<tr>
<td>Cement</td>
<td>Tennessee</td>
<td>30,000 tpa</td>
<td>100%</td>
</tr>
</tbody>
</table>

Current Issues:
- Pricing
- Availability of test quantities
- Logistics
Planned path to commercialization

Indicative production capacity growth plan for CoalSwitch®

- **2021**
  - Reference plant completed in Maine
  - First production deliveries of CoalSwitch®
  - Independent testing program established

- **2022**
  - Construction of first industrial scale facility in Maine commences
  - First fuel deliveries to customers for testing

- **2023**
  - First production facility in operation in US
  - Expansion of this facility/commence construction of addition production facility in US

- **2024**
  - Two joint venture production projects commence production (US and International)
  - Third wholly owned proprietary production facility in operation in US

- **Up to 500,000 tons**

CoalSwitch® has transitioned from a concept to a proven deliverable energy pellet

AEG now has the manufacturing process know how to deliver CoalSwitch® in volume

Market Interest for black pellets increasing from trusted sources and alternate industries

Immediate goals to scale up CoalSwitch® production at established facilities
Active Energy Group plc

info@aegplc.com

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