RNS Number : 5914N
Active Energy Group PLC
26 September 2023

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Active Energy Group Plc

('Active Energy', the 'Company' or the 'Group')

Interim results for the six months ended 30 June 2023

Active Energy (AIM: AEG, OTCQB: ATGVF), a producer of sustainably-sourced, energy-dense clean carbon products and technologies, is pleased to announce its unaudited interim results for the six months ended 30 June 2023.

HIGHLIGHTS

Operational highlights

- Added industry skills and significant experience to senior leadership team in the US driving the future growth of the Company:
    - In March 2023, appointment of Steve Schaar as Chief Operating Officer for the Group to focus on the specific development of CoalSwitch® production facilities in the United States and Canada.
    - In July 2023, appointment of Barron Hewetson as Chief Technology Officer to focus on the future development of CoalSwitch® products and production methods.
- Continued focus on increasing the intellectual property ("IP") portfolio with Patents and Trademarks for CoalSwitch® awarded in the US, Canada, Europe (including the UK) and additional trademark applications have commenced in the US and throughout Asia.
- Accelerated the development of CoalSwitch® product types and manufacturing methods to meet future customer demands for sustainably sourced, energy-dense clean carbon products.
- Developed commercial relationships to provide a shortlist of new potential commercial partners and locations in the US and worldwide for additional CoalSwitch® production.
- Continued development of sales pipeline with a strategic focus on certain industries for the future use of CoalSwitch® production.
- Progressed towards first production of CoalSwitch® via confirmation that permits were granted in May 2023 to Player Design, Inc ("PDI") through its associated entity Player Holdings, LLC for the construction and operation of a CoalSwitch® reference facility in Ashland, Maine (the "Ashland Reference Facility").
- PDI has confirmed that first production of CoalSwitch® is targeted to commence in November 2023 at the Ashland Reference Facility.

Financial highlights

- Operating loss from continuing operations of US$1.6 million for the period (H1 2022: US$1.3 million).
- Net cash position of US$1.2 million (H1 2022: US$3.9 million).

Post period end activity and Outlook

- The new management team has been actively developing new production partnerships in the US and internationally with the aim to expand CoalSwitch® production volumes.
- Active Energy has been developing new opportunities for CoalSwitch®, both in terms of future derivatives of CoalSwitch® fuel and improved production processes, as the Group focusses on larger scale production goals for CoalSwitch® fuel by 2025.
- PDI's confirmation of the additional delays toward production from the Ashland Reference Facility has been disappointing. However, the delays have not impeded the interest from future customers for CoalSwitch®, who remain eager for fuel at the earliest opportunity.

- Active Energy joined the International Biomass Torrefaction and Carbonization Council ("IBTC") working alongside many of the key global players in the biomass supply chain.

Michael Rowan, CEO of Active Energy, said:

"Despite the recent confirmation by PDI of the delays in completion of construction of the Ashland Reference Facility, the new executive team, assembled in the first half of 2023, has already developed a new and expanded technology roadmap designed to create new opportunities for CoalSwitch® fuel.

"Specifically, the roadmap includes modifications and upgrades to the existing proven technology as well as the addition of new technologies that will improve efficiencies, create new product offerings, and expand the depth and breadth of the clean carbon products that Active Energy could produce to meet customer needs. The creation of this additional IP will also open up new opportunities to partner with industry leaders worldwide for future CoalSwitch® production.

"The world needs sustainably sourced, energy-dense clean carbon products, like CoalSwitch®, and technologies to meet Net Zero goals, mandates, and regulations. We believe that CoalSwitch®, with its planned technology developments and expanding in-house expertise can help deliver on the future needs of customers globally.

"Through 2023 Active Energy has been preparing for growth and, with the current level of customer engagement, we look forward to reporting on significant commercial progress and product development in the remainder of 2023 and beyond."

Enquiries:

Active Energy Group Plc	**Michael Rowan** (Chief Executive Officer) **Michelle Fagan** (Chief Financial Officer) **Steve Schaar** (Chief Operating Officer) **Barron Hewetson** (Chief Technology Officer)	info@aegplc.com
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CHIEF EXECUTIVE'S STATEMENT

Introduction

The first half of 2023 has seen a significant step change in activity for Active Energy Group. The Group's strategy remains to commercialize CoalSwitch®, a proprietary production technology which, in the first instance transforms lower value wood waste products into higher-value renewable fuels that can either co-fire with coal to produce immediate environmental and emissions benefits or replace existing biomass feedstock supplies.

However, Active Energy's routes to the commercialization of its next generation solution, CoalSwitch®, (the "CoalSwitch® Program") are multiplying as increasing Net Zero commitments are being made by companies and countries. Aligned to that, biomass fuel itself is under increasing focus and Active Energy continues to believe that CoalSwitch® has the operational and environmental benefits to become a leading fuel of the future.

In July 2022, the Board and PDI agreed to split responsibilities on the CoalSwitch® Program, with PDI becoming responsible for the engineering and production of CoalSwitch® and Active Energy taking responsibility for marketing and sales. Commercial arrangements for the sale of fuel from the Ashland Reference Facility were established between the Company and PDI within a Take or Pay agreement. Whilst these arrangements remain in place, during the latter half of 2022, it became apparent to the Board that Active Energy had to expand its senior management team in the US to acquire relevant expertise in both fuel production and product development in-house and to assist PDI.

Alongside this, the political environment changes in the US during the second half of 2022 with the notable approval of the Inflation Reduction Act ("IRA') meant that Active Energy was seeing increasing enquiries from potential customers for the development of alternative low carbon technologies that can help dramatically reduce emissions for 'hard to decarbonize' industries. The Board became aware that, whilst the development of the Ashland Reference Facility by PDI would result in CoalSwitch® becoming available for customers' initial orders in the short term, the indicative production volumes from the Ashland Reference Facility may quickly become insufficient to accommodate the anticipated needs of Active Energy's future

Ashland Reference Facility may quickly become insufficient to accommodate the anticipated needs of Active Energy's future customers.

In each instance, Active Energy needed additional expertise to not only support PDI (if required) but also provide a new perspective and additional industry experience toward the CoalSwitch® Program and to develop fuels toward meeting the ever-increasing demands of future customers, both in the US and internationally.

Strengthened Leadership Team

To execute on this strategy, Active Energy is extremely encouraged that it was able to hire both a Chief Operating Officer and Chief Technology Officer to help drive and execute the future strategy.

In March 2023, the Company appointed Steve Schaar as Chief Operating Officer to focus on the development of CoalSwitch® production in the United States. Steve has more than 25 years' experience of operations (including senior management roles at two of Enviva's largest production plants), project development, program management and new product launches from a broad range of industries.

This appointment was followed shortly after, in July 2023, by the appointment of Barron Hewetson as the Company's Chief Technology Officer. Barron joined Active Energy from Enviva Biomass Inc. At Enviva, he served in a number of roles, most recently as the Director of Innovation and Product Management. During his time in that role, Barron diversified Enviva's production portfolio by negotiating contracts in new industry sectors and assisted in contract negotiations totaling over $12.5 billion.

Both Steve and Barron have already made a significant impact for Active Energy to achieve both existing and new goals under the CoalSwitch® Program. The Company is in discussions with a number of additional senior executives within the biomass sector in the US and intends to make further hires at the appropriate time. The Board believes that the future growth of Active Energy will require further investment in a US management team and corporate infrastructure in the coming months.

Operational review during the period

1. CoalSwitch® Program & Product Development

The energy market requires a scalable solution to produce next generation fuels in the volumes required by customers and which can also accommodate the current volumes demanded for traditional carbon intensive fuels, such as coal.

CoalSwitch® offers a new pathway for heavy, hard-to-decarbonize industries in the US and globally, who remain under pressure to reduce emissions and pollution. CoalSwitch® provides a unique ability to achieve these goals without requiring costly, complex, and yet-to-be-proven mitigation technologies. In this regard, Active Energy has particularly focused its marketing activities on the pulp & paper and cement industries. Testing conducted with industry partners earlier this year has confirmed that CoalSwitch® can be burnt in existing furnaces without the need for additional capital expenditure and produce emissions improvements.

It has been clear to Active Energy's Board that there is significant demand for sustainably sourced, energy-dense clean carbon products and technologies. To meet that demand, Active Energy needs to accelerate production of CoalSwitch® and create variants of the fuel. Under the guidance of the Chief Technology Officer, Active Energy is developing its CoalSwitch® fuels to meet specific customer specifications that are now being presented to Active Energy in commercial discussions.

To that end, Active Energy will now refer to the CoalSwitch® product line going forward as three separate technologies which can produce fuel to meet specific customer requirements: -

CoalSwitch® Program:

CoalSwitch® 1.0: This production process refers to the original manufacturing process which successfully produced fuel at Ashland in 2021. This process is based on a small-scale static reactor producing small volumes of fuel and which Active Energy may continue to use for future research and development activities.

CoalSwitch® 2.0: This revised production process is the basis of the Ashland Reference Facility currently under construction by PDI and to be operated by its operating company, Maineflame Inc. This facility should be able to produce increased volumes of CoalSwitch® fuel utilizing steam technologies.

CoalSwitch® 3.0: The recent focus has been to further improve both the fuel quality and production processes with the next stage of CoalSwitch® fuel development. Active Energy has been working with Omega Thermal Solutions Group LLC, based in the US, to develop a new manufacturing process to create a variant of CoalSwitch® fuel focusing on a torrefaction production process with improved performance metrics, such as higher fixed carbon results that will enable Active Energy Group to participate in expanded markets such as soil amendments, air filtration, ferro silicon and the metallurgical steel industries. The anticipated scale of production volumes will also increase significantly.

Active Energy anticipates that each of these technologies will obtain appropriate IP protection in the US and internationally, and Active Energy will subsequently seek to license the relevant technology platforms to additional production partners both inside and outside the US.

Since Q1 2023, the management team have been focused on these product and production improvements and, led by Steve Schaar, Active Energy is currently in discussions with various commercial partners in the US to establish additional production facilities either on a proprietary or a joint venture basis. Steve has brought an immense operational knowledge to Active Energy and the Company is actively developing these skills toward new market opportunities. A shortlist of potential partners throughout the US has already been developed, each partner looking at decarbonization and Active Energy is focused on delivering a number of those partnerships in the near term.

2. CoalSwitch® production facilities

The strategy for Active Energy is to build out production operations, either on a proprietary basis or on a joint venture basis with existing operators, on both a small-scale and large-scale basis. During H1 2023, Active Energy commenced several commercial discussions with operating partners to produce CoalSwitch® fuel. These conversations are ongoing, nonetheless, the variant of fuel creating the greatest level of commercial interest is currently CoalSwitch® 3.0, with its higher heating value and capacity to be produced on a continuous basis at greater production volumes.

The Ashland Reference Facility

The Ashland Reference Facility is being constructed by and will be operated by the Company's commercial partner, PDI, and its affiliates. AEG is responsible for sales of CoalSwitch® produced from the Ashland Reference Facility a under its take-or-pay agreement with PDI and entered into in June 2022. During H1 2023, PDI informed Active Energy of a series of delays in both component manufacture and permits. Whilst the permits were granted in May 2023, PDI has recently advised AEG that it now anticipates that construction of the Ashland Facility will not be completed and ready to commence production, during Q3 2023, as PDI had previously indicated to the Company. In light of this, a renegotiation of the existing take-or-pay agreement is underway between the parties to reflect the delays in production.

The Company understands that, while the key components are on site, the latest delays in completion of construction relate to continuing delays in receipt of certain other components and associated equipment for the plant. The Company has been informed that PDI continues to plan for operations at the Ashland Facility to commence as soon as possible and that PDI remains hopeful of commencement of production later in November 2023.

Active Energy remains wholly supportive of PDI's efforts and is working with PDI to support and ensure that production of CoalSwitch® fuel will commence at the earliest opportunity.

3. Market development

Active Energy has been focused on market development activities, both in the US and internationally. Since mid-2022, the number of market enquiries for a 'black pellet alternative' for biomass fuels has increased dramatically as the biomass industry urgently seeks alternate sustainable solutions. Over the last 12 months, Active Energy has created a market presence which is expected to secure a future pipeline of fuel orders.

In the US, the first orders for fuel have been obtained and a future sales pipeline is being established. This includes the first US CoalSwitch® fuel order from Carolina Stalite ("Stalite"), an aggregates producer based in North Carolina.

The sales activities and potential customer interest have also focused beyond the conventional power generation industry and include various heavy industries including the cement and pulp & paper industries, where local and national emissions regulations continue to expand. An active sales program continues in anticipation of first fuel deliveries from the Ashland Reference Facility and Active Energy remains confident of future commercial success with prospective customers on the US East Coast now finalizing terms for initial test volumes of fuel at identified facilities.

To date, the Company has also obtained indications of interest for the supply of up to 10,000 tonnes of fuel from various parties based in the UK seeking the CoalSwitch® fuel as a supply alternate with improved heating performance properties. Marketing with future customers in the UK has indicated a future pipeline in excess of 50,000 tonnes of CoalSwitch® fuel per annum. Additional market interest has been received from Europe, Japan, and South-East Asia.

4. Continued extension of IP Protection

As Active Energy continues to develop and expand its product portfolio, it has become more important to ensure appropriate IP protection. In the period under review, Active Energy was awarded multiple patents for turning forest waste into clean energy. This included two Patents from the United States Patent and Trademark Office and one from the Canadian Patent Office. Post period end, a further CoalSwitch® production patent was awarded by the US Patent and Trademark Office.

In addition, Active Energy received trademarks from the United States Patent and Trademark Office, the UK Intellectual Property Office, the European Union Intellectual Property Office and the Canadian Patent and Trademark Office for the CoalSwitch® brand.

The award of the trademarks and patents remain an important step for Active Energy as it grows its intellectual property portfolio through the continued development of its CoalSwitch® technologies. The increasing brand awareness for CoalSwitch® is further assisting Active Energy in all its marketing activities.

Post period end activities and outlook

Active Energy is actively addressing all the obvious sustainability concerns for biomass fuels focusing on utilizing low value waste feedstocks and producing high-grade fuels which can be co-fired and consistently demonstrate improved burn and emissions test results.

Post-period end, Active Energy's activities have accelerated substantially both in terms of product development, including the development of the various CoalSwitch® production technologies, but also in respect of future production opportunities in the US and internationally. The level of engagement from prospective commercial partners seeking joint venture co-operation with Active Energy has provided the Board with encouragement that Active Energy's corporate strategy is the right one.

In September 2023, Active Energy was elected to join IBTC, an organization promoting the sustainable production of vital torrefied or carbonized technology products on a global scale, with an aim to efficiently replace carbon-emitting fuels such as coal. The organization aligns wholly with Active Energy's energy mission to increase the awareness and education around cleaner, carbon neutral fuels and their benefits.

Whilst the delays at the Ashland Reference Facility are frustrating, Active Energy remains wholly supportive of PDI in its efforts and anticipates that the new production and sales opportunities for CoalSwitch® will prove all the hard work and effort over the last two years will be commercially successful.

I would like to thank all my colleagues and commercial partners for all their work and commitment toward the CoalSwitch® program and look forward to achieving commercial success in the remainder of 2023 and 2024.

Michael Rowan

CEO

26 September 2023

FINANCIAL REVIEW

Performance

The operating loss for the period was US$1.6 million (H1 22: US$1.3 million), comprising administrative expenses.

The loss for the period includes unrealized foreign exchange losses of US$1.1 million (H1 22: gains of US$3.2 million), resulting from the weakening US Dollar relative to Sterling.

The basic and diluted loss per share were 1.67 cents (H1 22: earnings per share of 0.82 cents).

Cash Flows

The Group reports a cash position at 30 June 2023 of US$1.2 million (31 December 2022: US$2.6 million).

Operating cash outflows of US$1.2 million (H1 22: US$1.4 million) reflect the Group's efforts to reduce expenditure and preserve available cash resources.

Investing inflows in H1 22 of US$3.8 million comprised property sale proceeds. There were no investing cash flows in H1 23.

Aside from minor loan repayments of US$9k (H1 22: US$7k) there were no financing cash flows during the period.

Going concern

The interim financial statements have been prepared on a going concern basis. Note 3 to the interim financial statements expands on the directors' considerations relating to the Group's ability to continue as a going concern. At 30 June 2023 the Group had cash of US$1.2 million (31 December 2022: US$2.6 million).

PDI has been granted the permits required to construct and operate the Ashland Reference Facility. Uncertainty around the timing of production still remains which directly affects the timing of revenue cash generation from sales of CoalSwitch® and therefore the Group's future cash requirements. PDI has advised that production is expected to commence in November 2023.

The Board has concluded that additional funding will likely be required to execute the Board's strategy of commercializing CoalSwitch®. While there can be no guarantee that funding will be available on terms that are acceptable to the Company, or at all, the Directors remain positive that the Company will be able to secure sufficient equity finance at the required time.

The financial statements do not include any of the adjustments that would arise if the Company were to be unable to continue as a going concern.

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge the unaudited interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

A list of the current Directors is available on the Company's website: www.aegplc.com

Michelle Fagan

CFO

26 September 2023

CONDENSED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Note	30 June 2023 Unaudited US$	*Restated* 30 June 2022 Unaudited US$
CONTINUING OPERATIONS			
REVENUE	7	**-**	**-**
GROSS PROFIT		-	-
Administrative expenses		(1,598,916)	(1,324,274)
OPERATING LOSS		**(1,598,916)**	**(1,324,274)**
Net finance income/(costs)	5	18,175	(2,780)
Foreign exchange (losses)/gains		(1,115,188)	3,154,251
(LOSS)/PROFIT BEFORE TAXATION		**(2,695,929)**	**1,827,197**
Taxation		-	-
(LOSS)/PROFIT FROM CONTINUING OPERATIONS	7	**(2,695,929)**	**1,827,197**
LOSS FROM DISCONTINUED OPERATIONS	7	**(1,358)**	**(505,938)**
(LOSS)/PROFIT FOR THE PERIOD - attributable to parent	**7**	**(2,697,287)**	**1,321,259**
Basic and diluted (loss)/earnings per share (US cents):			
- Continuing operations	6	(1.67)	1.13
- Discontinued operations	6	-	(0.31)
- Total operations	**6**	**(1.67)**	**0.82**
OTHER COMPREHENSIVE INCOME/(LOSSES)			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of operations		1,155,425	(3,281,270)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(1,541,862)**	**(1,960,011)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30 June 2023 Unaudited US$	31 December 2022 Audited US$
NON-CURRENT ASSETS			
Intangible assets	9	8,064,585	8,064,585
Property, plant, and equipment	10	4,772,122	4,772,530
Other financial assets		861,917	823,744
		13,698,624	13,660,859
CURRENT ASSETS			
Trade and other receivables	11	896,875	905,924
Cash and cash equivalents	13	1,241,681	2,614,472
		2,138,556	3,520,396
TOTAL ASSETS		**15,837,180**	**17,181,255**

CURRENT LIABILITIES			
Trade and other payables	12	1,317,379	1,199,796
Loans and borrowings	13	15,570	13,724
		1,332,949	1,213,520
NON-CURRENT LIABILITIES			
Loans and borrowings	13	126,431	133,940
		126,431	133,940
TOTAL LIABILITIES		**1,459,380**	**1,347,460**
NET ASSETS		**14,377,800**	**15,833,795**
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital - Ordinary shares	14	786,867	786,867
Share capital - Deferred shares		18,148,898	18,148,898
Share premium		55,349,883	55,349,883
Merger reserve		2,350,175	2,350,175
Foreign exchange reserve		(4,695,669)	(5,851,094)
Own shares held reserve		(268,442)	(268,442)
Convertible debt / warrant reserve		690,937	690,937
Retained earnings		(57,984,849)	(55,373,429)
TOTAL EQUITY		**14,377,800**	**15,833,795**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Share capital US$	Share premium US$	Merger reserve US$	Foreign exchange reserve US$	Own shares held reserve US$	Convertible debt and warrant reserve US$	*Restated* Retained earnings US$
(Unaudited)							
At 31 December 2021	**18,935,765**	**55,349,883**	**2,350,175**	**(2,424,329)**	**(268,442)**	**1,165,911**	**(55,449,600)**
Total comprehensive loss	-	-	-	(3,281,270)	-	-	1,321,259
Realization of revaluation reserve	-	-	-	-	-	-	504,646
Share based payments	-	-	-	-	-	-	188,062
At 30 June 2022	**18,935,765**	**55,349,883**	**2,350,175**	**(5,705,599)**	**(268,442)**	**1,165,911**	**(53,435,633)**
(Unaudited)							
At 31 December 2022	**18,935,765**	**55,349,883**	**2,350,175**	**(5,851,094)**	**(268,442)**	**690,937**	**(55,373,429)**
Total comprehensive loss	-	-	-	1,155,425	-	-	(2,697,287)
Share based payments	-	-	-	-	-	-	85,867
At 30 June 2023	**18,935,765**	**55,349,883**	**2,350,175**	**(4,695,669)**	**(268,442)**	**690,937**	**(57,984,849)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Note	30 June 2023 Unaudited US$	*Restated* 30 June 2022 Unaudited US$

Cash flows from operating activities			
(Loss)/profit for the period		(2,697,287)	1,321,259
Adjustments for:			
Non-cash and non-operating items		1,411,862	(2,572,980)
Working capital decrease/(increase)		126,632	(157,222)
Net cash outflow from operating activities	19	(1,158,793)	(1,408,943)
Cash flows from investing activities			
Purchase of property, plant, and equipment		-	(1,412)
Proceeds on sale of property, plant, and equipment		-	3,767,469
Net cash inflow from investing activities		-	3,766,057
Cash flows from financing activities			
Loans repaid		(9,436)	(6,918)
Net cash outflow from financing activities		(9,436)	(6,918)
Net (decrease)/increase in cash and cash equivalents		(1,168,229)	2,350,196
Cash and cash equivalents at beginning of the period		2,614,472	1,940,871
Exchange losses on cash and cash equivalents		(204,562)	(193,853)
Cash and cash equivalents at end of the period		**1,241,681**	**4,097,214**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

1. GENERAL INFORMATION

Active Energy Group plc ("AEG") is a renewable energy company focused on the production and development of next generation biomass products that have the potential to transform the traditional coal fired-power industry and the existing renewable biomass industry. The Company is quoted in London (AIM: AEG) and trades on the OTCQB Venture Market in the USA (OTCQB: ATGVF").

The Company is incorporated in England and Wales (Company number 03148295) and the address of the registered office is 27-28 Eastcastle Street, London, W1W 8DH, United Kingdom.

2. BASIS OF PRESENTATION

The Group and Company's annual financial statements are prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted in the UK, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The condensed consolidated interim financial statements for the half year reporting period ended 30 June 2023 have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. The interim financial statements are presented in US Dollars, except as otherwise indicated. The interim financial statements have been prepared on a going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments.

The interim financial statements are unaudited and do not constitute full statutory accounts under Section 434 of the Companies Act 2006. The financial information in respect of the year ended 31 December 2022 has been extracted from the statutory accounts which have been delivered to the

Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The auditor's report on those accounts highlighted a material uncertainty in relation to going concern. The auditor did not qualify their report in respect of this matter. The financial information for the half years ended 30 June 2023 and 30 June 2022 is unaudited. The financial information for the year ended 31 December 2022 is audited.

The accounting policies applied by the Group in the interim financial statements are the same as those applied by the Group in its financial statements for the year ended 31 December 2022.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the most appropriate application of the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing these interim financial statements are not materially different from those disclosed in the financial statements for the year ended 31 December 2022.

These interim financial statements were approved by the Board of Directors on 26 September 2023.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

3. GOING CONCERN

In preparing the interim financial statements the directors are required to make an assessment of the Company's ability to continue as a going concern and whether it is appropriate to prepare the interim financial statements on a going concern basis.

In May 2023 Player Design, Inc. were granted the permits required to construct and operate the CoalSwitch® reference plant in Ashland, Maine. Player Design have advised that production of CoalSwitch® should commence in November 2023 but there remains uncertainty around the timing and there have been previously announced delays in construction of the plant. As a consequence, there is uncertainty around when cash will be generated from sales of the CoalSwitch® product.

The Company's cash flow forecasts include a number of key assumptions:

- the timing of the completion of the Ashland plant and commencement of CoalSwitch® production
- the level and timing of revenue generated by sales of CoalSwitch®
- the successful disposal of surplus assets and the timing of receipt of the disposal proceeds
- the value and timing of receipt of pending tax credit claims

An independent assessment of the assets that are surplus to the construction of the Ashland facility has been commissioned and the directors await this report to consider whether a market exists to dispose of these assets at a reasonable price. A tax credit claim has been submitted to the UK tax authorities and a response is anticipated within four to six weeks of the release of these interim financial statements.

The directors have concluded that additional funding is likely to be required in order to execute the Board's strategy of commercializing CoalSwitch®. While there can be no guarantee that funding will be available on terms that are acceptable to the Company, or at all, the directors remain positive that the Company will be able to secure sufficient equity finance at the required time.

However, the Board are of the opinion that the factors set out above constitute material uncertainties in relation to the Company's ability to continue as a going concern.

The financial statements do not include any of the adjustments that would arise if the Company were to be unable to continue as a going concern.

4. BASIS OF CONSOLIDATION

The financial information incorporates the results of AEG and entities controlled by AEG (its subsidiaries). Control is achieved when the Group has power over relevant activities, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated interim financial statements present the financial results of AEG and its subsidiaries (the Group) as if they formed a single entity. Where necessary, adjustments are made to the results of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income, and expenses are eliminated on consolidation.

5. NET FINANCE GAINS/(COSTS)

	30 June 2023 Unaudited	30 June 2022 Unaudited
Continuing operations		
Interest receivable	20,162	-
Loan interest	(1,987)	(2,780)
Net finance cost of continuing operations	**18,175**	**(2,780)**
Discontinued operations		
Loan interest and charges	-	(5,543)
Net finance cost of discontinued operations	**-**	**(5,543)**
Total operations	**18,175**	**(8,323)**

6. LOSS/EARNINGS PER SHARE

	30 June 2023 Unaudited	*Restated* 30 June 2022 Unaudited
Weighted average ordinary shares in issue (Number)	161,863,136	161,863,136
(Loss)/profit for the period (US$):		
Continuing operations	(2,695,929)	1,827,197
Discontinued operations	(1,358)	(505,938)
Total operations	**(2,697,287)**	**1,321,259**
Basic (loss)/earnings per share (US cents):		
Continuing operations	(1.67)	1.13
Discontinued operations	-	(0.31)
Total operations	**(1.67)**	**0.82**

7. DISCONTINUED OPERATIONS

During 2021 the Group discontinued its sawmill and saw log operations under the wood processing operating segment. During 2022 the Group sold the Lumberton property that was used for these operations. The results of these businesses are disclosed as a single line item in the Condensed Consolidated Statement of Income in accordance with IFRS5.

The analysis between continuing and discontinued operations is as follows:

7. DISCONTINUED OPERATIONS (CONTINUED)

Six months to 30 June 2023 (Unaudited)	Continuing operations US$	Discontinued operations US$	Total US$
Revenue	**-**	**-**	**-**
Gross loss	-	-	-
Administrative expenses	(1,598,916)	(923)	(1,599,839)
Operating loss	**(1,598,916)**	**(923)**	**(1,599,839)**
Net finance income/(costs)	18,175	-	18,175
Foreign exchange losses	(1,115,188)	(435)	(1,115,623)
Loss before taxation	**(2,695,929)**	**(1,358)**	**(2,697,287)**
Taxation	-	-	-
Loss for the period	**(2,695,929)**	**(1,358)**	**(2,697,287)**
Cash outflows from operating activities	(1,157,870)	(923)	(1,158,793)
Cash outflows from investing activities	-	-	-
Cash outflows from financing activities	(9,436)	-	(9,436)

Six months to 30 June 2022 (Unaudited)	Continuing operations US$	*Restated* Discontinued operations US$	*Restated* Total US$
Revenue	**-**	**-**	**-**
Gross loss	-	-	-
Administrative expenses	(1,324,274)	(46,650)	(1,370,924)
Loss on disposal of PPE	-	(455,140)	(455,140)
Operating loss	**(1,324,274)**	**(501,790)**	**(1,826,064)**
Net finance costs	(2,780)	(5,543)	(8,323)
Foreign exchange gains	3,154,251	-	3,154,251
Profit/(Loss) before taxation	**1,827,197**	**(507,333)**	**1,319,864**
Taxation	-	1,395	1,395
Profit/(Loss) for the period	**1,827,197**	**(505,938)**	**1,321,259**
Cash outflows from operating activities	(1,337,753)	(71,190)	(1,408,943)
Cash (outflows)/inflows from investing activities	(1,412)	3,767,469	3,766,057
Cash outflows from financing activities	(6,918)	-	(6,918)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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8. SEGMENTAL INFORMATION

The Group reports three business segments:

- "CoalSwitch®" denotes the Group's renewable wood pellet business.
- "Wood processing" denotes the Group's sawmill and saw log activities and the Lumberton property. The Sawmill and saw log activities ceased during 2021 and are reported as discontinued operations The results of these operations are not included in the segmental reporting.
- "Corporate and other" denotes the Group's corporate and other costs.

The business segments are aligned to the Group's strategy as disclosed in the Strategic Report. The Group's reportable segments are strategic business units that offer different products or services.

The Group evaluates segmental performance on the basis of profit or loss from operations

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding the results from discontinued operations in accordance with IFRS 5.

Six months to 30 June 2023 (Unaudited)	CoalSwitch US$	Wood processing US$	Corporate & Other US$	Total US$
Revenue	**-**	**-**	**-**	**-**
Operating loss	(455,920)	-	(1,142,996)	(1,598,916)
Loss before tax	(457,273)	-	(2,238,656)	(2,695,929)
Tax credit/(charge)	-	-	-	-
Loss for the period	**(457,273)**	**-**	**(2,238,656)**	**(2,695,929)**
Total Assets	**13,692,476**	**-**	**2,144,704**	**15,837,180**
Total Liabilities	**865,295**	**1,532**	**592,553**	**1,459,380**
Other segmental information:				
Capital Expenditure:	-	-	-	-
Additions to Intangibles	-	-	-	-
Depreciation & amortization	-	-	445	445

Six months to 30 June 2022 (Unaudited)	CoalSwitch US$	Wood processing US$	Corporate & Other US$	Total US$
Revenue	**-**	**-**	**-**	**-**
Operating loss	(194,341)	-	(1,129,933)	(1,324,274)
(Loss)/profit before tax	(194,362)	-	2,021,559	1,827,197
Tax credit/(charge)	-	-	-	-
(Loss)/profit for the period	**(194,362)**	**-**	**2,021,559**	**1,827,197**
Total Assets	**14,405,844**	**170,573**	**4,921,052**	**19,497,469**
Total Liabilities	**312,927**	**264,171**	**528,311**	**1,105,409**
Other segmental information:				
Capital Expenditure	325,357	-	1,414	326,771
Additions to Intangibles	430,214	-	-	430,214
Depreciation & amortization	-	-	709	709

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

9. INTANGIBLE ASSETS

	Intellectual property US$
Cost	
At 31 December 2021	5,659,386
Additions	730,213
Transferred from PPE	1,675,348
At 31 December 2022 (audited)	**8,064,947**
Additions	-
At 30 June 2023 (unaudited)	**8,064,947**
Accumulated amortization	
At 31 December 2021	362
Amortization charge	-
At 31 December 2022 (audited)	**362**
Amortization charge	-
At 30 June 2023 (unaudited)	**362**
Net book value	
At 30 June 2023 (unaudited)	**8,064,585**
At 31 December 2022 (audited)	**8,064,585**

Intellectual property comprises costs incurred to secure the rights and knowledge associated with the CoalSwitch® and PeatSwitch technologies.

The recoverability of the intellectual property assets is dependent on successfully commercializing CoalSwitch®, which is subject to a number of uncertainties including the ability of the Group to access financial resources to develop and bring the product to economic maturity and profitability.

The recoverable amount of the intellectual property has been estimated based on a value in use calculation. The calculation uses a discounted cash flow model covering a two and a half year period and extrapolated to five years assuming no further growth, with a discount rate of 12.5%. The estimated recoverable amount exceeds the carrying value of the assets of the cash generating unit and management have therefore concluded that the intellectual property assets are not impaired.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

10. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings US$	Plant and equipment US$	Furniture and office equipment US$	Total US$
Cost				
At 31 December 2021	4,492,049	9,318,697	13,170	13,823,916
Additions	-	375,357	-	375,357
Disposals	(4,492,049)	(247,192)	-	(4,739,241)
Transfers to Intangible Assets	-	(1,675,348)	-	(1,675,348)
Foreign exchange differences	-	-	(1,405)	(1,405)
At 31 December 2022 (audited)	**-**	**7,771,514**	**11,765**	**7,783,279**
Foreign exchange differences	-	-	545	545
At 30 June 2023 (unaudited)	**-**	**7,771,514**	**12,310**	**7,783,824**
Accumulated depreciation				
At 31 December 2021	198,000	2,102,366	10,597	2,310,963
Charge for the year	18,000	556	1,318	19,874
Impairment charges	-	1,000,000	-	1,000,000
Disposals	(216,000)	(102,922)	-	(318,922)
Foreign exchange differences	-	-	(1,166)	(1,166)
At 31 December 2022 (audited)	**-**	**3,000,000**	**10,749**	**3,010,749**
Charge for the period	-	-	445	445
Foreign exchange differences	-	-	508	508
At 30 June 2023 (unaudited)	**-**	**3,000,000**	**11,702**	**3,011,702**
Net book value				
At 30 June 2023 (unaudited)	**-**	**4,771,514**	**608**	**4,772,122**
At 31 December 2022 (audited)	**-**	**4,771,514**	**1,016**	**4,772,530**

Plant and equipment additions relate to the CoalSwitch® production facility in Maine. Following the sale of the Lumberton property CoalSwitch® equipment has been relocated to Maine.

The recoverability of the plant and equipment assets is dependent on successfully commercializing CoalSwitch®, which is subject to a number of uncertainties including the ability of the Group to access financial resources to develop and bring the product to economic maturity and profitability.

The recoverable amount of the plant and equipment has been estimated based on a value in use calculation. The calculation uses a discounted cash flow model covering a two and a half year period and extrapolated to five years assuming no further growth, with a discount rate of 12.5%. The estimated recoverable amount exceeds the carrying value of the assets of the cash generating unit and management have therefore concluded that the plant and equipment assets are not impaired.

11. TRADE AND OTHER RECEIVABLES

	30 June 2023 Unaudited US$	31 December 2022 Audited US$
Project advances	624,688	774,669
Prepayments	53,642	73,461
Other receivables	218,545	57,794
	896,875	905,924

No impairment provisions have been made against trade and other receivables.

The carrying value of trade and other receivables approximates to fair value.

12. TRADE AND OTHER PAYABLES

	30 June 2023 Unaudited US$	31 December 2022 Audited US$
Trade payables	531,620	428,106
Social security and other taxes	3,173	34,584
Accruals and deferred income	632,586	587,106
Other payables	150,000	150,000
	1,317,379	1,199,796

The carrying value of trade and other payables approximates to fair value.

13. NET CASH

	30 June 2023 Unaudited US$	31 December 2022 Audited US$
Cash and cash equivalents	1,241,681	2,614,472
Loans and borrowings - current liabilities	(15,570)	(13,724)
Loans and borrowings - non current liabilities	(126,431)	(133,940)
Loans and borrowings - total liabilities	(142,001)	(147,664)
	1,099,680	2,466,808

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

14. SHARE CAPITAL - ORDINARY SHARES

	Number of shares	US$
Allotted, called up and fully paid shares of 0.01p each		
At 1 January 2022	5,665,209,745	786,867
Issue of shares	15	-
Share consolidation	(5,503,346,624)	-
At 31 December 2022 and 30 June 2023	161,863,136	786,867

At the Company's Annual General Meeting on 4 July 2022, shareholders approved a 1 for 35 share consolidation. Following the share consolidation, the Company has 161,863,136 ordinary shares of 0.35 pence each.

15. RELATED PARTY DISCLOSURES

During the six month period ended 30 June 2022 the Group paid $37,520 to INJ London Ltd for sales and marketing services. This company is owned by Max Aitken. There were no transactions during the six month period ended 30 June 2023.

At 30 June 2022 there were $91,667 of unpaid directors' salaries and fees which have subsequently been paid. There were no unpaid directors' salaries or fees at 30 June 2023.

16. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2023 (31 December 2022: Nil).

17. SUBSEQUENT EVENTS

There have been no disclosable events since the balance sheet date.

18. RESTATEMENT OF PRIOR PERIOD

The statement of comprehensive income for the six month period ended 30 June 2022 has been restated to correct an error in the accounting for the disposal of revalued property, plant and equipment during the period. This correction increases the loss from discontinued operations for the period by $504,646 and therefore reduces the profit for the period by the same amount. The total comprehensive loss for the period and net assets at 30 June 2022 are not affected. The disposal was accounted for correctly in the financial statements for the year ended 31 December 2022.

The Company consolidated its ordinary share capital during the second half of 2022 and consequently the loss/earnings per share for the six months ended 30 June 2022 have been restated to reflect the consolidated share capital (see notes 6 and 14). The loss for the period ended 30 June 2022 and net assets at 30 June 2022 are unaffected.

19. RECONCILIATION OF LOSS FOR THE PERIOD TO CASH OUTFLOWS FROM OPERATING ACTIVITIES

	30 June 2023 Unaudited US$	*Restated* **30 June 2022 Unaudited US$**
(Loss)/profit for the period	**(2,697,287)**	**1,321,259**
Adjusted for:		
Share based payment expense	85,867	188,062
Depreciation	445	19,265
Profit on disposal of property, plant, and equipment	-	212,626
Foreign currency translations	1,323,578	(2,999,414)
Finance expenses	1,972	7,876
Income tax	-	(1,395)
	(1,285,425)	(1,251,721)
Decrease / (increase) in inventories	-	27,250
Decrease in trade and other receivables	9,049	85,376
Increase/Decrease in trade and other payables	117,583	(269,848)

Net cash outflow from operating activities	**(1,158,793)**	**(1,408,943)**

20. COPIES OF THE INTERIM FINANCIAL STATEMENTS

Copies of the interim financial statements will be made available on the Company's website at www.aegplc.com.