



C L E A R

C A P I T A L M A R K E T S

IPO Opportunity in the Clean Energy sector - February 2021

Report written by Clear Capital research

Mast Energy Developments (MED)



Clear Capital Markets is providing its clients with a unique opportunity to invest in high growth reserve power plants in the UK.

Mast Energy Developments will be issuing up to 44,320,000 shares to raise up to £5.5M to immediately begin producing power and its own cash flow and fund current opportunities (within 2 months of IPO)

Key Information

Company	Mast Energy Developments (MAST.L)
Market Capitalisation post-IPO	£23,500,000
Funds Required	Up to £5,500,000
Placing Price	12.5p
Founder Shareholding	75%
Public Shareholding	25%

About Mast Energy Developments

MED is a private UK registered company targeting the development and operation of flexible power plants to service the Reserve Power generation market and balance out the national grid at critical times. Its business strategy is to develop the Company’s portfolio of existing flexible power plants and to complete the acquisition of additional near production flexible power plants, that already form part of the same portfolio of small-scale power generation assets. Various “shovel ready” sites have already been identified in the UK, capable of sustaining gas fired power generators and ancillary structures from 5MW upwards. Financial modelling indicates projected IRRs of 13-16% and NPVs of GBP16-19 million for the initial assets.

MED, currently a 100% subsidiary company of Kibo Energy Plc and the 100% holding company of Sloane Developments Ltd ("Sloane"), is seeking Admission to the Official List of the London Stock Exchange.

Admission will be accompanied by an Initial Public Offering, which will seek to raise sufficient funds to acquire and develop a portfolio of flexible power plants in the UK and become a multi-asset operator in the rapidly growing Reserve Power market. Kibo intends to maintain a strategic interest in MED post the initial fundraise and Admission of at least 55% ensuring continued upside from future developments.

Mast Energy will be a leading provider of Reserve Power in the UK.

What is Reserve Power?

Reserve power (RP) is the process of timing energy supply so it can be used during periods of peak demand.

- Smaller grids can only manage smaller power plants, requiring peaking plants to be installed in areas of need.
- RP plants are distinct from other types due to specific characteristics:
 - Small gas-fired power plants less than 50MW in size (diesel also possible but produces high emissions)
 - Dispatchable (can be turned on and off quickly to generate power on demand)
 - Essential for when system needs additional power quickly due to loss of generation or due to increase in demand
 - Able to supply power rapidly (reaction time of under 10 minutes)
 - Able to run for long periods continuously
 - Operate for limited number of hours per year (approximately 1000)
- Plants comprise multiple small reciprocating engine gensets (1.5-4MW) housed in containers that include noise abatement and control systems.
- Plants are unmanned with remote dispatch of gensets through data connection.

Why Reserve Power?

- A Clean and Stable Solution
- Multiple Reserve Power Revenue Streams
- Growing Demand
- Supportive Regulatory Regime
- Limited Risk
- Alternative Flexible Generation Sources

The Clean Energy Market

According to the latest market study on “[Clean Energy Market Forecast to 2027](#) COVID-19 Impact and Global Analysis by Type (Hydro and Ocean Power, Solar Energy, Bioenergy, Geothermal Energy, and Wind Energy) and End User (Residential, Commercial, and Industrial)” the market was valued at US\$ 788.36 million in 2019 and is projected to reach US\$ 1,229.74 billion by 2027; it is expected to grow at a CAGR of 13.0% from 2020 to 2027.

Stocks in the Clean Energy sector have exploded in the past 12 months. The chart below is an Exchange Traded Fund focused on the Clean Energy sector. From the March lows in 2020 the value of the shares has increased over 320% to reach highs of 26.17.

The fund is made up of some of the largest clean energy companies across the globe. The largest holdings in the fund include Plug Power, Enphase Energy, Verbund, Meridian Energy, Siemens Gamesa Renewable Energy, Ormat Tech, DAQO New Energy, First Solar and Vestas Wind.



Source: Tradingview.com

Comparable Listed Companies

We have highlighted some junior market comparables in the UK, which we believe Mast Energy Developments could emulate over the coming months. Below is a summary of Pineapple Power, Powerhouse Energy & Invinity Systems.

Pineapple Power Corp

Pineapple Power Corp. Plc operates as a special purpose acquisition company. It is formed for the purpose of acquiring a company or business in the clean and renewable energy sectors that it would develop and grow.

Market Capitalisation: £4.93 Million



Source: Tradingview.com

Pineapple Power has enjoyed a strong start to its life as a listed company. The price has risen over 300% from the lowest price seen on the first day of trading. After a small correction the shares are again picking up momentum and could challenge a break above the recent high at 14.50p.

Powerhouse Energy

PowerHouse Energy Group Plc designs, delivers, and licenses plastic regeneration processes to generate clean energy. It's product that allows for the regeneration of plastic to power and hydrogen is the Distributed Modular Generation.

Market Capitalisation: £278.58 Million



Source: Tradingview.com

Powerhouse has been around a lot longer than the other two companies. After a mixed few years, the shares came to life at the end of 2019 and have been an impressive performer over the past 12 months. The shares are trading

just short of their 12 months highs and with the momentum in the sector showing no sign of slowing, a move to new highs cannot be ruled out.

Invinity Energy Systems

Invinity Energy Systems Plc manufactures vanadium flow batteries for the large-scale energy storage requirements of businesses, industry, and electricity networks. It is developed specifically for high-utilization applications that make low-carbon renewable generation. The company serves off-grid energy, commercial and industrial and grid services industries.

Market Capitalisation: £178.82 Million



Source: Tradingview.com

Invinity Energy Systems is less than 12 months into its life as a listed company and has impressed so far. The shares are just shy of the 12-month highs and there is no sign of this slowing. We expect the bullish trend to continue.

Latest News from Mast Energy Developments

Parent company Kibo Energy Plc announced on the 28th January 2021 that it had approved the Pathfinder Prospectus and commencement of roadshow and fundraise.

CEO of Kibo Energy, Louis Coetzee said *"Completion of the pathfinder prospectus and commencement of the roadshow brings the stated objective of listing on the LSE closer. This at a time when significant growth opportunities are available in the rapidly growing Reserve Power market to realise value for all stakeholders, as demand for Reserve Power in the UK increases."*

"Following the LSE Admission of MED, MED and Sloane will be in a position to develop its portfolio at scale and pace, as opposed to a project-by-project basis and advance rapidly towards significant revenue generation. Upon successful completion of the IPO, Sloane will be in a position where it expects to have c.9MW in immediate production and c.20 MW in production within the first six months from listing and adding another c.20 MW in production over the next 6 months. The additional production capacity for the first c.20MW will come from Bordesley and 2nd acquisition sites, as well as the 3rd acquisition, announced on 28 October 2020. The capacity for the 2nd c.20MW is expected to come from a significant project pipeline, currently in an advanced stage of development".

"This is an exciting period for both MED, Sloane and Kibo and we look forward to providing additional updates on further progress made."

Key Investment Points

- MED will acquire and develop a portfolio of flexible, small scale, multiple Reserve Power generation plants throughout the UK producing 300 MW of safe and clean power through natural gas.
- 5MW of power generated is worth approx. £25k of free cashflow (FCF) to the company per month.
- The company is potentially in a position to begin generating power and revenue soon after IPO.
- The target is to reach 100 MW by the end of the year, if reached this translates to £500k of free cash flow per month.
- The power generated will be fed into the National Grid to contribute to stable electricity provision.
- Locked in Offtake and EPC agreements secured, guaranteeing floor pricing.
- Exclusive rights to purchase shovel-ready sites.
- A clean and stable power solution.
- Growing global demand.
- Comparable companies have enjoyed explosive growth in recent months.
- Initially the stock has the potential to be a growth play as they develop more power plants. When at capacity it has the potential to start paying dividends.

Key Investment Risks

- Delays in bringing sites online.
- Future drops in energy prices.
- Similar companies taking market share.
- Failure to negotiate take-off agreements for future plants.
- Stock market volatility.
- As its an IPO no way to gauge liquidity.
- Downgrades of company or Sector.
- Site closures and disruption due to Covid-19.

Summary

We are excited to provide our clients with this opportunity to invest in the Initial Public Offering of Mast Energy Development.

The sector is extremely popular at present and we believe the enthusiasm towards the sector is going to remain for the foreseeable future.

Why Clear Capital Markets?

As a company our mission is to combine regular old-fashioned stockbroking services with more complex sophisticated products and strategies historically only available to institutions. We aim to introduce these to clients in order to create well balanced proactively managed portfolios.

We offer bespoke advice and strategies that are tailored to each individual client, from long term investment advice and portfolio creation to short term trading ideas, or a combination of both.

Clear Capital Markets provides research, advisory and execution only services on multiple asset classes including: Equities, Options, Futures, ETFs and CFDs.

Contact

Clear Capital Markets Limited
Broadgate Tower
12th Floor, Office 1213
20 Primrose Street
London, EC2A 2EW

Telephone: +44 (0)20 3869 6080
Email: enquiries@clear-cm.co.uk
Website: www.clearcapitalmarkets.co.uk

Risk Warning

Investments in placings and IPO's involve a high degree of risk and are not suitable for all investors. The value of your investment can go down as well as up and you may not get back the money you invested. A placing may be planned in order to fund an acquisition, provide greater working capital for organic expansion or to reduce debt. The increase in the number of shares will result in stock dilution for existing shareholders who do not buy any of the new shares being issued. Dilution can shift fundamental positions of the stock such as ownership percentage and value. The potential upside of share dilution is that the additional capital the company receives from issuing additional shares can improve the company's profitability and the value of its stock. You should be sure that you fully understand the purpose of, and the reason for, the fundraising. Before you decide to invest you should obtain information regarding the business plan and note the risk factors. If you have any doubts about the suitability of an investment you should seek professional advice.

This document is published by Clear Capital Markets and does not constitute a solicitation or personal recommendation for the purchase or sale of investment. Any data or views given should not be construed as investment advice. Every effort is made to ensure the accuracy of the information, but no assurance or warranties are given. Clear Capital Markets Limited is authorised and regulated by the Financial Conduct Authority FRN 706689.