

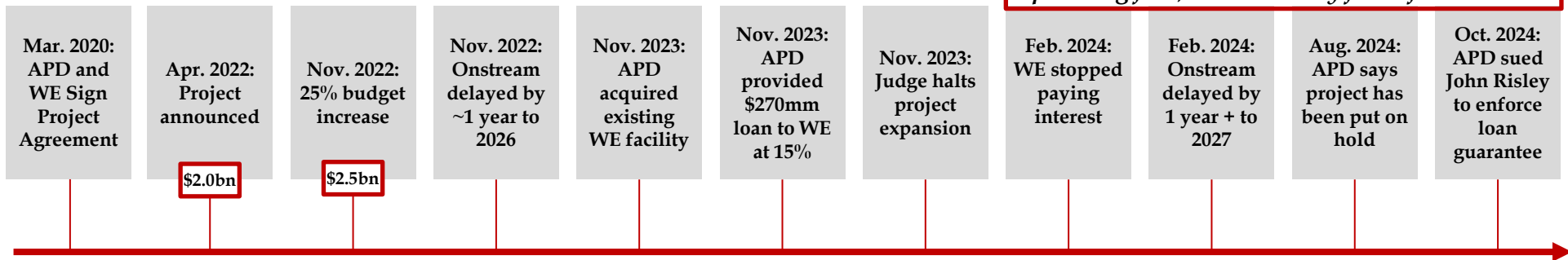
World Energy: Extremely Challenged Project With Small, Shaky Customer; Facts Obfuscated, Including APD's Loan to World Energy to Repay its Debt

The WE SAF project has been plagued by delays, cost overruns, and a customer with signs of financial distress¹, yet APD continues to refer to it as a project with “attractive returns secured”

The Company did not highlight a \$270mm loan made to its challenged customer, to take out its existing debt. This, and the customer's prompt default, was only clearly revealed in a lawsuit. The CEO then obfuscated when asked about it

“That is the normal course of business... doesn't mean that there is a bad relationship between [APD] and WE. Just the normal course of routine.” - APD CEO, 11/7/2024

~7 months later



“Create Shareholder Value”, APD Website (12/4/24):



Does this logic hold if:
 (i) the customer has poor credit quality, or;
 (ii) the increased capital cost makes the project potentially economically challenged for any customer

“The return on the project is fixed. We are going to get a return on the capital that we spent, no matter what the capital is. Okay?” - APD CEO, 2/5/2024

“The return on that project, the way we have the agreement, is that when the project is built, whatever the cost of capital, whatever it is, Air Products would get 11% return on it. That is the agreement.” - APD CEO, 12/5/2024

Illustration of Impact of Increasing Project Budget

	1H2022	2H2022	Future?
Capital Budget	\$2bn	\$2.5bn	\$3bn
Implied Min. WE CF to Pay Fee to APD	>\$0.3bn	>\$0.4	>\$0.5bn

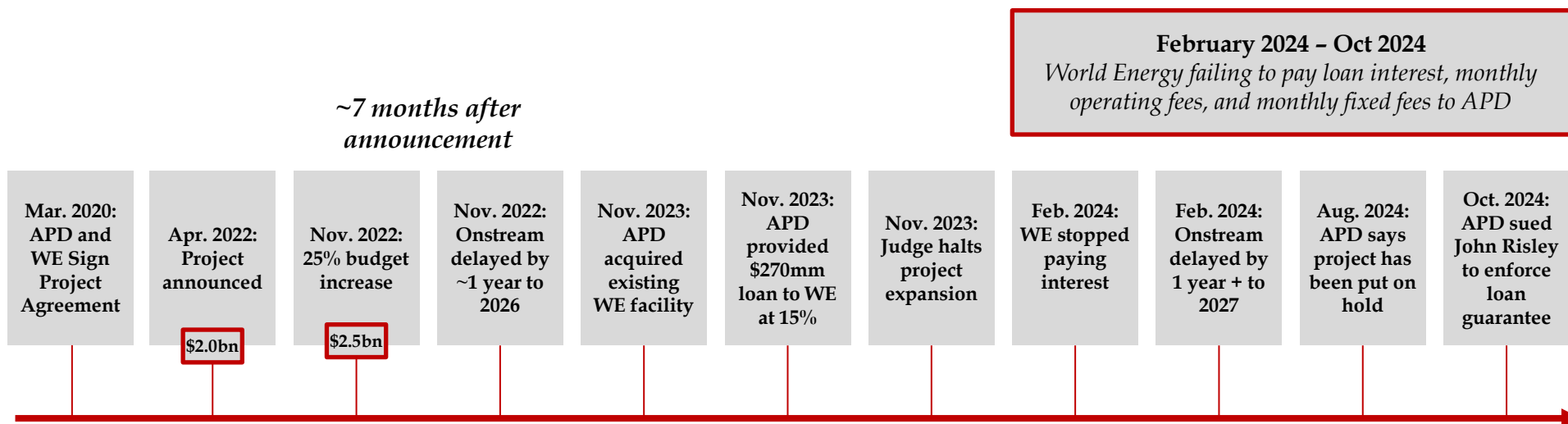
(Analysis assumes 11% to cover capital, and ~5-7% to cover facility maintenance and depreciation)

Sources: Complaint filed in Air Products and Chemicals, Inc. v. John Carter Risley, sell-side research, conference call transcripts, and Company website for “Create Shareholder Value” presentation with filename “APD IR Handout 2024 Aug v3”.

(1) See slide 120 for signs of financial distress at World Energy, including lawsuits filed against World Energy by a waste management firm and construction firm for \$47k and \$340k of unpaid invoices, respectively.

World Energy: Air Products Claims “Attractive Returns Secured” Despite Extremely Concerning Fact Pattern

The World Energy SAF project has been plagued by project delays, budget increases, and a defaulting customer, yet APD continues to mislead investors by referring to it as a project with “attractive returns secured”



“Create Shareholder Value” Presentation on APD’s Website (as of 12/4/24)

Moving forward

World Energy Update

Attractive returns secured

 by new agreements

- World Energy long-term off-take agreements with Microsoft and DHL
 - “Book and claim” certification process
 - Separate the environmental attributes of SAF from the aviation fuel
 - Allows blue-chip companies globally to directly receive environmental credits and help achieve their sustainability goals
 - Enable SAF producers to receive value for providing the environmental benefits
 - The two agreements account for >15% of total output

“Attractive returns secured”

Sources: Complaint filed in Air Products and Chemicals, Inc. v. John Carter Risley, sell-side research, conference call transcripts, and Company website for “Create Shareholder Value” presentation with filename “APD IR Handout 2024 Aug v3”.

World Energy: Air Products Claims it Will Earn a Fixed 11% Return No Matter How Much Capital is Spent

APD's contract with World Energy is structured as a tolling agreement. World Energy pays monthly fees to APD, effectively paying APD a fixed percentage return on the total capital spent to build the facility¹. Despite large budget increases, APD's CEO leads investors to believe that this structure ensures APD's returns are secured, as World Energy's fees to APD increase with a growing capital budget.

While this appears to be technically correct, does APD's logic – "whatever" the capital cost is, APD will get an 11% return – hold if:

- (i) the customer has poor credit quality, as is the case with World Energy?
- (ii) the increased capital cost for APD, and therefore operating cost for World Energy (or any customer who might take over the facility), makes the project economically unviable?

Illustration - Impact of Increasing Project Cost on World Energy's Fees to APD²

	Apr. 2022 Est.	Current Est.	Future?
APD Facility Capex (\$bn)	2.0	2.5	3.0
APD Return	11%	11%	11%
APD EBIT	0.2	0.3	0.3
Plus: APD OpEx ²	0.1	0.2	0.2
Implied WE Payment to APD	0.3	0.4	0.5

"The return on that project, the way we have the agreement, is that when the project is built, whatever the cost of capital, whatever it is, Air Products would get 11% return on it. That is the agreement."

- APD CEO, 12/5/2024

World Energy's payments to APD increase substantially as project costs escalate. At some point, the project becomes economically unviable for World Energy, or any potential customer. With large budget increases, and the project now "on hold", has it reached that point?

(1) Source: APD investor presentations and transcripts, MR research.

(2) For illustrative purposes, to illustrate the impact of an increasing capital budget on World Energy's fees to APD. Limited disclosure is provided. Assumes APD annual opex is 6% of facility cost, based on MR research.

World Energy: APD Provided \$270mm Loan to Customer to Take Out its Existing Debt; Customer Defaulted Within Months

In late 2023, “in response to mounting challenges facing the project”¹, APD loaned World Energy \$270mm to pay off its existing debt and acquired World Energy’s existing facility. Within months, World Energy defaulted on APD’s loan. APD has already committed ~\$2bn of capital, but has now put the project on hold, blaming permitting issues and other “excessive risks”

Question: did this soon-to-default loan reflect continued poor judgment, or the Company’s desire to pre-empt a major, unwelcomed headline?

Nov. 2023: APD provides \$270mm loan to World Energy to refinance existing debt, acquires facility
“mounting challenges facing the project”

From APD’s lawsuit filed against guarantor (Oct. 2024)¹:

“In response to mounting challenges facing the Project, including inefficiencies resulting from the division of responsibilities existing at the time, Air Products and World Energy determined, in 2023, to restructure their relationship. Specifically, they agreed that Air Products would acquire the facility assets, pursuant to an Asset Purchase and Sale Agreement dated May 4, 2023.”

“Because World Energy required additional capital to refinance existing debt and support its ongoing involvement in the Project, Air Products agreed to provide a senior secured term-loan credit facility in the aggregate principal amount of \$270 million. That credit facility is governed by a Credit Agreement, dated as of November 14, 2023.”

Aug. 2024: APD Commentary:
“very good relationship” ... “feel pretty good about that project” ... “on hold until we get our permits”

“In terms of our relationship with World Energy, we have a very good relationship with them... Obviously, we have been working with them for a few years. In terms of the standards of the project, we have put that project on hold until we get our permits. We always said that, that process will probably take a year and we still expect that...So we feel pretty good about that project, but it is on hold until we get our permits. And considering that we are operating in the state of California, we just have to wait and see how that works out.”

- APD CEO, 8/1/2024

World Energy: After World Energy's Default on APD's Loan, APD Sued a Personal Guarantor of the Loan, but Not World Energy

After World Energy defaulted, APD filed a lawsuit against John Risley¹, one of World Energy's backers, who provided a \$25mm personal guarantee of World Energy's obligations to APD. The lawsuit shows that World Energy defaulted on the loan within months and has not paid interest to APD since February 2024. When asked, the Company described these events as "the normal course of business"

Question: why would APD sue a guarantor for a portion of unpaid interest, but not take action against World Energy?

Oct. 2024: APD suing guarantor, World Energy in default on APD's loan:

APD Lawsuit Filed 10/22/24

III. World Energy's Defaults

30. World Energy began defaulting on its obligations under the Credit Agreement and the Master Project Agreement not long after those documents were executed.

31. Indeed, AltAir has not made a single monthly interest payment under the Credit Agreement in full and on time since February 2024, and also failed to reimburse out-of-pocket expenses incurred by APCI as and when required by the Credit Agreement.

32. Likewise, World Energy LA failed to fully and timely pay seven MFF invoices and one MOF invoice due between April and October 2024.

33. Altogether, World Energy has accumulated over \$26 million in overdue payment obligations under the Credit Agreement and the Master Project Agreement, as shown in the following table:

Nov. 2024 - APD Commentary:

"normal course of business" ... "just the normal course of routine" ... "doesn't mean there is a bad relationship"

Q: "But there was a lawsuit that became public about 2 weeks ago that shows Air Products [loaned] World Energy a good amount of money, that World Energy has since defaulted on. So how do we square that?"

APD CEO: "That is the normal course of business. It's a guarantee about certain payment. It is insignificant, but it obviously does become public. And we, obviously, always protect our rights and so on, but that doesn't mean that there is a bad relationship between Air Products and World Energy. Just the normal course of routine. I can have Sean make a comment on that, if you want. Sean?"

APD GC: "Thanks, Seifi. I think it's important that particular piece of litigation does not involve World Energy and our relationship with World Energy continues to be very strong and robust."

-APD Earnings Call, 11/7/2024

(1) Sources: Complaint filed in *Air Products and Chemicals, Inc. v. John Carter Risley*, sell-side research, and conference call transcripts.

World Energy: \$2 Billion+ Bet on a Small Customer (~300 Employees¹) with Signs of Financial Stress for Years

Signs of financial stress at World Energy have been evident for years, but APD has continued to commit more capital

Question: do World Energy's signs of distress mean that it has no other viable sources of capital besides APD?

World Energy Sued by Waste Management Company for \$47k of Unpaid Bills (October 2022)²

"On or about November 18, 2021... entered into a written Industrial Waste & Disposal Services Agreement..."

...became indebted to Plaintiff in the agreed principal sum of \$47,683.10 for waste disposal services...

...Neither the whole nor any part of the above sum has been paid..."

Construction Firm Sends World Energy Letter Notifying of \$340k of Unpaid Invoices, Then Sues (May 2023 – Sept. 2023)³

Letter references World Energy claiming that it was waiting on a "round of financing" to pay the invoices", six months before APD's loan to World Energy. The fact that World Energy was waiting on financing to pay such a small invoice only months after entering into the contract points to financial distress:

"As you know, as of the date of this letter, there is approximately \$340,025.20 past due and owing to TIMEC from World Energy, LLC and/or its subsidiary AltAir Paramount, LLC (together, "World Energy")... We understand from email correspondence that World Energy will pay this past due amount when a 'round of financing' is received."³

It is hard to understand how an industrial gas company could commit \$2 billion+ to a project – among the largest projects in the history of the industry – with a customer of such small scale and low credit-quality, and also increase exposure by providing a loan to the customer to take out its existing debt. And all of this to then place the project "on hold" due to "excessive risk", when risks were clear from inception

(1) Employee count per Boston Globe article, April 2023. Loan applications filed as part of PPP program in April 2020 and April 2021 show World Energy had 200 and 195 employees, respectively.
(2) Source: Waste Management National Services v. West Coast Environmental Solutions Inc, Altair Paramount. Complaint withdrawn on 1/23/2023.
(3) Letter from Timec Oil & Gas to World Energy, 5/5/2023. Complaint withdrawn on 9/8/2023.