



10TH MAY 2023

Altalto Immingham Project Update



Velocys plc (VLS.L), the sustainable fuels technology company, is pleased to announce that further to the award of the grant from the UK Government's Department for Transport ("DfT") Advanced Fuel Funds of up to £27 million for the Altalto Immingham Sustainable Aviation Fuel ("SAF") Project, announced on 12 December 2022, Altalto Ltd* has completed the work necessary to claim the first tranche (£7 million) of the grant up to 31 March 2023. In addition, as planned, the project has obtained the first tranche of private funding for the period from 1 April 2023 from its existing private sector participants.

The Altalto project's aim is to deliver a commercial waste-to-SAF plant in Immingham, UK. The DfT grant and matched funding will enable Altalto to complete the Front-End Engineering Design ("FEED") stage of the project. Following the completion of FEED and a successful final investment decision, construction will commence in 2025 with full commercial operation expected in 2028.

Since the award of the DfT grant in December, the Altalto Immingham Project has entered into a number of technology license and engineering services agreements with project technology licensors and the FEED contract with Bechtel Limited, utilising the first tranche of grant funds provided by the DfT. Pursuant to the terms of the grant, further draw down of the grant is subject to demonstration of project milestones with matched funding requirements to be met over the two years to 31 March 2025.

In March 2023, the Company announced the appointment of a leading global investment bank to advise on the financing of Velocys' Reference Projects and to assist in obtaining the matched funding from private sector investors, which is on track to be in place during Q4 2023.

As previously announced, Velocys' cash contribution to the Altalto Project over two years from April 2023, including its contribution to the first tranche of private funding of £1 million, is not expected to exceed £8 million, with Velocys intending to recover any funding it provides at the earlier development stages (as from 1 April 2023 onwards) following receipt of third party project investment.

* a wholly owned subsidiary of the Company.