

12 September 2022

Active Energy Group Plc

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

Interim results for the six months ended 30 June 2022

Active Energy, the AIM-quoted renewable energy business focused on the production of next generation energy pellets, is pleased to announce its unaudited interim results for the six months ended 30 June 2022.

HIGHLIGHTS

Operational highlights

- Publication of the results of independent co-fire testing completed under Rocky Mountain Power's Sustainable Transportation and Energy Plan (the "STEP Program") in late 2021, which concluded that CoalSwitch® could be co-fired with coal producing heating values:
 - equivalent to coal; and
 - at a 12.9% premium to white pellet.
- Obtained Chain of Custody and Controlled Wood certification compliance in accordance with the Forest Stewardship Council® ("FSC") standards for CoalSwitch® in March 2022.
- Completion in June 2022 of the independent study, by LifeCycle Analysis, on the carbon impact of CoalSwitch®, confirming significant CO₂ reductions relative to both coal and natural gas.
- Completion of the sale of the Company's property at Lumberton (the "Lumberton Site") in June 2022.
- Engineering and project planning completed for a large scale CoalSwitch® production facility, to be constructed by Player Design International Inc ("PDI"), at Ashland, Maine (the "Ashland Facility").
- Commencement of the purchase, by PDI, of additional equipment for future CoalSwitch® production operations at the Ashland Facility.

Financial highlights

- Sale of the Lumberton Site completed on 30 June 2022 with:
 - gross consideration of US\$4.65 million; and
 - net cash proceeds of US\$3.92 million received.
- Results for the six-month period to 30 June 2022:
 - operating loss from continuing operations of US\$1.3 million for the period (H1 2021: US\$1.0 million); and
 - net cash position at 30 June 2022 of US\$3.9 million (31 Dec 2021: US\$1.8 million).

Post period end activity

- Expansion of AEG's US operations, including hiring of additional sales personnel in the US.
- Completion of the transfer of all CoalSwitch® production equipment from the Lumberton Site to the Ashland Facility.
- Award of Malaysian Patent for future CoalSwitch® production to expand in Southeast Asia.
- Completion of the share consolidation, resulting in 1 new ordinary share for every 35 existing ordinary shares.
- AEG's shares commenced trading on the OTCQB Venture Market in the United States on 5 August 2022.

Outlook

- The Company has a number of exciting opportunities as a result of the recent passing of the Inflation Reduction Act in the US.
- AEG is focussed on securing long term offtake contracts for CoalSwitch® in North America, Europe and Japan.
- AEG continues to deliver test samples for customer analysis, with recent deliveries to potential customers based in Europe.
- PDI continues to undertake all preparatory work on the Ashland Facility and remains confident that first deliveries of CoalSwitch® fuel will commence in Q1 2023.
- The Board continues to believe that CoalSwitch® will play a significant role in the development of next generation biomass fuels derived from lower value wood waste feedstock.

Michael Rowan, CEO of Active Energy, said:

“In the first half of the year, AEG has continued to make significant progress towards commercialising CoalSwitch®.

The testing programme for CoalSwitch® is consistently demonstrating its advantages and economic benefits versus traditional biomass pellets. We have completed the construction planning with PDI at the Ashland Facility and await the next stage of equipment deliveries so as to allow PDI to commence construction activities at the site during the fourth quarter of this year.

Since the AGM we have already expanded the Company’s sales function, both in the US and internationally, to address increasing customer enquiries for CoalSwitch®. For the remainder of this year, AEG will be focused on converting these commercial discussions into orders for CoalSwitch® for delivery in 2023 and beyond. We will match these orders with the scale up to industrial levels of production at the Ashland Facility.

The Board and the management team look forward to the remainder of the year with confidence as AEG brings CoalSwitch® into the market.”

Enquiries:

Website	LinkedIn	Twitter
www.aegplc.com	www.linkedin.com/company/activeenergy	https://twitter.com/aegplc @aegplc

Enquiries		
Active Energy Group Plc	Michael Rowan (Chief Executive Officer) Andrew Diamond (Chief Financial Officer)	info@aegplc.com
Allenby Capital Limited <i>Nominated Adviser and Broker</i>	Nick Naylor/James Reeve/Freddie Wooding (Corporate Finance) Amrit Nahal (Sales/Corporate Broking)	Office: +44 (0)20 3328 5656
Camarco <i>Financial PR Adviser</i>	Gordon Poole / Tom Huddart / Emily Hall	aeg@camarco.co.uk Office: +44 (0)20 3757 4980

ACTIVE ENERGY GROUP PLC

CHIEF EXECUTIVE'S STATEMENT

Introduction

AEG's strategy remains to commercialise CoalSwitch[®], a proprietary technology which transforms lower value wood waste into high-value biomass fuel that can either co-fire with coal to produce immediate environmental and emissions benefits or replace existing biomass feedstock supplies. The energy market requires a scalable solution to produce next generation pellets in the volumes required by customers and which can also accommodate the current volumes demanded for traditional carbon intensive fuels, such as coal. AEG believes that CoalSwitch[®] has the operational and environmental benefits to be one of such fuels and is therefore working to produce CoalSwitch[®] at industrial scale as soon as possible.

The first six months of 2022 have presented AEG with both opportunities and challenges as it seeks to market its CoalSwitch[®] product. Since the start of the conflict in Ukraine in February of this year interest in next generation biomass fuels has increased substantially as existing biomass customers attempt to secure fuel supply from across the globe (Ukraine and Russia being significant suppliers of biomass before the start of the conflict). Traditional sources of biomass supply are already committed under long term contracts and prospective customers have been investigating new supply options. AEG is now able to offer CoalSwitch[®] to these existing biomass customers and also to new customers who are examining alternatives to expensive traditional fossil fuels.

Operational review during the period

i) Development of the Ashland Facility and future CoalSwitch[®] production capability

In 2022, the Company has continued to work closely with PDI, its strategic partner, to move towards commercial levels of production of CoalSwitch[®] from the Ashland Facility. To achieve this, PDI and AEG have completed a redesign for a more efficient manufacturing process, including an increase in the size of the core process reactors to accommodate production of industrial volumes of CoalSwitch[®]. The redesign work was completed in Q2 2022 and key components have been ordered to ensure that future production timelines can be achieved.

During Q2 2022, PDI assumed full responsibility for permitting, financing and the future construction of the first CoalSwitch[®] production facility (at Ashland) and AEG has now focused its efforts toward establishing a global sales platform for CoalSwitch[®] and developing the Company's existing intellectual property. In July 2022, PDI stated that first production volumes would commence at the Ashland Facility during the first quarter of 2023. PDI remains confident that this will be achieved.

The Ashland Facility will: i) demonstrate the ability for PDI and AEG to operate a CoalSwitch[®] production facility; and ii) be used to market CoalSwitch to both off take customers and potential production partners. Construction activities at the Ashland Facility are expected to commence in Q4 2022.

ii) CoalSwitch[®] testing program and prospective customer analysis

In order to accelerate customer interest, it has been essential for AEG to co-ordinate test programs which demonstrate: i) the economic and environmental benefits of CoalSwitch[®] against existing biomass products; and ii) the ability to co-fire CoalSwitch[®] with coal showing both the economic and environmental benefits in such an exercise. All test results to date indicate that CoalSwitch[®] has both competitive and environmental advantages for customers.

ACTIVE ENERGY GROUP PLC

In January 2022, AEG announced the results from the first phase of the ongoing combustion testing programme of CoalSwitch®. CoalSwitch® fuel had been delivered to PacifiCorp in June 2021 as part of the STEP Program in Utah. The programme has been funded by Rocky Mountain Power to analyse next generation fuels. The results demonstrated that CoalSwitch® has superior qualities over white pellets, including its hydrophobic properties, ability to burn at higher heating values and reduction in ash, nitrogen oxide and sulphur dioxide emissions. AEG remains in continuous dialogue with teams involved in the STEP Program and is planning additional testing over the next 12 months.

Alongside this, the Company has been undertaking a rigorous testing programme with prospective customers in Japan, North America and, most recently, in Europe. The testing programme demonstrates that 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. The testing conducted earlier this year also confirmed that CoalSwitch® can be burnt in existing furnaces without the need for additional capital expenditure.

iii) *AEG establishing industry standard environmental credentials*

In addition to the product testing program, AEG continues to focus on the quality of waste feedstock which is utilised in CoalSwitch® production and the underlying processes to attain this feedstock. With this aim, in March 2022, AEG received its Chain of Custody and Controlled Wood certification compliant with the Forest Stewardship Council® (“FSC”) standards for its CoalSwitch® fuel produced at Ashland. The certification confirms to AEG’s prospective customers that protection of the environment is at the heart of its operations and that CoalSwitch® is produced from responsibly managed sources.

The FSC certification is the basic market prerequisite to permit any biomass products to be sold into many of AEG’s target markets, notably Japan, which is rapidly becoming one of the Company’s key potential long-term customers.

In June 2022, Life Cycle Associates LLC, an independent business and environmental consultancy based in California, also published a report which demonstrated that CoalSwitch® is not only sustainably sourced, but also that pellets made from lumbermill waste, including CoalSwitch®, reduce CO₂ by 99% relative to coal and 97% relative to natural gas.

iv) *Announcement and completion of the sale of the Lumberton Site*

In late 2021, AEG appointed agents for the sale of the Lumberton Site in North Carolina. A sale and purchase agreement was entered into with Phoenix Investors LLC (“Phoenix”) on 31 March 2022 and the transaction was completed on 30 June 2022. The gross consideration was US\$4.65 million and net cash proceeds of US\$3.92million have been received by AEG. All post transaction closing conditions were successfully completed following the end of the period. In addition, AEG generated additional cash proceeds of approximately US\$100k from the sale of supplemental equipment at the Lumberton Site that is no longer required at the Ashland Facility.

Lumberton Energy Holdings (“LEH”), the subsidiary of AEG that held the Lumberton Site, has continued to receive legal challenges from the Southern Environmental Law Centre (“SELC”) based in North Carolina. The allegations claim breaches of existing wastewater treatment obligations at the Lumberton Site applicable to both LEH, Phoenix and former owners of the facility. The Board remains confident that LEH and its associated companies have at all times remained compliant with all applicable environmental and permit obligations at the Lumberton Site. Due to the false and defamatory nature of the public statements made by SELC, the Board continues to explore all legal options available to hold SELC accountable.

ACTIVE ENERGY GROUP PLC

Post period end activities

ij) Expansion of sales and marketing activities for Active Energy

As a result of the increasing commercial interest in CoalSwitch[®], AEG has, since the period end, expanded its sales and marketing personnel in the US. These individuals bring expertise and sales experience from the coal, utility and biomass industries in North America and Europe and can provide the technical sales support to prospective customers in North America and Europe.

Commercial discussions continue in Japan combined with dedicated fuel testing programs with prospective customers and engineering partners. The confirmation of definitive delivery schedules for CoalSwitch[®] in July 2022 has assisted AEG in all its current sales negotiations and has provided greater confidence to these prospective customers of AEG's long-term commitment to supply large scale volumes of CoalSwitch[®].

ii) Patent awarded for the CoalSwitch[®] production process in Malaysia

In July 2022, the Company was awarded a Malaysia Patent No. MY-191174-A (the "Malaysia Patent") by the Intellectual Property Corporation of Malaysia in respect of the process for beneficiating and cleaning biomass. The Malaysia Patent combines with patents awarded in the United States in 2020 for the manufacturing and production of CoalSwitch[®] and in Canada in 2021 for beneficiating and cleaning biomass. Based upon current prospective customer discussions, AEG continues to believe that Malaysia can be one of its primary target markets for the production of CoalSwitch[®] fuel utilising the waste wood residues from palm oil plantations.

The Company continues to file further patent applications globally, targeting additional markets including Europe and will file additional supplemental applications as the new process reactors are finalised.

iii) USD quotation for AEG's shares in the US

The Company also successfully completed its listing on OTCQB in the US in August 2022 which will provide enhanced investor benefits, including easier trading access for investors located in the US, greater liquidity due to a broader pool of potential investors and an increased profile in the US.

iv) Board changes

The Company announced in August 2022 that Andrew Diamond will be stepping down as CFO of AEG in December. The Board has commenced the search for a replacement CFO and further updates will be made in due course. The Board would like to thank Andrew for his contribution to the Company during the past 18 months.

Financial review

ij) Performance

The Group generated no revenue during the six months ended 30 June 2022.

Profit for the six months ended 30 June 2022 was US\$1.8 million (H1 2021: loss of US\$2.0 million), resulting in a basic and diluted total earnings per share of 0.03c (H1 2021: loss per share of 0.06c).

Unrealised foreign exchange gains, resulting from the strengthening US dollar relative to UK Sterling, account for the net finance gains which are reversed in the translation adjustment within Other Comprehensive Losses.

ACTIVE ENERGY GROUP PLC

ii) Net cash

The Group had a net cash position at 30 June 2022 of US\$3.9 million (30 June 2021: US\$1.1 million and 31 December 2021: US\$1.8 million) and reflects the receipt of the net proceeds from the sale of the Lumberton Site.

iii) Cash Flows

Operating cash outflows during the period were US\$1.4 million (H1 2021: US\$3.5 million) reflecting the Group's efforts to reduce and preserve available cash resources.

Investing inflows of US\$3.8 million reflect the sale of property proceeds (H1 2021: outflow of US\$3.5 million). Intangible and PPE additions during the period utilised project advances made in previous periods.

Aside from minor loan repayments there were no financing activities during the period (H1 2021: inflows of US\$8.0 million resulting from issues of share capital less convertible loan note redemptions).

Conclusion and outlook

The first half of this financial year has seen AEG continue to make progress. The CoalSwitch® product, the underlying production technology and AEG are each obtaining increased profiles which the Board believes will deliver the favourable results CoalSwitch® truly deserves.

The production process is proven and in PDI we have an excellent partner to build, finance and operate the first CoalSwitch® facility at Ashland. Our continuous testing programme has resulted in CoalSwitch® obtaining recognition as a proven, next generation biomass fuel with strong environmental credentials and improved heating values over existing biomass fuels.

In the last 3 weeks, the US market opportunity has been invigorated with the recent passing of the Inflation Reduction Act. AEG believes the legislation will either help accelerate demand for CoalSwitch® fuel, unlock new funding opportunities for the sale of CoalSwitch® technology, accelerate project development of additional CoalSwitch® production sites in the US, or potentially all three. This can be financed in a number of ways including loan guarantees, tax incentives or grant funding. AEG is now working with advisers in the US to better understand the opportunities and how best to seize them. We expect to be able to report back in the coming weeks and months.

Our focus for the remainder of 2022 will be upon converting the numerous commercial discussions, which we are currently having, into firm orders for CoalSwitch® or additional production facilities using the CoalSwitch® technology. The Board and management look forward to the remainder of the financial year with confidence as AEG seeks to bring CoalSwitch® to market.

Michael Rowan

CEO

9 September 2022

ACTIVE ENERGY GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

		30 June 2022	30 June 2021
		Unaudited	Restated
	Note	US\$	Unaudited US\$
CONTINUING OPERATIONS			
REVENUE	8	-	-
GROSS PROFIT		-	-
Other operating income		-	364,631
Administrative expenses		(1,324,274)	(1,407,387)
OPERATING LOSS		(1,324,274)	(1,042,756)
Net finance gains / (costs)	5	3,151,471	(443,731)
PROFIT / (LOSS) BEFORE TAXATION		1,827,197	(1,486,487)
Taxation		-	1,395
PROFIT / (LOSS) FROM CONTINUING OPERATIONS	7	1,827,197	(1,485,092)
LOSS FROM DISCONTINUED OPERATIONS	7	(1,292)	(554,224)
PROFIT / (LOSS) FOR THE PERIOD – attributable to Parent	7	1,825,905	(2,039,316)
Basic and Diluted gain / (loss) per share (US cent):			
– Continuing operations	6	0.03	(0.04)
– Discontinued operations	6	-	(0.02)
– Total operations	6	0.03	(0.06)
OTHER COMPREHENSIVE LOSS			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of operations		(3,281,270)	(1,185,420)
Revaluation of land and buildings		(504,646)	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,960,011)	(3,224,736)

ACTIVE ENERGY GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30 June 2022 Unaudited US\$	31 December 2021 Audited US\$
NON-CURRENT ASSETS			
Intangible assets	9	6,089,238	5,659,024
Property, plant and equipment	10	7,544,105	11,512,953
Other financial assets		828,902	922,275
		<u>14,462,245</u>	<u>18,094,252</u>
CURRENT ASSETS			
Inventory		-	27,250
Trade and other receivables	11	938,010	1,628,959
Cash and cash equivalents	13	4,097,214	1,940,871
		<u>5,035,224</u>	<u>3,597,080</u>
TOTAL ASSETS		<u>19,497,469</u>	<u>21,691,332</u>
CURRENT LIABILITIES			
Trade and other payables	12	952,182	1,222,030
Loans and borrowings	13	12,195	14,013
		<u>964,377</u>	<u>1,236,043</u>
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		-	147,349
Loans and borrowings	13	141,032	143,931
		<u>141,032</u>	<u>291,280</u>
TOTAL LIABILITIES		<u>1,105,409</u>	<u>1,527,323</u>
NET ASSETS		<u>18,392,060</u>	<u>20,164,009</u>
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		(5,705,599)	(2,424,329)
Own shares held reserve		(268,442)	(268,442)
Convertible debt / warrant reserve		1,165,911	1,165,911
Retained earnings		(53,435,633)	(55,449,600)
Revaluation reserve		-	504,646
TOTAL EQUITY		<u>18,392,060</u>	<u>20,164,009</u>

ACTIVE ENERGY GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Share capital US\$	Share premium US\$	Merger reserve US\$	Foreign exchange reserve US\$	Own shares held reserve US\$	Convertible debt and warrant reserve US\$	Retained earnings US\$	Revaluation Reserve US\$	Total equity US\$
At 31 December 2020	18,368,334	18,711,637	2,350,175	(184,975)	(268,442)	3,701,803	(49,899,736)	504,646	(6,716,558)
Total comprehensive loss	-	-	-	(1,185,420)	-	-	(2,039,316)	-	(3,224,736)
Issue of share capital	98,218	8,896,425	-	-	-	-	-	-	8,994,643
Conversion of CLN	233,040	23,550,437	-	-	-	(2,843,734)	-	-	20,939,743
Share based payments	-	-	-	-	-	-	76,811	-	76,811
At 30 June 2021	18,699,592	51,158,499	2,350,175	(1,370,395)	(268,442)	858,069	(51,862,241)	504,646	20,069,903
At 31 December 2021	18,935,765	55,349,883	2,350,175	(2,424,329)	(268,442)	1,165,911	(55,449,600)	504,646	20,164,009
Total comprehensive loss	-	-	-	(3,281,270)	-	-	1,825,905	(504,646)	(1,960,011)
Share based payments	-	-	-	-	-	-	188,062	-	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)	-	18,392,060

ACTIVE ENERGY GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	30 June 2022	30 June 2021
	Unaudited	Unaudited
Note	US\$	US\$
Cash flows from operating activities		
Profit / (loss) for the period	1,825,905	(2,039,316)
Adjustments for:		
Non-cash / separately disclosed items	(3,077,626)	(403,481)
Working capital outflow	<u>(157,222)</u>	<u>(1,047,804)</u>
Net cash outflow from operating activities	18 <u>(1,408,943)</u>	<u>(3,490,601)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,412)	(3,543,036)
Proceeds on sale of property, plant and equipment	<u>3,767,469</u>	<u>-</u>
Net cash inflow / (outflow) from investing activities	<u>3,766,057</u>	<u>(3,543,036)</u>
Cash flows from financing activities		
Issue of equity share capital, net of share issue costs	-	8,994,643
Redemption of CLNs	-	(1,484,728)
Loans repaid	(6,918)	(97,251)
Proceeds from loans advanced	-	750,296
Principal elements of lease payments	-	(57,900)
Finance expenses paid	<u>-</u>	<u>(87,752)</u>
Net cash (outflow) / inflow from financing activities	<u>(6,918)</u>	<u>8,017,308</u>
Net increase in cash and cash equivalents	2,350,196	983,671
Cash and cash equivalents at beginning of the period	1,940,871	999,631
Exchange (losses) / gains on cash and cash equivalents	<u>(193,853)</u>	<u>4,227</u>
Cash and cash equivalents at end of the period	<u><u>4,097,214</u></u>	<u><u>1,987,529</u></u>

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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 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 report for the half-year reporting period ended 30 June 2022 has 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 2021. 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 is unaudited and does not constitute full statutory accounts under Section 434 of the Companies Act 2006. The financial information in respect of the year ended 31 December 2021 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 included a material uncertainty in relation to the going concern assumptions detailed in the notes to those accounts. The auditor did not qualify their report in respect of this matter. The financial information for the half years ended 30 June 2022 and 30 June 2021 is unaudited and the twelve months to 31 December 2021 is audited. Certain information disclosed in the 30 June 2021 Interim Financial Statements has been restated as required to aid comparability.

The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2021 and which will form the basis of the 2022 financial statements, except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group.

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 in applying 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 2021.

These Interim Financial Statements were approved by the Board of Directors on 9 September 2022.

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

3. GOING CONCERN

The Directors are required to give careful consideration to the appropriateness of the going concern basis in the preparation of the interim financial statements.

In June 2022, the Group disposed of the property in Lumberton, North Carolina. The proceeds of the sale are reflected in the cash and cash equivalents and other receivables. The Group has debt of US\$153,227 at 30 June 2022 and was in a net cash position of US\$3,943,987.

The Group's strategy is to accelerate the supply of production volumes of CoalSwitch®. The Company has been working with Player Design International Inc ("PDI") to redesign the manufacturing process and process reactors to enable production volumes of CoalSwitch®. PDI has now committed to take full responsibility for permitting, financing and constructing the first CoalSwitch® production plant in Ashland, Maine (the "Ashland Facility") which PDI will own and operate. PDI has already ordered the parts required for the completion of the Ashland Facility and has confirmed that first production volumes of CoalSwitch® will commence during the first quarter of 2023. Active Energy will sell these volumes of CoalSwitch®, once produced, to prospective customers.

On the basis of the considerations set out above, the Directors have concluded that it is appropriate to prepare the interim financial statements on a going concern basis. These Interim Financial Statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Group or the Parent Company was 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 2022 Unaudited	30 June 2021 Unaudited
Continuing operations		
Foreign exchange	3,154,251	(359,220)
Loan interest	(2,780)	(84,511)
Discontinued operations		
Loan interest and charges	(5,543)	(25,506)
Total operations	3,145,928	(469,237)

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

6. GAIN / (LOSS) PER SHARE

	30 June 2022 Unaudited	30 June 2021 Unaudited
Weighted average ordinary shares in issue (Number)	5,665,209,746	3,206,905,598
Gain / (loss) for the period (US\$):		
Continuing operations	1,827,197	(1,485,092)
Discontinued operations	(1,292)	(554,224)
Total operations	1,825,905	(2,039,316)
Basic and diluted gain / (loss) per share (US cent):		
Continuing operations	0.03	(0.04)
Discontinued operations	-	(0.02)
Total operations	0.03	(0.06)

Basic and diluted loss per share are the same where the effect of any potential shares is anti-dilutive and is therefore excluded.

7. DISCONTINUED OPERATIONS

During 2021 the Group discontinued its sawmill and saw log operations, and in 2022 the Group disposed of its Lumberton Site. These operations and assets were reflected in the wood processing segment. The results of these businesses are disclosed as a single line item in the Condensed Consolidated Statement of Income in accordance with IFRS 5.

The subsidiary carrying out the sawmill and saw log operations has not been disposed therefore no gain or loss on disposal is applicable.

The analysis between continuing and discontinued operations is as follows:

Six months to 30 June 2022 (Unaudited)	Continuing operations US\$	Discontinued operations US\$	Total US\$
Revenue	-	-	-
Gross loss	-	-	-
Administrative expenses	(1,324,274)	2,856	(1,321,418)
Other income	-	-	-
Operating loss	(1,324,274)	2,856	(1,321,418)
Finance costs	3,151,471	(5,543)	3,145,928
Gain /(loss) before taxation	1,827,197	(2,687)	1,824,510
Taxation	-	1,395	1,395
Loss for the period	1,827,197	(1,292)	1,825,905
Cash outflows from operating activities	(1,337,753)	(71,190)	(1,408,943)
Cash outflows from investing activities	(1,412)	3,767,469	3,766,057
Cash inflows from financing activities	(6,918)	-	(6,918)

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

7. DISCONTINUED OPERATIONS (CONTINUED)

Six months to 30 June 2021 (Unaudited)	Continuing operations Restated US\$	Discontinued operations Restated US\$	Total Restated US\$
Revenue	-	636,241	636,241
Gross loss	-	(496,588)	(496,588)
Administrative expenses	(1,407,387)	(78,677)	(1,486,064)
Other income	364,631	46,547	411,178
Operating loss	(1,042,756)	(528,718)	(1,571,474)
Finance costs	(443,731)	(25,506)	(469,237)
Loss before taxation	(1,486,487)	(554,224)	(2,040,711)
Taxation	1,395	-	1,395
Loss for the period	(1,485,092)	(554,224)	(2,039,316)
Cash outflows from operating activities	(3,527,471)	36,870	(3,490,601)
Cash outflows from investing activities	(3,472,636)	(70,400)	(3,543,036)
Cash inflows from financing activities	8,075,208	(57,900)	8,017,308

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. Sawmill and saw log activities were discontinued during 2021 and the property was sold during 2022. The results for these activities are reported as discontinued operations and are accordingly 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. The comparative segmental information has been restated to align with the current reporting segments.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products or services.

Measurement of operating segment profit or loss

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.

ACTIVE ENERGY GROUP PLC

8. SEGMENTAL INFORMATION (continued)

Six months to 30 June 2022 (Unaudited)	CoalSwitch US\$	Wood processing US\$	Corporate & Other US\$	Total US\$
Revenue	-	-	-	-
Operating segment (loss)	(194,341)	-	(1,129,933)	(1,324,274)
Segment (loss) before tax	(194,362)	-	2,021,559	1,827,197
Tax credit/(charge)	-	-	-	-
Segment (loss) 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 & amortisation	-	-	709	709
Six months to 30 June 2021 (Unaudited)	CoalSwitch US\$	Wood processing US\$	Corporate & Other US\$	Total US\$
Revenue	-	-	-	-
Operating segment (loss)	(110,467)	(42,758)	(889,531)	(1,042,756)
Segment (loss) before tax	(216,463)	(42,758)	(1,227,266)	(1,486,487)
Tax credit/(charge)	-	1,395	-	1,395
Segment (loss) for the period	(216,463)	(41,363)	(1,227,266)	(1,485,092)
Total Assets	15,418,397	4,529,664	2,846,790	22,794,851
Total Liabilities	1,418,977	577,024	728,947	2,724,948
Other segmental information:				
Capital Expenditure	4,235,999	12,500	2,997	4,251,496
Depreciation & amortisation	-	36,000	554	36,554

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

9. INTANGIBLE ASSETS

	Goodwill US\$	Intellectual property US\$	Timber licences US\$	Total US\$
Cost				
At 31 December 2020	567,668	5,259,386	6,503,975	12,331,029
Additions	-	400,000	-	400,000
Written off	(567,668)	-	(6,503,975)	(7,071,643)
At 31 December 2021	-	5,659,386	-	5,659,386
Additions	-	430,214	-	430,214
At 30 June 2022	-	6,089,600	-	6,089,600
Accumulated amortisation				
At 31 December 2020	567,668	362	6,503,975	7,072,005
Amortisation charge	-	-	-	-
Written off	(567,668)	-	(6,503,975)	(7,071,643)
At 31 December 2021	-	362	-	362
Amortisation charge	-	-	-	-
At 30 June 2022	-	362	-	362
Net book value				
At 30 June 2022	-	6,089,238	-	6,089,238
At 31 December 2021	-	5,659,024	-	5,659,024

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

Recoverability of intellectual property assets is dependent on successfully commercialising CoalSwitch®, which is subject to a number of uncertainties including the ability of the Group to access financial resources to develop the projects and bring the product to economic maturity and profitability. Management determined that no impairment was required. Management will continue to monitor the recoverability of these assets.

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

10. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings US\$	Plant and equipment US\$	Furniture and office equipment US\$	Total US\$
Cost				
At 31 December 2020	4,281,829	6,573,255	10,349	10,865,433
Additions	-	3,954,965	2,979	3,957,944
Disposals	-	(872,079)	-	(872,079)
Transfers	210,220	(337,444)	-	(127,224)
Foreign exchange differences	-	-	(158)	(158)
At 31 December 2021	4,492,049	9,318,697	13,170	13,823,916
Additions	-	325,357	1,414	326,771
Disposals	(4,492,049)	(102,922)	-	(4,594,971)
Foreign exchange differences	-	-	(1,426)	(1,426)
At 30 June 2022	-	9,541,132	13,158	9,554,290
Accumulated depreciation				
At 31 December 2020	165,977	246,366	9,449	421,792
Charge for the year	128,366	116,788	1,264	246,418
Impairment charges	-	2,000,000	-	2,000,000
Disposals	-	(229,907)	-	(229,907)
Transfers	(96,343)	(30,881)	-	(127,224)
Foreign exchange differences	-	-	(116)	(116)
At 31 December 2021	198,000	2,102,366	10,597	2,310,963
Charge for the period	18,000	556	709	19,265
Disposals	(216,000)	(102,922)	-	(318,922)
Foreign exchange differences	-	-	(1,121)	(1,121)
At 30 June 2022	-	2,000,000	10,185	2,010,185
Net book value				
At 30 June 2022	-	7,541,132	2,973	7,544,105
At 31 December 2021	4,294,049	7,216,331	2,573	11,512,953

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

Recoverability of plant and equipment assets is dependent on successfully commercialising CoalSwitch®, which is subject to a number of uncertainties including the ability of the Group to access financial resources to develop the projects and bring the product to economic maturity and profitability. Management determined that no impairment was required. Management will continue to monitor the recoverability of these assets.

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

11. TRADE AND OTHER RECEIVABLES

	30 June 2022 Unaudited US\$	31 December 2021 Audited US\$
Project advances	774,668	1,190,315
Retained proceeds on sale of property	150,000	-
Other receivables	13,342	438,644
	<u>938,010</u>	<u>1,628,959</u>

No impairment provisions have been raised against trade and other receivables. Retained proceeds on the sale of the Lumberton Site have been received post period end.

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

12. TRADE AND OTHER PAYABLES

	30 June 2022 Unaudited US\$	31 December 2021 Audited US\$
Trade payables	241,279	775,709
Social security and other taxes	59,496	63,682
Accruals and deferred income	501,407	232,639
Other payables	150,000	150,000
	<u>952,182</u>	<u>1,222,030</u>

Accruals includes amounts relating to Ashland construction costs which have not yet been invoiced.

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

13. NET CASH

	30 June 2022 Unaudited US\$	31 December 2021 Audited US\$
Cash and cash equivalents	4,097,214	1,940,871
Loans and borrowings	(153,227)	(157,944)
	<u>3,943,987</u>	<u>1,782,927</u>

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

14. SHARE CAPITAL – ORDINARY SHARES

	Number of shares	US\$
Allotted, called up and fully paid shares of 0.01p each		
At 1 January 2021	1,541,178,043	219,436
Issue of shares	4,124,031,702	567,431
At 31 December 2021 and 30 June 2022	<u>5,665,209,745</u>	<u>786,867</u>

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 period, the Group paid US\$37,520 to INJ London Ltd for sales and marketing services (H1 2021: US\$8,680). This company is owned by Max Aitken.

At 30 June 2022, the Directors had US\$91,667 of unpaid salary and fees (H1 2021: Nil). These fees have subsequently been paid.

Transactions between the Company and its subsidiaries, which are related party transactions, have been eliminated on consolidation. These transactions, which are incurred in the ordinary course of business and under normal commercial terms, are substantially the same in nature as those disclosed in the Annual report and Accounts at 31 December 2021.

16. CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2022 (31 December 2021: Nil).

17. SUBSEQUENT EVENTS

On 5 August 2022 the Company commenced trading its ordinary shares on the OTCQB Venture Market in the United States of America under the ticker symbol "ATGVF".

On 10 August 2022, Andrew Diamond resigned as a director of the Company.

ACTIVE ENERGY GROUP PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

	30 June 2022 Unaudited US\$	30 June 2021 Unaudited US\$
Gain /(loss) for the period	1,825,905	(2,039,316)
Adjusted for:		
Share based payment expense	188,062	76,811
Depreciation	19,265	164,323
Gains on disposal of right of use assets	-	(49,884)
Gain on redemption of CLNs	-	(411,177)
Profit on disposal of property, plant and equipment	(292,020)	-
Foreign currency translations	(2,999,405)	(292,176)
Finance expenses	7,876	110,017
Income tax	(1,395)	(1,395)
	<hr/>	<hr/>
	(1,251,721)	(2,442,797)
Decrease / (increase) in inventories	27,250	(3,841)
Decrease in trade and other receivables	85,376	186,648
Decrease in trade and other payables	(269,848)	(1,230,611)
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,408,943)	(3,490,601)

19. COPIES OF THE INTERIM FINANCIAL STATEMENTS

Copies of the Consolidated Interim Financial Statements will be made available on the Company's website at www.aegplc.com.