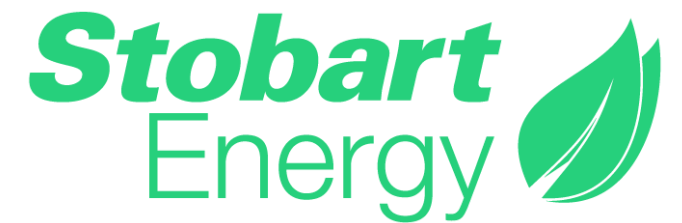


Investor day

November 2021



Management team



Nick Dilworth

SE EXECUTIVE DIRECTOR

- Appointed Chief Operating Officer in September 2018, having worked as Group Commercial Director since October 2017
- Qualified as a Chartered Accountant with BDO LLP before joining Grant Thornton as a Corporate Financier



Richard Jenkins

CEO

- C.1.5 years with Stobart Energy
- Responsible for overall leadership of the Division, development and delivery of growth strategy
- +20 years experience in the Waste and EfW industry, working with Viridor and Suez



Gareth Aylward

FINANCE DIRECTOR

- C.1.5 years with Stobart Energy
- Responsible for leadership of the Finance, People and Continuous Improvement teams
- +10 years experience in senior Finance and M&A roles with Ornuu, Investec Bank plc and KPMG



Neil Spencer

COMMERCIAL DIRECTOR

- C.2 years with Stobart Energy
- Responsible for service delivery, contracts & strategic relationships with renewable fuel customers
- +15 years experience in the Waste, Local Authority and EfW industry, working with Viridor and Merseyside Waste Disposal Authority



Alan Whitrow

OPERATIONS DIRECTOR

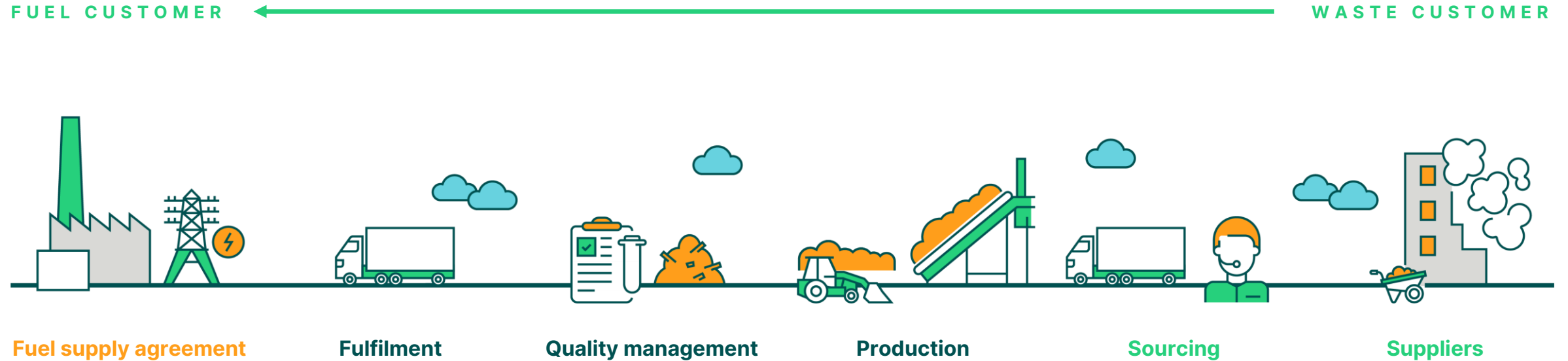
- C.5 years with Stobart Energy
- Responsible for safe and efficient running of all processing and storage sites throughout the UK
- Started career with HMF British Army, with +25 years experience in various operational and manufacturing roles within the waste wood industry

Employees: c.320 in total, including c.140 HGV Drivers and c.80 Site Operations staff

Culture: Ownership, Empowerment, 'Solutions' mindset, 'Straight talking', 'No Ego's'



Stobart Energy: Value chain



Evolution of wood biomass market

Biomass energy market evolved through legislative and financial policy from Government to act as enablers for development:

Policy

- Landfill Directive drove targets to reduce biodegradable waste to landfill and reduce greenhouse gas emissions (predominantly methane).
 - Energy policy to move towards renewable energy sources and away from fossil fuels.
-

Financial

- Landfill Tax escalator to fiscally change economics of landfill disposal.
 - Renewable Obligation Certificates – Energy subsidy for renewable energy to support investment in infrastructure (Biomass, CHP, AD).
-

Investment and development of Renewable Biomass projects

- Private Finance investment focused on renewable energy to enable development of biomass plant – ROCS key driver as secure revenue.
 - Most plants are Private Finance Structured with SPVs securing financial close with risk transfer to EPC, O&M, Fuel Supply Contracts.
 - Some plants developed by Energy Companies (E.ON, RWE) or high energy users (Shotton paper).
 - Financial close led to plant development and commissioning.
 - Timeline - Financial close 2013/2014 with planned commissioning 3 years later post build.
 - Troubled commissioning programme delayed some Biomass plants.
-

Evolution of wood biomass market

Stobart Energy identified the fuel supply opportunity and structured a renewable fuel supply service through this

Market opportunity

- Development of strategic network of waste wood Biomass plants provided alternative outlet from high grade recycling, export to Europe or landfill.
- Smaller number of forestry by product Biomass plants developed.
- Due to Private Finance structure Biomass plants required long term supply contract.

Fuel supply agreements

- Stobart Energy identified the opportunity to secure exclusive long-term supply into Biomass plants – new scaled market (plants from 85 -300k MT p.a.).
 - Strategic aim to become #1 waste wood Biomass supplier in market.
 - Stobart Energy structured a waste wood renewable fuel supply service through the contracts secured with the Biomass plants.
 - Fuel Supply Agreements set an agreed indexed linked price paid to Stobart Energy under the contract.
 - Current plant status of facilities supplied by Stobart Energy are all commissioned and moving towards plant optimisation.
 - Stobart Energy 38% shareholder in Widnes Biomass Plant.
-

Overview of waste wood market

- In 2019 it is estimated that waste wood arisings were 4.52Mt of which 3.89Mt was segregated from residual waste with 2.55Mt treated for energy recovery.
- Current estimates for tonnages in 2020 are outlined below, which show a broadly similar picture as 2019.

Waste wood demand

Demand (m'MT)	2019	2020
Biomass	2.55	2.60
Panel board	0.98	1.00
Other recycling	0.23	0.36
Export	0.13	0.09
Total	3.89	4.05

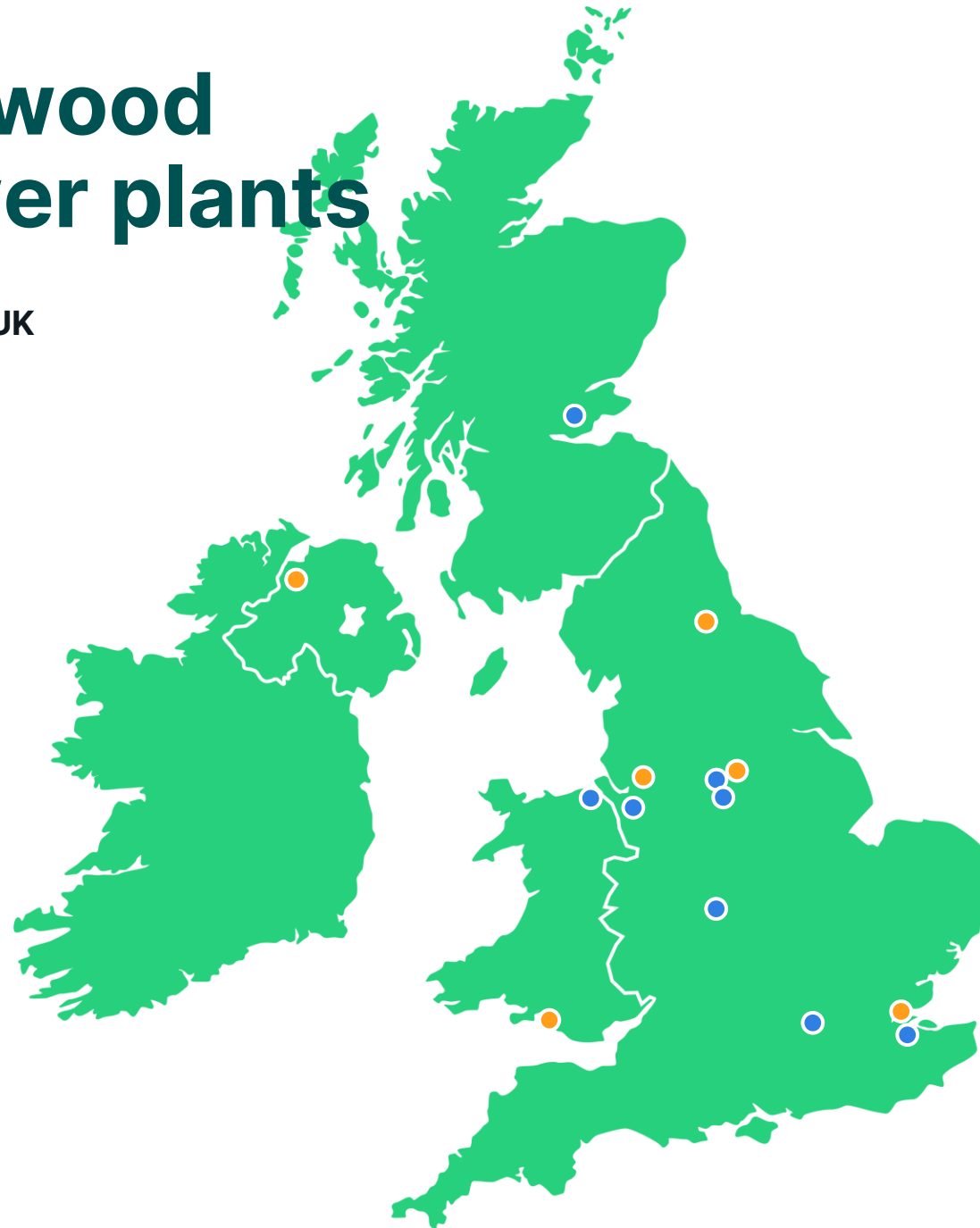
Waste wood supply (m'MT)



Major waste wood biomass power plants

Waste wood Biomass network in UK

- Supplied by Stobart Energy
- Supplied by others



Key waste wood biomass power plant customers



Long-term supply contracts linked to ROCs

Ownership changes in the market to longer term biomass asset owners



Post ROCs

Risk & Opportunity

- Waste wood will require treatment
- Future incentive (BECCS/Hydrogen/ Subsidy)
- Asset life with investment post 2037
- Ability to switch supply chain to alternative facilities

Storage & Processing Sites

Stobart Energy has invested over £32m in its infrastructure to deliver fuel supply capability.

Waste wood storage

Manages seasonal feedstock supply through to consistent annual offtake.

- Enables the mitigation of risks associated with supply obligations during the 'Winter' months.
- Enables optimisation of Gate Fee revenue during the 'Summer' months.

Storage sites

Capex investment: c.£12 million

Locations: 6x; Tilbury (2), Widnes, Rotherham
Pollington, Port Clarence

Storage capacity: up to 100k MT

Fuel processing

Manages an inconsistent waste feedstock through to a consistent high quality fuel.

- Enables the mitigation of risks associated with supply obligations (consistent fuel spec, etc).
- Enables optimisation of Gate Fee revenue via stronger supply market share.

Processing sites

Capex investment: c.£20 million

Equipment: Tilbury 1, Widnes, Rotherham
Port Clarence, Pollington

Annual capacity: over 700k MT p.a.

Strategic Supply Network

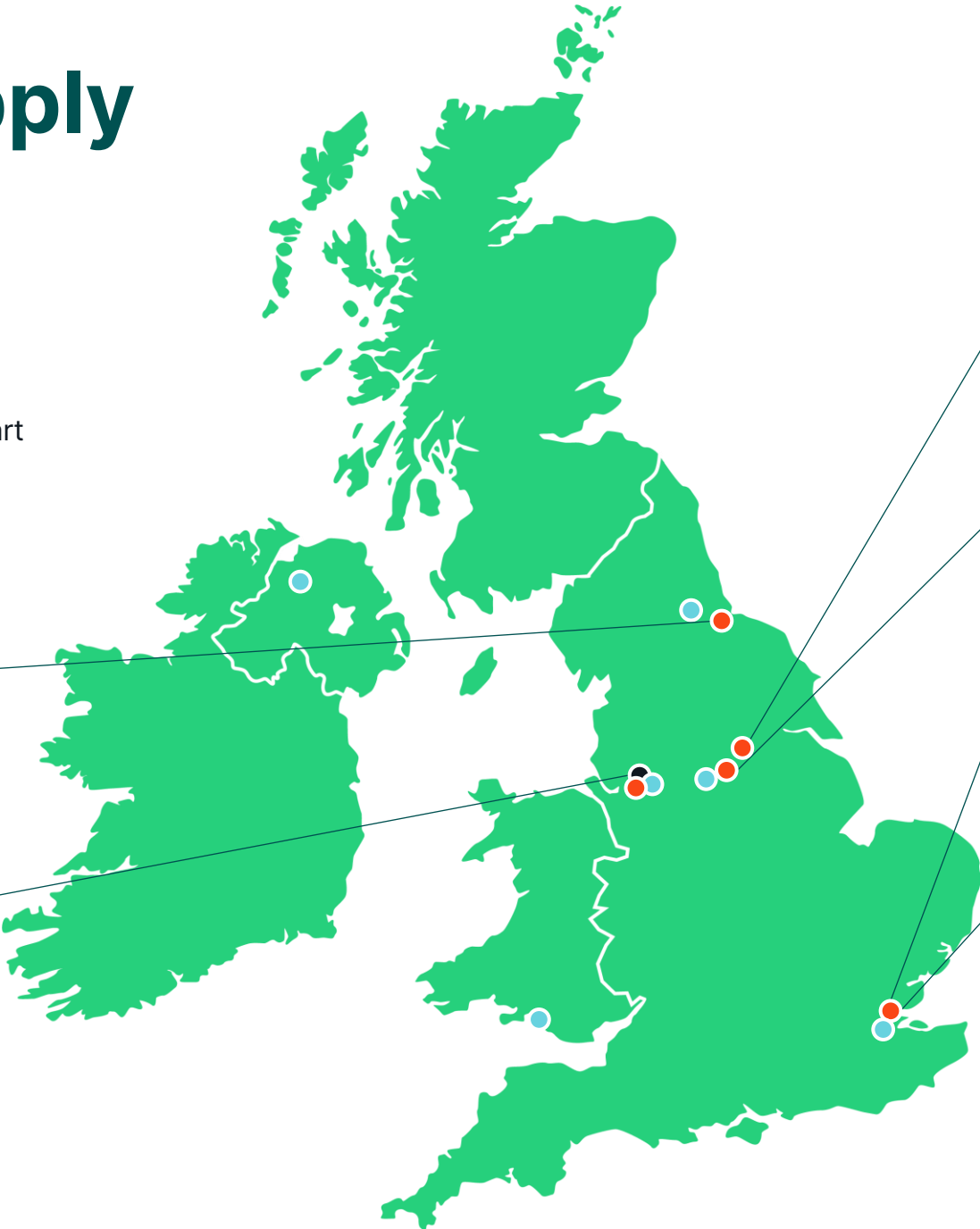
- Stobart Energy Head Office
- Stobart Energy processing sites
- RCF biomass plants supplied by Stobart

Port Clarence processing & storage

Processing capacity: 75k tpa
Permitted storage: 23k t
Quayside – import/export

Widnes processing & storage

Processing capacity: 125k tpa
Permitted storage: 14.5k t



Pollington processing & storage

Processing capacity: 80k tpa
Permitted storage: 30k t

Rotherham processing & storage

Processing capacity: 90k tpa
Permitted storage: 7.75k t

Tilbury 1 processing & storage

Processing capacity: 280k tpa
Permitted storage: 2.75k t

Tilbury 2 processing & storage

Processing capacity: 50k tpa
Permitted storage: 22k t

Storage and processing sites



Fuel Quality Management

Dedicated fuel quality expertise

- Fuel delivered to each customer **must meet a specific specifications**. Each supply arrangement has a different specification.
- Stobart Energy have a **dedicated Fuel Quality Team** with five on site laboratories to enable proactive management of fuel quality
- Parameters include particle size, moistures, bulk density and chemicals.

Embedded fuel quality management systems

- A fuel **quality management system is embedded** across the business at all processing sites and with third parties ensuring fuel quality meets requisite specifications maximising plant performance.
- **Significant testing and sampling data** and expertise places Stobart Energy as the market leading technical biomass fuel expert.
- Feedback between fuel quality and operations drives **continuous improvement to our fuel production processes**.

Customer-centric approach

- Work closely with customers to **manage quality risks and opportunities**.
- Ensure fuel delivered to customers is of the right quality.

Bulk Haulage Fleet

Stobart Energy's bulk haulage capabilities provides the critical service of aggregating wood and ensuring fulfilment of fuel orders and commitments to the biomass plants.

- **145 strong vehicle fleet predominantly artic with walking floor trailers located across 14 operating depots in the UK travelling c. 9m miles per annum.**
- **Fleet allocation focuses on Stobart Energy service delivery providing haulage services as below:**
 - Stobart Energy waste wood customers to processing sites.
 - Stobart Energy processed customers to biomass plants.
 - Stobart Energy processed fuel to biomass plants.
- **Utilisation of Stobart Energy fleet in this way provides a competitive advantage:**
 - Service provision is a complete service offering that few can match.
 - Stobart Energy + Strategic Partner's combined scale is a significant barrier to entry.
- **Stobart Energy has been impacted by the national driver shortfall as per every haulier in the UK.**
 - Undertaken pay awards in 2021 to reflect changing market conditions.
 - Continue to offer secure employment with long-term contracted service offering.
- **ESG is part of the thought process as Stobart Energy assess fuel changes through the next decade.**

Breadth & scale of transport network

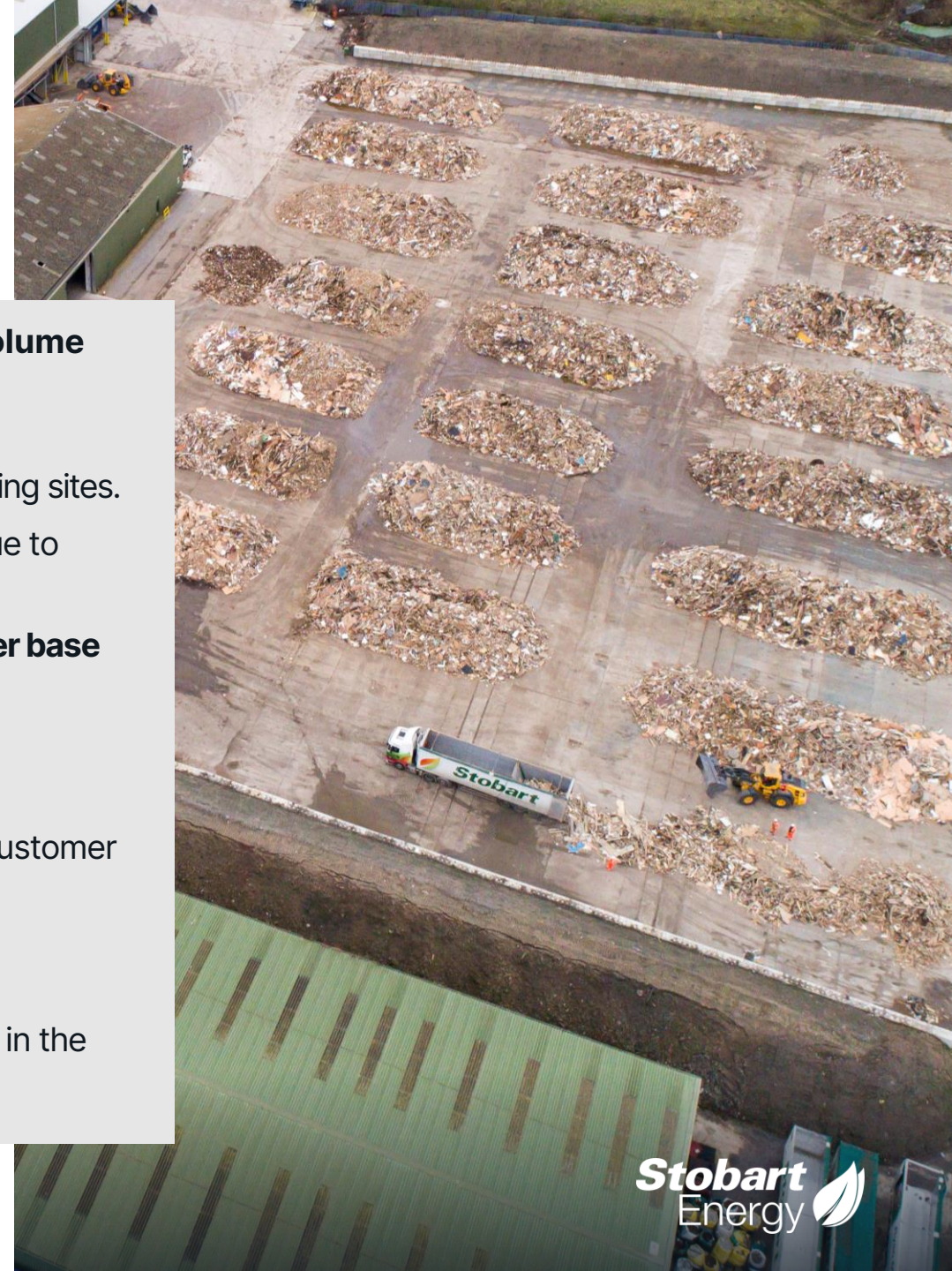
- Stobart Energy transport depots - owned
- Stobart Energy transport depots – third party



Waste wood supply chain

Waste Wood arisings are sourced via the waste sector with predominant volume arising via the construction sector and household waste recycling centres.

- Stobart Energy **offer economic recovery model for the treatment of waste wood** historically disposed of to landfill charging a gate fee for waste wood at its processing sites.
- **Gate Fees are the rate paid by the customer** base and vary between regions due to arisings and demand capacity.
- Stobart Energy able to provide a comprehensive service to **350 strong customer base** with a market leading solution:
 - Integrated haulage, treatment and recovery service (aggregation model).
 - Recovery solution through its long-term contracts.
 - Significant storage and processing capacity at strategic sites supporting customer service.
 - Centralised procurement team focused on sourcing volume and managing relationships.
 - Customer base ranges from tier 1 operators to owner operator businesses in the sector.



Processed fuel supply chain

In addition to accepting unprocessed waste wood, Stobart Energy procures processed fuel from third party suppliers to meet the contractual demand requirements.

- Securing processed material has been developed to support fulfilment of demand through two scenarios built upon the control of biomass capacity in the UK.
- Processed material is bought on the market and therefore a margin is derived between purchase price and base price.

Scenario 1 – Back to back sub contract supply (c.410k tpa) for 2 biomass plants with no SE processing capacity



Scenario 2 – Supplementary volume (c.275k tpa) over and above SE volume to meet demand at three biomass plants



Forestry by products supply chain

Stobart Energy supply c.500,000 tonnes of forest by product and arboricultural blends to specialist biomass power plants.

- 350,000 tonnes is supplied by our strategic partner AW Jenkinson Forest Products with Stobart Energy managing the contract, and customer relationship.
- Stobart Energy also deliver 150,000 tonnes of arboricultural residues and wood fuel to customers including 30,000 tonnes to a Power Plant in Thetford, Norfolk.

Forest By-Products are largely a combination of arboricultural residues, branches and bark residues from harvesting and timber sector residues sourced via:

- managed woodlands
- sawmill & timber sector

Customer power plants benefit from ROCs or Renewable Heat Incentives (RHI) and are designed to optimise the energy production from the blend of the lower quality residue fuels.

Rothes

Virgin wood chip: 24ktpa
A-grade waste wood: 16ktpa

Speyside

Roundwood: 30ktpa
Forest residues: 15ktpa

Iggesunds Holcium

Biomass blend: 170k tpa

Cramlington

Biomass blend: 97ktpa
Inc. Arboricultural residue,
chip, bark, pre-consumer
waste wood

Added value and risk management

RISK



Seasonality risk

Fuel consistency risk

Geographic supply risk

RISK MANAGEMENT

- Six storage sites
- Strong market share
- Strategic partnership

- Six processing sites
- Operational expertise
- Fuel quality team

- 145 HGV fleet
- Supply chain expertise
- Strategic partnership

ADDED VALUE

- Optimise summer gate fees
- Grow market share, emphasis on South-East market

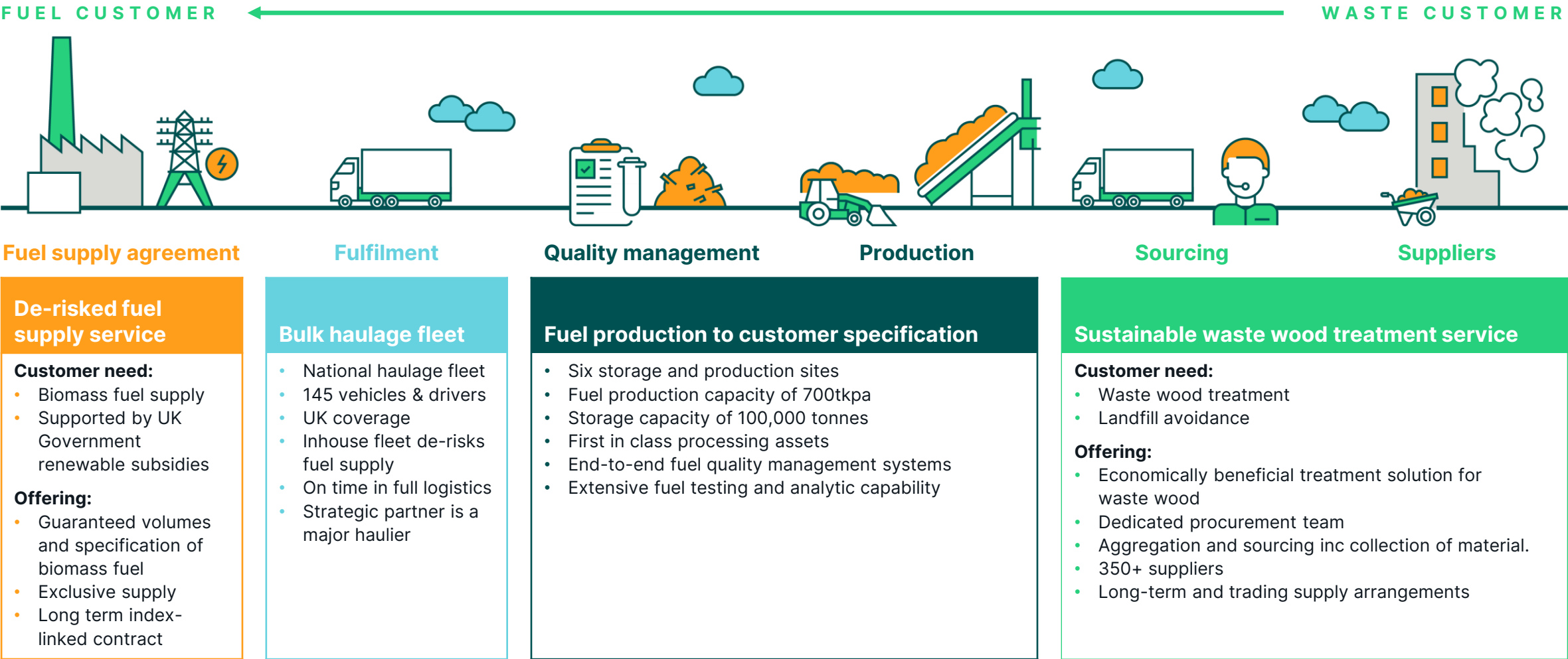
- Optimise plant efficiency
- Customer centric approach

- Optimise South-East market share for nationwide supply
- Most reliable transport service

Stobart Energy's investment in infrastructure of scale combined with supply chain expertise, delivers a de-risked fuel supply for customers, creating sustainable value-add.



Stobart Energy: Value chain



Covid 19 Impact: Resilient Performance



**Culture Optimisation &
Leadership Engagement**



**Winter Supply Strategy
& Risk Mitigation**



**Cost Disciplines
& Restructuring**



**Cash Management
& Capex Deferrals**



**Strengthened Customer
Relationships & FSA Resets**



**Strategic Partnership
Management**



**Gate Fee
Margin Recovery**



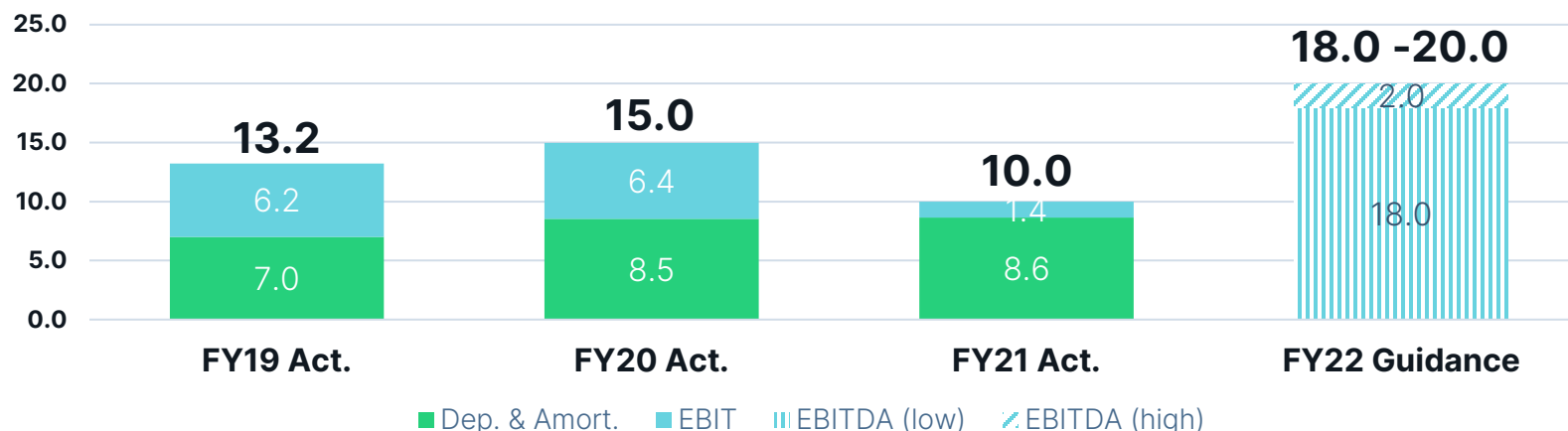
**'POP's' – Profit
Optimisation Projects**

Strong focus on leadership behaviours and team performance in FY21 has positioned Energy for sustainable performance delivery & financial results in FY22 and beyond.

Key performance indicators

CAGR
(FY19-22)
Low – High Range

**EBITDA /
EBIT
(£'m)**



**EBITDA
c.11-15%**

**Tonnes
Supplied
(m'MT)**

1.3m

1.5m

1.4m

1.5m

c.4%

**EBIT
(£/MT)**

£4.6
per MT

£4.3
per MT

£1.0
per MT

£6.9⁽¹⁾
per MT

c.17%⁽¹⁾

Source: Esken Annual Reports, Companies House accounts. ⁽¹⁾ H1 FY22 Interim Statement ((£9.1m EBITDA - £4.2m D&A) / 706k MT)

Maturing levels of profitability reached in FY22.

**Well invested infrastructure with replacement Capex only (5 Yr Ave. c.£6-8m p.a.)
for existing Core business.**



Strategy roadmap

Opportunities to deliver a diversified renewables business

- Resilient earnings
- Strengthen core business
- Diversified and balanced biomass and waste portfolio

Diversification

Service Development

- Expand into adjacent markets. For example, waste to energy fuel supply.
- Leverage aggregation, fuel production and haulage capabilities alongside existing asset base and customer list.
- Acquisition, asset development and new fuel supply contracts present routes to delivering service development into attractive markets.

Core plus

Biomass Market Consolidation

- Secure new supply into existing plants
- Acquisition
- Develop by-product services

Core

Optimisation of Biomass Core Business

- Increase Stobart Energy Market Share
- Gate Fee Management and supply chain control
- Optimised Capex Programme
- Cost control

Attractiveness of Stobart Energy

- ✓ **Key part of the UK's renewable energy agenda**
- ✓ **Long term contracted indexed linked earnings**
- ✓ **Strong barriers to entry with contracts, sites and haulage capabilities**
- ✓ **Operational expertise in fuel production, haulage and supply**
- ✓ **Leading market share in biomass supply and wood waste management**
- ✓ **Risk management expertise, delivering de-risked value for stakeholders**
- ✓ **Reaching mature levels of profitability with demonstrated resilience and de-risked cashflows**
- ✓ **Experienced leadership team**
- ✓ **Well invested platform of scale, well positioned to grow into broader EfW supply market**

