

Strength:

The company have various strength in the intellectual property right of a Promising BIOMASS product (Competent Fuel (Calorific value, emissions reductions) that can be easily stored, and that complement coal while reducing emission

AEG has a diverse market including direct sales (to Biomass buyers such as Coal energy producers), Licensing (The technology used, can be an alternative energy solution for agriculturally dependent countries or regions) and the product can be sold to a panel of Customers and Partner in form of derivative product.

Another positive benefit of AEG is the Scalability of the Fuel Facility installation, the joint venture with PDI can benefit the company's expansion strategy as they will be able to grow rapidly should the product gain market acceptance. Additionally, Coals with products are Interchange with Coal making it an easy alternative to an unpopular source of energy

Another strength of the company is the recent acquittance of a Permit approved (2020), to use waste woods will allow them to locate near the supplier, and use waste feedstock, raw material available easily.

According to the board, statement, AEG is seeing unprecedented demand due to independent test results demonstrating the superior qualities of Coal Switch. The new acquired a text demand of 9T from a major clients (New PacifiCorp, part of Berkshire Hatheway Energy, a respectable energy group)

The sale of Lumberton Site (2021) has generated cash to enhance operation and production on other sites.

Weakness

The company also faces some challenges such as the reluctant Coal-fired power producer and has to date no commercialization or Bulk production of their product. (Product is *Laboratory and in-house testing only*) Additionally, the marketing resources in-house are limited (No understanding and gravitas in both the power and timber sectors)

Additionally, the company have no source of revenue to date (They have stopped their Sawmill and Sawlog activity which was generating 1.9 GP) to focus on the Coal switch.

A large amount of dept. as per *their presentation of Financial Statements to disclose material uncertainties relating to an entity's ability to continue as a going concern. The company is facing a lack of financial resources for continuing projects and productions.*

Accounts:

Balance sheet restructuring of the Convertible Loan Note ("CLN") to restructure the indebtedness.

P&L, in \$, because operation in the US while listed on AIM (UK)

Flat revenue, 1.8M

2019: Sales and Revenue same (No COGS, why sold the plant and cease operation)

2020: Loss of 8.7M, Finance cost 1.3M (dept)

2020: Impairment charges (Intangible asset) due to timber license.

2020 Sales \$1 of sales cost \$1.62

Admins expenses went down from 2.7 to 1.7

Balance Sheet:

Non-current asset (from \$19.9 in 19 to \$16.6 in 20)

Borrowed 22.5M in CLN to fund Intangible Asset (5.2) and Plant (10.4)

Asset (Cash 1M, 2.4 Total) Liabilities (24.8M)

Audit report: Material uncertainty related to going concerned.

Dependent on fundraising. CLN: Bond/Loan convertible to equity but with securities.

Very high risk. Directors, illegal to trade if not a going concern

Cash Flow:

Negative cash flow (in 2020 as compared to 2019)

<p>Opportunity</p> <p>According to an interview with the CEO, the company is aiming for a NASDAQ OTC listing (London South East, 2021)</p> <p>Reference: London South East, (2021). Active Energy Group senior management present at London South East's April Webinar [Online] https://www.youtube.com/watch?v=OIvGI4khil (Accessed 12 May 2022)</p> <p>According to an article from the financial times (2022), disturbance Gas supply (Alternative energy prices are climbing) can encourage investors to find profitable local options.</p> <p>Reference: Financial times (2022) Gas price rises creating 'national crisis' in the UK, energy companies warn [website] https://www.ft.com/content/55fcab59-ef29-4175-8532-a3ec7c7b5f95 (Accessed 12 May 2022)</p> <p>The company is aiming to Breakeven 2021 when the Lumberton site become operational</p> <p>Penny markets are risky but for a noble cause, many investors can have a buying approach to a company that proposed both an alternative source of renewable energy and a way to recycle waste. Additionally, recent studies show that the demand for BIOMASS trending up while Coal prices falling (EIA, 2017)</p> <p>Reference: EIA (2017). EIA projects a 28% increase in world energy use by 2040. [Website] https://www.eia.gov/todayinenergy/detail.php?id=32912 (Accessed 14 May 2022)</p> <p>The change in political climate due to the Change in US politics (Trump to Biden administration) can also benefit the company in the long term.</p>	<p>Treats</p> <p>The company also faces some challenges such as the reluctant coal-fired power producer and the Legislation (around Coal subproduct) There is also some Political and regulatory uncertainty and delays/refusals regarding permits (<i>NC DEQ has suspended construction of components of the Lumberton plant</i>).</p> <p>Reactor failed in Ashland Facility</p> <p>"Notice of intent to sue" letter from the Southern Environmental Law Center (the "SELC") alleging that the Company is discharging wastewater without the required permits from its Lumberton property in North Carolina.</p> <p>Unstructured approach to funding. <i>"Political and regulatory uncertainty and delays or refusal in granting permits"</i></p>
<p>Business Risk</p> <p>= Standard deviation of EBIT / Mean EBIT Sales volatility = Standard deviation of Sales / Average sales Operating Leverage = Fixed cost/ (Fixed cost + Variable cost) Debt-equity ratio = Long term debt/Equity</p>	<p>Financial risk</p> <p>Additional volatility of equity returns (ROE) Measured using balance sheet ratios</p>