

**TRANSFORMING WASTE
BIOMASS MATERIAL
INTO **NEXT GENERATION**
BIOMASS FUELS**

May 2022

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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**



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**Financial year ending
31st December 2021**

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

- \$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

\$'000	2021	2020	2019
Intangible assets	5,659	5,259	9,180
CoalSwitch® IP	5,659	5,259	5,028
Other intangibles	-	-	4,152
Tangible assets	11,513	10,444	9,232
Lumberton property	4,294	4,116	3,964
CoalSwitch® equipment	7,219	6,328	5,268
Other financial assets	922	931	1,544
Total non-current assets	18,094	16,634	19,883
Current assets	3,597	1,508	1,544
Inventory	27	238	-
Trade and other receivables	1,629	271	1,147
Cash and cash equivalents	1,941	1,000	397
Total assets	21,691	18,142	21,427
Trade and other liabilities	(1,369)	(2,731)	(2,755)
Debt	(158)	(22,127)	(2,755)
Net assets / (Liabilities)	20,164	(6,717)	372

- **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

\$'000	2021	2020
Revenue *	644	1,588
Continuing operations		
Underlying loss from operations	(1,990)	(1,184)
Share-based payments charge	(640)	(56)
Interest charges	(333)	(1,403)
Impairment charges	(2,000)	(4,191)
Loss from continuing operations	(4,963)	(6,834)
Discontinuing operations		
Loss from discontinued operations	(919)	(1,924)
Total loss from operations	(5,882)	(8,758)

- Revenues – from former lumber operations at Lumberton
- Lumber operations at Lumberton were ceased in H1 '21
- Impairment – reactors damaged at Ashland in August 2021

* Revenue associated with discontinued operation



- 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



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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

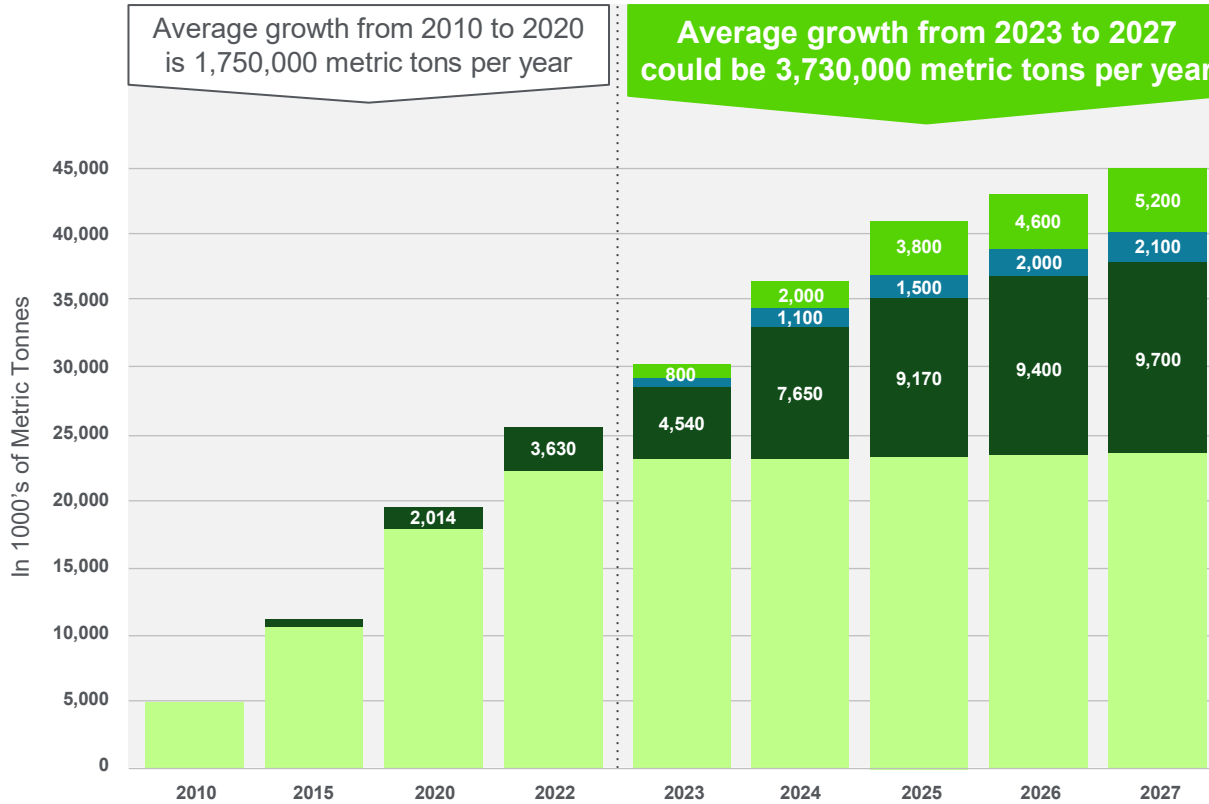
CoalSwitch® pellet fuel:

- ✓ 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

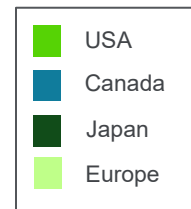


Source: Lumberton AEG

Industrial Wood Pellet Sector – Past Demand and Forecast Demand

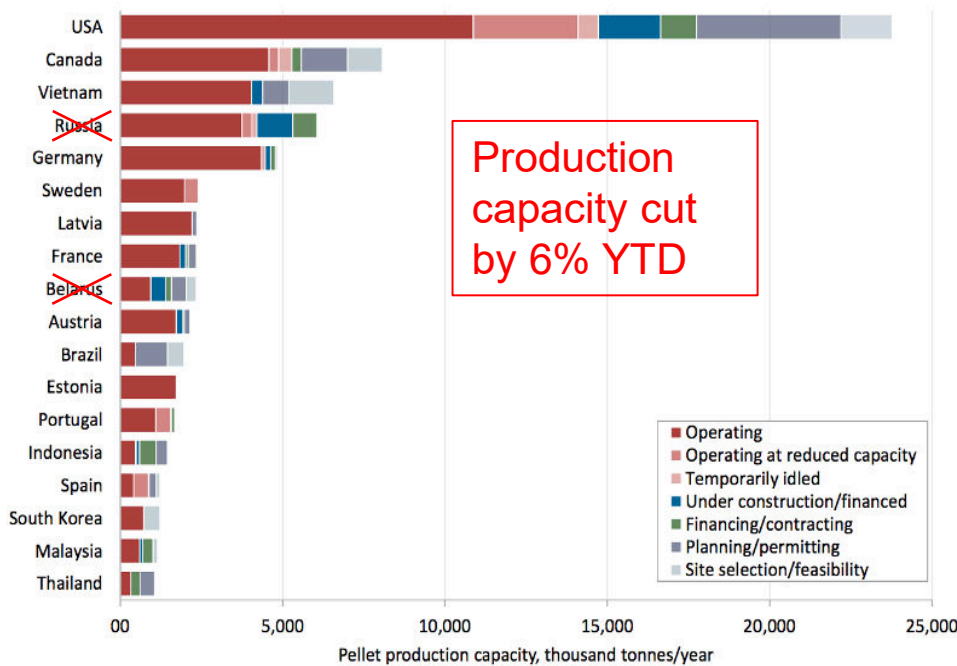


Source: Historical demand from international trade data: forecast and analysis by FutureMetrics- Jan 2022

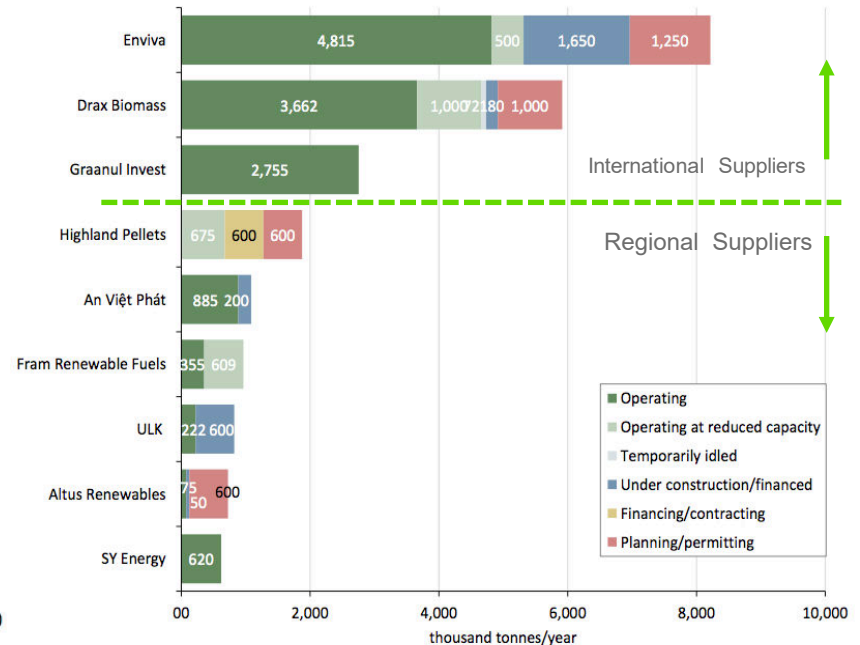


- White Pellet Industry is 25-years old
- Established biomass supply chain to Europe
- New growth opportunities
 - *New Regions:* Japan and North America
 - *Improved Fuels:* Black Pellet
- Independent analysis supports growth outlook

Global production capacity, by country, Q4 2021



Largest industrial wood pellet producers, Q4 2021



Source: AEG

- 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:

	<ul style="list-style-type: none"> • Established as a leading biomass supplier of white pellet • Production focused on US and key markets are Europe and Asia • Listed on NYSE 		<ul style="list-style-type: none"> • 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
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Industrial cif NEW spot index at historic heights



- 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

* 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®



March 2022: Utah testing unit

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



Hunter Power Plant, Utah

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



CoalSwitch™ at Ashland

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

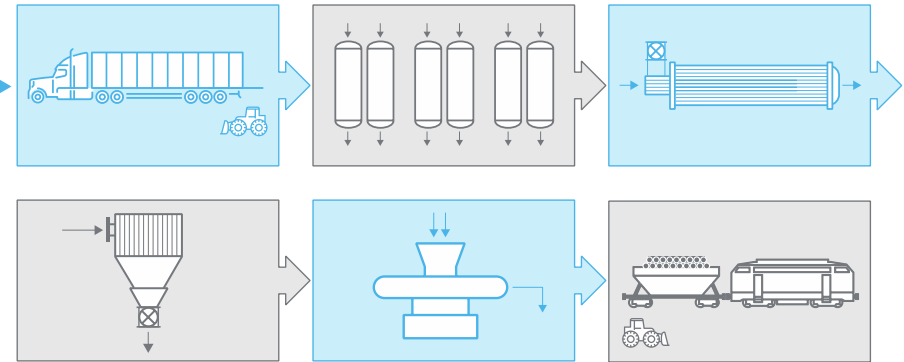


Ashland, Maine Facility, 2021

Integrated with New England infrastructure:




The production process:

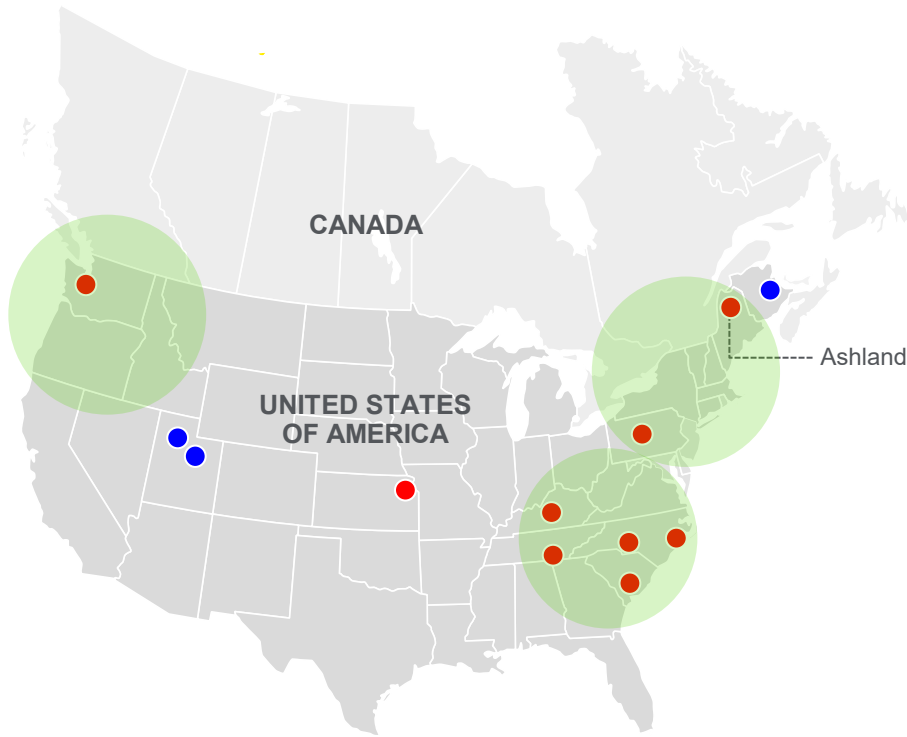



- Ashland to produce up to 70,000 tpa manufacturing facility
- Create a 'build and copy' approach using AEG's know-how for reactors and PDI's engineering expertise to build a series of production facilities throughout US
- The first site creates opportunities to licence the technology
 - Through JVs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


 = Interstate 95

 = Railways

Immediate Regional Opportunities ...in the US and Canada



 University testing partners
In US and Canada

 Commercial testing
CoalSwitch® partners

 Future production centres
for both Propriety and JV

Prospective partners across US and Canada

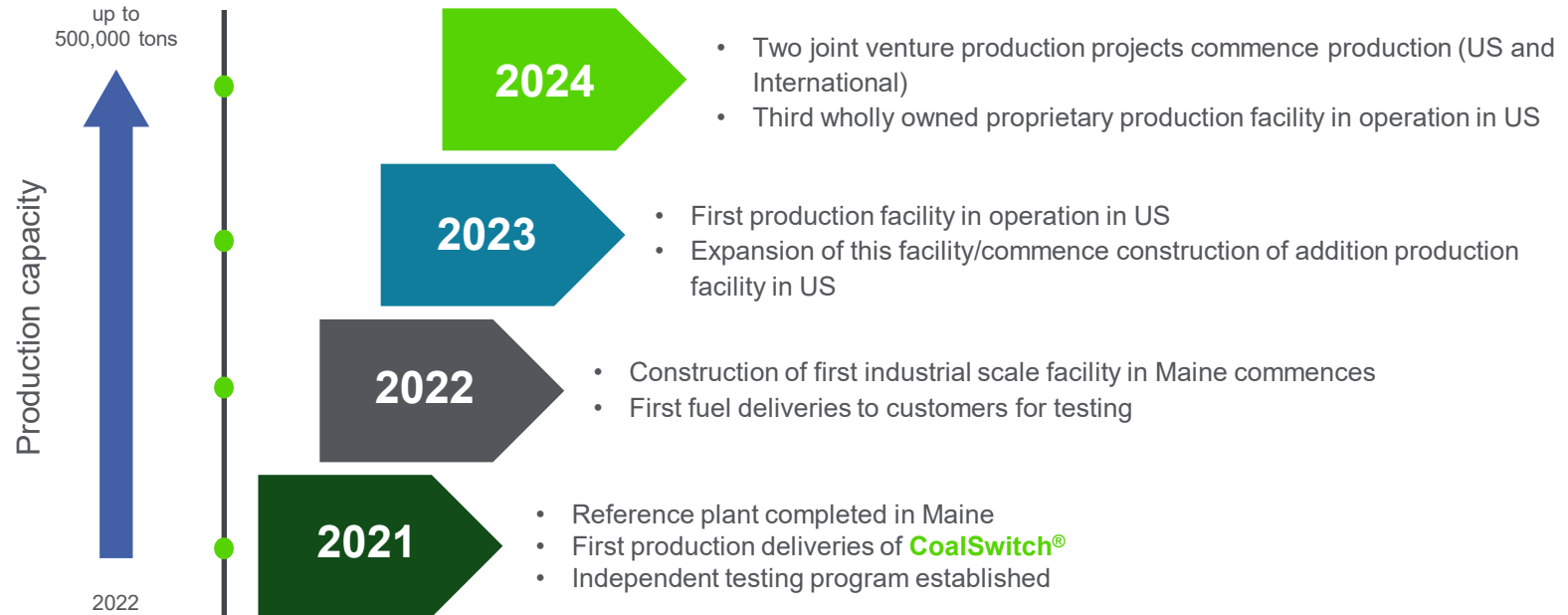
- Commercial Discussions underway
- Customer analysis being under completion

Sector	State	Current Coal Consumption	Indicative CoalSwitch® replacement
Utility	South Carolina	5m+ tpa	circa 5%
Utility	North Carolina	Not disclosed	circa 5%
Utility	South Carolina	Not disclosed	circa 5%
Steel	Pennsylvania	4m tpa (one plant)	min 5%
Pulp & Paper	North Carolina	60,000 tpa	100%
Pulp & Paper	North Carolina South Carolina	600,000 tpa	Min 25%
Cement	Tennessee	30,000 tpa	100%

Current Issues:

- Pricing
- Availability of test quantities
- Logistics

Indicative production capacity growth plan for CoalSwitch®



- ✓ 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
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