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

• **Active Energy** is focused on the production and development of a next generation biomass pellet: **CoalSwitch®**

• **Active Energy’s** industrial process has been proven to transform low value residual biomass material into high-value renewable biomass fuel

• **Active Energy** owns existing intellectual property for the manufacture of **CoalSwitch®** and all associated trademarks

• **Active Energy** is led by an experienced Board and Management team with operations in the UK and US
Interim Results
Six Months Ending
30th June 2022
### Half year 2022 – financial highlights

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<tr>
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</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>14,462,245</td>
<td>18,094,252</td>
<td>20,481,868</td>
</tr>
<tr>
<td>Current assets</td>
<td>5,035,224</td>
<td>3,597,080</td>
<td>2,312,983</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4,097,214</td>
<td>1,940,871</td>
<td>1,987,529</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>938,010</td>
<td>1,628,959</td>
<td>84,107</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>27,250</td>
<td>241,347</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>19,497,469</strong></td>
<td><strong>21,691,332</strong></td>
<td><strong>22,794,851</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>964,377</td>
<td>1,236,043</td>
<td>2,576,204</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>141,032</td>
<td>291,280</td>
<td>148,744</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>1,105,409</strong></td>
<td><strong>1,527,323</strong></td>
<td><strong>2,724,948</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>18,392,060</strong></td>
<td><strong>20,164,009</strong></td>
<td><strong>20,069,903</strong></td>
</tr>
</tbody>
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### Half year 2022 – profit and loss statement

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<tbody>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross profit/(loss)</td>
<td>-</td>
<td>(517,238)</td>
<td>-</td>
</tr>
<tr>
<td>Other operating income</td>
<td>-</td>
<td>361,237</td>
<td>364,631</td>
</tr>
<tr>
<td>Impairment of assets</td>
<td>-</td>
<td>(2,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(1,324,274)</td>
<td>(3,191,554)</td>
<td>(1,407,387)</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(1,324,274)</td>
<td>(5,347,555)</td>
<td>(1,042,756)</td>
</tr>
<tr>
<td>Net finance gains/(costs)</td>
<td>3,151,471</td>
<td>382,208</td>
<td>(443,731)</td>
</tr>
<tr>
<td>Taxation</td>
<td>-</td>
<td>2,790</td>
<td>1,395</td>
</tr>
<tr>
<td><strong>Profit/(Loss) - continuing operations</strong></td>
<td>1,827,197</td>
<td>(4,962,557)</td>
<td>(1,485,092)</td>
</tr>
<tr>
<td><strong>Loss from discontinued operations</strong></td>
<td>(1,292)</td>
<td>(919,211)</td>
<td>(554,224)</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period</strong></td>
<td>1,825,905</td>
<td>(5,881,768)</td>
<td>(2,039,316)</td>
</tr>
</tbody>
</table>
• The successful sale of AEG’s Lumberton property to Phoenix Investors LLC was completed by 31 June 2022 with:
  - Gross consideration of US$4.65 million
  - Net cash proceeds of US$3.92 million

• Additional equipment sales from the Lumberton site generated an additional US$100k

• Post period, CoalSwitch® production equipment was transferred from Lumberton to the Ashland Facility
Business Update
• **Biomass has a key role in future renewable energy supply and energy security**
  - COP 26 provided declarations on sustainable bio-energy with targets set to 2050
    …but white pellet is an old technology and is falling short on environmental targets

• **CoalSwitch® has substantial advantages over existing biomass fuels:**
  - Exclusively uses waste biomass residuals as feedstock
  - Pellets can be produced to all industry standard sizes
  - Meets all standard hydrophobic testing
  - Ensures increased heating and bulk density vs existing white pellet
  - Ability to be co-fired with coal

AEG has proven the industrial process, created a proven product and is accelerating customer interest worldwide
INITIAL CONCLUSIONS:

• Feedstock focused on wood residuals

• Proven higher heating value than white pellets and on a par with coal

• Reduction in emissions in burning when co-firing with coal

• Fuel can be co-fired in existing power and industrial plants with no significant capital expenditure

CURRENT PROVEN RESULTS:

• Initial production at Ashland from local waste residuals completed

• Latest test burns show a coal / CoalSwitch® calorific value of 10,072 Btu/lb and a 12.9% heating value improvement over white pellet

• Significant reduction in Ash (77%) CO2 (98%), SOx and Nox

• 2021 STEP program proved the ease of grindability of CoalSwitch® when co-fired with coal

STEP Program Partners:

BYU
Brigham Young University

THE UNIVERSITY OF UTAH

Chalmers University of Technology

Rocky Mountain Power

CoalSwitch® Fuel

Lumberton plant 2021
SUMMARY:

- International Opportunities for production beyond the US
- Current prospective markets include:
  - Malaysia
- Future customers require:
  - A review of an operational Production plant; and
  - Production data
- AEG expects long lead times for international production opportunities

PRODUCTION PATENTS CURRENTLY AWARDED IN:

- USA
- Canada
- Malaysia
CONTINUING PRODUCT TESTING AND ENVIRONMENTAL CERTIFICATIONS

- Focus on CoalSwitch® pellet properties and improving manufacturing process
- Test program established in US, Canada and Europe
- Test program advancing in Japan
- Award of Chain of Custody controlled wood certificate by FSC® May 2022

ACCELERATING INTEREST ACROSS INDUSTRIES AND GEOGRAPHIES

- Marketing focus on heavy industrial coal users not only power utilities
- Customer interest accelerating due to:
  - forthcoming environmental regulation concerns
  - coal supply constraints
  - seeking alternate fuels to white pellet supplies
- Renewed interest in next generation black pellets in Japan and Europe

March 2022: Utah testing unit

FOCUSING ON FUTURE CONSTRUCTION AND PRODUCTION

- Prime focus on completion of first industrial scale CoalSwitch® production plant – Ashland provides the immediate platform
- Engineering and design processes for CoalSwitch® production complete
- Establishes first operational facility which can be replicated

CoalSwitch® production at Ashland July 2021
Key partners in Maine:

- Site is already an operational production facility for wood products with existing permits:
  - land, site use, waste disposal and emissions
- Additional permitting for CoalSwitch® in progress
- PDI is constructing the facility and dealing with all permit issues
- Site has the key infrastructure to create the production platform

First production volume scheduled for Q1 2023
AEG’s focus on sales & marketing opportunities

Immediate Sales Opportunities …in the US and Canada

Japan – Regulatory and market momentum for biomass

- Recruited sales and marketing personnel in US
- Team has extensive experience in biomass, utility and coal industries

Feedstock Regions, $60/ton, product density > 50 tons/square mile

Source US Department of Energy March 2022

- AEG has accelerated sales activity through 2022
- Discussions underway on long-term supply contracts for 2023/2024
- Future customers include Industrial Companies, Trading Houses, Finance Institutions and power companies

United States of America

Canada

Japan

Europe

Source US Department of Energy March 2022

Feedstock Regions, $60/ton, product density > 50 tons/square mile

- Available Timberstock

University testing partners in US and Canada

Commercial testing CoalSwitch® partners

Current production centres for biomass

Japan Market Opportunity

Likely to represent circa 20% of global biomass demand by 2030
Current Legislation:

- It created clean energy jobs
- To make the tax code fairer
- Lower health care costs
- Revitalised American manufacturing
- Build America’s clean energy supply chains incentivising domestic production in clean energy technologies
- Strengthen America’s manufacturing base
- The provision of clean energy tax credits

AEG’s Opportunity:

- This will accelerate demand for CoalSwitch®
- Will unlock new funding opportunities for the sale of CoalSwitch® technology
- Accelerate project development for additional CoalSwitch® production sites in the US
- Financing opportunities include loan guarantees, tax incentives & grant funding

Huge opportunity for AEG & CoalSwitch®
Industrial wood pellet spot prices at a glance

- **fob southwest Canada**: $371.35/t
- **fob southeast US**: $371.85/t
- **fob Baltic**: $336.49/t
- **cif NEW**: $397.84/t
- **fob Portugal**: $290.00/t

**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**

**Industrial wood pellet index**

- Spot cif NEW wood pellets
- Historic average
- Indicative pricing for **CoalSwitch®**

- cif NWE ($/t, RH)
- fob Baltic (€/t, LH)
- fob Portugal (€/t, LH)
Indicative production capacity growth plan for CoalSwitch®

2022
- Additional independent and customer testing
- Finalise production process and reactor design
- Construction of first industrial production scale facility in Ashland, Maine by PDI commences

2023
- First production facility in operation in US
- Expansion of the facility and/or commence construction of additional production facilities in North America

2024
- Expand production capacity, in North America and Internationally
- Establish production joint ventures

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 power generation and heavy industries
CoalSwitch® production timetable confirmed and expansion planning has commenced
Partnership with PDI