



MONTAUK
RENEWABLES

Investor Presentation

FIRST QUARTER 2024 RESULTS

MAY 9, 2024

Cautionary Statement Regarding Forward-Looking and non-GAAP Financial Information

This presentation contains “forward-looking statements” within the meaning of U.S. federal securities laws. Such statements include, among others, those we make relating to our estimated and projected financial condition, results of operations, costs and expenditures and objectives for future operations, growth, initiatives and strategies. They also include those regarding future production volumes and revenues, strategic growth opportunities, the expected benefits of the Pico digestion capacity increase, the Montauk Ag project in North Carolina, the Second Apex RNG Facility, the Blue Granite RNG Facility, the Bowerman RNG Facility, the delivery of biogenic carbon dioxide volumes to European Energy, the resolution of gas collection issues at the McCarty facility, the mitigation of wellfield extraction environmental factors at the Rumpke facility, and weather-related anomalies

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expect and, therefore, you should not unduly rely on such statements. The risks and uncertainties that could cause those actual results to differ materially from those expressed or implied by these forward-looking statements include but are not limited to: our ability to develop and operate new renewable energy projects, including with livestock farms, and related challenges associated with new projects, such as identifying suitable locations and potential delays in acquisition financing, construction, and development; reduction or elimination of government economic incentives to the renewable energy market; the inability to complete strategic development opportunities; widespread manmade, natural and other disasters (including severe weather events), health emergencies, dislocations, geopolitical instabilities or events, terrorist activities, international hostilities, government shutdowns, political elections, security breaches, cyberattacks or other extraordinary events that impact general economic conditions, financial markets and/or our business and operating results; continued inflation could raise our operating costs or increase the construction costs of our existing or new projects; rising interest rates could increase the borrowing costs of future indebtedness; the potential failure to attract and retain qualified personnel of the Company or a possible increased reliance on third-party contractors as a result, and the potential unenforceability of non-compete clauses with our employees; the length of development and optimization cycles for new projects, including the design and construction processes for our renewable energy projects; dependence on third parties for the manufacture of products and services and our landfill operations; the quantity, quality and consistency of our feedstock volumes from both landfill and livestock farm operations; reliance on interconnections with and access to electric utility distribution and transmission facilities and gas transportation pipeline for our Renewable Natural Gas and Renewable Electricity Generation segments; our projects not producing expected levels of output; potential benefits associated with the combustion-based oxygen removal condensate neutralization technology; concentration of revenues from a small number of customers and projects; our outstanding indebtedness and restrictions under our credit facility; our ability to extend our fuel supply agreements prior to expiration; our ability to meet milestone requirements under our power purchase agreements; existing regulations and changes to regulations and policies that effect our operations; expected benefits from the extension of the Production Tax Credit and other tax credit benefits under the Inflation Reduction Act of 2022; decline in public acceptance and support of renewable energy development and projects, or our inability to appropriately address environmental, social and governance targets, goals, commitments or concerns, including climate-related disclosures; our expectations regarding Environmental Attribute volume requirements and prices and commodity prices; our expectations regarding the period during which we qualify as an emerging growth company under the Jumpstart Our Business Startups Act (“JOBS Act”); our expectations regarding future capital expenditures, including for the maintenance of facilities; our expectations regarding the use of net operating losses before expiration; our expectations regarding more attractive carbon intensity scores by regulatory agencies for our livestock farm projects; market volatility and fluctuations in commodity prices and the market prices of Environmental Attributes and the impact of any related hedging activity; regulatory changes in federal, state and international environmental attribute programs and the need to obtain and maintain regulatory permits, approvals, and consents; profitability of our planned livestock farm projects; sustained demand for renewable energy; potential liabilities from contamination and environmental conditions; potential exposure to costs and liabilities due to extensive environmental, health and safety laws; impacts of climate change, changing weather patterns and conditions, and natural disasters; failure of our information technology and data security systems; increased competition in our markets; continuing to keep up with technology innovations; concentrated stock ownership by a few stockholders and related control over the outcome of all matters subject to a stockholder vote.

We provide greater detail regarding risks and uncertainties that could potentially impact forward-looking statements in the sections entitled “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” in our 2023 Form 10-K and our subsequent 2024 Form 10-Qs and as otherwise disclosed in our filings with the SEC. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties. The forward-looking statements included in this presentation are made only as of the date hereof and we undertake no obligation to publicly update or revise any forward-looking statement except as required by law.

This presentation contains non-GAAP financial measures such as EBITDA and Adjusted EBITDA. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures may be found in this presentation (including the appendix) or our SEC filings. We present non-GAAP financial measures because we believe they assist investors in analyzing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, EBITDA and Adjusted EBITDA are financial performance measurements that management and our board of directors use in their financial and operational decision-making and in the determination of certain compensation programs. Non-GAAP financial measures supplement our results as reported in accordance with GAAP and should not be considered in isolation from, as a substitute for, GAAP financial measures such as net (loss) income, cash flows from operating activities or as a measure of our liquidity or profitability.

Financial Performance

Income Statement

(in thousands, except for share and per share data):

	for the three months ended March 31,	
	2024	2023
Total operating revenues	\$ 38,787	\$ 19,154
Operating expenses:		
Operating and maintenance expenses	14,451	14,182
General and administrative expenses	9,427	9,475
Royalties, transportation, gathering and production fuel	6,518	3,933
Depreciation, depletion and amortization	5,434	5,196
Impairment loss	528	451
Transaction costs	61	83
Total operating expenses	\$ 36,419	\$ 33,320
Operating income (loss)	\$ 2,368	\$ (14,166)
Other expenses (income):		
Interest expense	\$ 1,165	\$ 1,675
Other (income) expense	(1,060)	7
Total other expenses	\$ 105	\$ 1,682
Income (loss) before income taxes	\$ 2,263	\$ (15,848)
Income tax expense (benefit)	413	(12,060)
Net income (loss)	\$ 1,850	\$ (3,788)
Income (loss) per share:		
Basic	\$ 0.01	\$ (0.03)
Diluted	\$ 0.01	\$ (0.03)
Weighted-average common shares outstanding:		
Basic	141,986,189	141,633,417
Diluted	142,369,219	141,633,417

Operational Results – Quarter Ended March 31, 2024

(in thousands, unless otherwise indicated)

All comparisons are between the first quarter ended March 31, 2024 and the first quarter ended March 31, 2023, unless otherwise indicated

Renewable Natural Gas (“RNG”) Metrics

- 59 MMBtu increased production

RIN Metrics

- 4,940 increase in volumes sold
- 4,915 decrease in RINs generated but unsold
- \$1.24 increase in averaged realized price per RIN
- 631 decrease in Prior period RINs carried into CY

Renewable Electricity Generation (“REG”) Metrics

- 8 MWh increased production

Operating and Maintenance Expenses

- \$799 increased RNG operating expenses
- \$569 decreased REG operating expenses

General and administrative expenses

- \$48 decrease

Operational Performance

Operating Metrics

	For the three months ended		Change	Change %
	2024	March 31, 2023		
<i>(in thousands, unless otherwise indicated)</i>				
Revenues				
Renewable Natural Gas Total Revenues	\$ 33,988	\$ 14,785	\$ 19,203	129.9%
Renewable Electricity Generation Total Revenues	\$ 4,799	\$ 4,369	\$ 430	9.8%
RNG Metrics				
CY RNG production volumes (MMBtu)	1,411	1,352	59	4.4%
Less: Current period RNG volumes under fixed/floor-price contracts	(330)	(304)	(26)	8.6%
Plus: Prior period RNG volumes dispensed in current period	358	368	(10)	(2.7%)
Less: Current period RNG production volumes not dispensed	(384)	(418)	34	(8.1%)
Total RNG volumes available for RIN generation (1)	1,055	998	57	5.7%
RIN Metrics				
Current RIN generation (x 11.727) (2)	12,373	11,700	673	5.8%
Less: Counterparty share (RINs)	(1,241)	(1,224)	(17)	1.4%
Plus: Prior period RINs carried into current period	108	739	(631)	(85.4%)
Less: CY RINs carried into next CY	—	—	—	0.0%
Total RINs available for sale (3)	11,240	11,215	25	0.2%
Less: RINs sold	(7,889)	(2,949)	(4,940)	167.5%
RIN Inventory	3,351	8,266	(4,915)	(59.5%)
RNG Inventory (volumes not dispensed for RINs) (4)	384	418	(34)	(8.1%)
Average Realized RIN price	\$ 3.25	\$ 2.01	\$ 1.24	61.7%
Operating Expenses				
Renewable Natural Gas Operating Expenses	\$ 18,138	\$ 14,808	\$ 3,330	22.5%
Operating Expenses per MMBtu (actual)	\$ 12.85	\$ 10.95	\$ 1.90	17.4%
REG Operating Expenses	\$ 2,813	\$ 3,328	\$ (515)	(15.5%)
\$/MWh (actual)	\$ 52.11	\$ 72.35	\$ (20.24)	(28.0%)
Other Metrics				
Renewable Electricity Generation Volumes Produced (MWh)	54	46	8	17.4%
Average Realized Price \$/MWh (actual)	\$ 88.87	\$ 94.98	\$ (6.11)	(6.4%)

- (1) RINs are generated in the month that the gas is dispensed to generate RINs, which occurs the month after the gas is produced. Volumes under fixed/floor-price arrangements generate RINs which we do not self-market.
- (2) One MMBtu of RNG has the same energy content as 11.727 gallons of ethanol, and thus may generate 11.727 RINs under the RFS program.
- (3) Represents RINs available to be self-marketed by us during the reporting period.
- (4) Represents gas production which has not been dispensed to generate RINs.

Financial Performance

Balance Sheet

(in thousands, except share data):

ASSETS	as of March 31, 2024	as of December 31, 2023
Current assets:		
Cash and cash equivalents	\$ 63,277	\$ 73,811
Accounts and other receivables	9,669	12,752
Current restricted cash	8	8
Income tax receivable	98	—
Current portion of derivative instruments	766	785
Prepaid expenses and other current assets	2,801	2,819
Total current assets	\$ 76,619	\$ 90,175
Non-current assets:		
Non-current restricted cash	\$ 443	\$ 423
Property, plant and equipment, net	231,373	214,289
Goodwill and intangible assets, net	18,178	18,421
Deferred tax assets	1,827	2,076
Non-current portion of derivative instruments	580	470
Operating lease right-of-use assets	4,275	4,313
Finance lease right-of-use assets	17	36
Related party receivable	10,148	10,138
Other assets	11,229	9,897
Total assets	<u>\$ 364,689</u>	<u>\$ 360,238</u>

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 12,323	\$ 7,916
Accrued liabilities	12,127	12,789
Income tax payable	—	313
Current portion of operating lease liability	447	420
Current portion of finance lease liability	7	26
Current portion of long-term debt	8,878	7,886
Total current liabilities	\$ 33,782	\$ 29,350
Long-term debt, less current portion	\$ 52,651	\$ 55,614
Non-current portion of operating lease liability	4,056	4,133
Non-current portion of finance lease liability	9	10
Asset retirement obligations	6,001	5,900
Other liabilities	3,860	4,992
Total liabilities	\$ 100,359	\$ 99,999

Commitments and contingencies (Note 20)

STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value, authorized 690,000,000 shares; 143,732,811 shares issued at March 31, 2024 and December 31, 2023; 141,986,189 shares outstanding at March 31, 2024 and December 31, 2023	1,420	1,420
Treasury stock, at cost, 984,762 shares March 31, 2024 and December 31, 2023	(11,173)	(11,173)
Additional paid-in capital	216,619	214,378
Retained earnings	47,464	45,614
Total stockholders' equity	254,330	250,239
Total liabilities and stockholders' equity	<u>\$ 364,689</u>	<u>\$ 360,238</u>

Cash Flow

(in thousands, unless otherwise indicated)

	For the three months ended	
	March 31,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ 14,292	\$ (11,838)
Investing activities	(22,786)	(13,278)
Financing activities	(2,020)	(2,018)
Net decrease in cash and cash equivalents	(10,514)	(27,134)
Restricted cash, end of the period	451	429
Cash and cash equivalents, end of period	63,728	78,472

Operating items affecting net income include:

- \$249 provision for deferred income taxes
- \$4,935 adjustments to working capital and other assets and liabilities
- \$2,241 accounting for stock-based compensation

Investing activities highlights include:

- \$12,010 capital expenditures for Montauk Ag Renewables
 - Includes \$820 related to land asset acquisition in North Carolina
- \$4,335 capital expenditures for Second Apex RNG Facility

Financing activities include:

- \$2,000 repayment of term loan

Business Development

RINs Generated but Unsold (in thousands, unless otherwise indicated)

First Quarter 2024 Highlights

- Strategic decision to not commit to transfer all available D3 RINs generated and available for transfer from 2024 RNG production
- Approximately 3,351 RINs in inventory from 2024 RNG production
- All RINs available for sale from our 2023 RNG production sold

Business Development

Capital Development Summary (in thousands, unless otherwise indicated)

The following summarizes our ongoing development growth plans expected capacity contribution, anticipated commencement of operations, and capital expenditure estimate, respectively, excluding Montauk Ag Renewables Development project:

Development Opportunity	Estimated Capacity Contribution (MMBtu/day)	Anticipated Commencement Date	Estimated Capital Expenditure
Second Apex RNG Facility	2,100	2025 first quarter	\$25,000-\$35,000
Blue Granite RNG Facility	900	2026	\$25,000-\$35,000
Bowerman RNG Facility	3,600	2026	\$85,000-\$95,000
European Energy Facility	N/A	2027	Up to \$15,000/facility

Business Development

Pico Feedstock Amendment (in thousands, unless otherwise indicated)

First Quarter 2024 Highlights

- Successfully commissioned the last of our digestion capacity
- Produced 39% more MMBtu more in first quarter of 2024 compared to first quarter of 2023
- Expect dairy to deliver final feedstock increase during 2025
 - Final contractual payment expected 2025

Business Development

RNG Facility Developments – First Quarter 2024 Highlights

Second Apex RNG Facility:

- Currently expect commercial operations in first quarter of 2025

Blue Granite RNG Facility:

- Continue to review various alternatives related to interconnection opportunities
- Expect commercial operations in 2026 due to required utility distribution system upgrades
 - Upgrades do not impact our interconnection estimates

Bowerman Power RNG Facility:

- Continue to incur capital expenditures in connection with expected timing
- Continue to expect commercial operations in 2026

Business Development

Montauk Ag Renewables

First Quarter 2024 Highlights

- In March 2024, submitted an amendment to our New Renewable Energy Facility application with NCUC
- Signed a feedstock supply agreement which includes our ability to access more than twice the hog spaces we are currently contract for, at our future discretion
- Refine our feedstock collection process by installing equipment on contracted farms to collect and process the waste through multiple phases of solids concentration at both the farm and our Turkey, NC location
- Expect to enter into an engineering, procurement, and construction contract during the second quarter of 2024
- Expected commissioning timeline
 - Second Quarter 2024: Relocated Magnolia reactor
 - Second half 2024 – Second half 2025: rolling commissioning of processing lines
 - Revenue generating activities beginning in second half of 2025

Business Development

Carbon Dioxide Beneficial Use Opportunity (in thousands, unless otherwise indicated)

First Quarter 2024 Highlights

- Signed contract for delivery of 140 tons per year of biogenic carbon dioxide (“CO₂”) with a North American subsidiary of Denmark-based European Energy (“EENA”)
- Reserves EENA the use of the CO₂ from our four Texas facilities
- Delivery term is expected to last at least 15 years with first delivery to begin in 2027
- Capital investment is estimated to be approximately \$15,000 per facility

Business Development

REG Facility Sale (in thousands, unless otherwise indicated)

First Quarter 2024 Highlights

- Agreement reached with site host to sell gas rights ahead of fuel supply expiration effective October 1, 2024
 - Proceeds of \$1,000
 - No longer required to decommission or remove machinery or equipment
- Operations ceased at the site due to a utility interconnection upgrade that is not compatible with existing operations and recorded an impairment charge of \$312
- Sale comes as the power purchase agreement was set to expire in 2024
 - PPA expiration would significantly decrease revenues adversely impacting cash flows
- In connection, we secured two separate five-year RNG fuel supply agreement extensions at Atascocita and Coastal Plains

Business Development

Strategic Growth Opportunity Pipeline

Positioned for continued growth, with on-going evaluation of various strategic opportunities:

- Multiple LFG RNG and CNG distribution opportunities in various stages of evaluation
- Exploring wastewater treatment to RNG project opportunities
- Potential costs associated with material acquisition and/or development capital expenditures
- Sufficient capital resources to close on any or all of the currently identified opportunities

We have not entered into any definitive agreements. As we are in various stages of evaluation of strategic opportunities to continue the growth of the Company and while we have entered into nonbinding letters of intent for certain of these opportunities, we can give no assurances that our plans related to these strategic opportunities will progress to definitive agreements. We may not progress on any current strategic opportunity we are evaluating. We believe that our existing cash and cash equivalents, cash generated from operations, and availability under our Amended Credit Agreement will allow us to pursue and close any of these strategic opportunities.

Appendix

Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA

The following table provides our EBITDA and Adjusted EBITDA for the periods presented, as well as a reconciliation to net income (loss), which is the most directly comparable GAAP measure, for the three months ended March 31, 2024 and 2023:

	For the three months ended March 31,	
	2024	2023
Net income (loss)	\$ 1,850	\$ (3,788)
Depreciation, depletion and amortization	5,434	5,196
Interest expense	1,165	1,675
Income tax expense (benefit)	413	(12,060)
Consolidated EBITDA	8,862	(8,977)
Impairment loss (1)	528	451
Net loss on sale of assets	22	37
Transaction costs	61	83
Adjusted EBITDA	\$ 9,473	\$ (8,406)

- (1) We recorded an impairment loss of \$528 and \$451 for the three months ended March 31, 2024 and 2023, respectively. On February 18, 2024, for one of our REG sites, we entered into a bill of sale, assignment and assumption agreement to sell our rights to the existing fuel supply agreement and property back to the site host in advance of the fuel supply agreement termination date and received \$1,000 in proceeds. The effective date of the sale, assignment and assumption agreement is October 1, 2024. We elected to cease operations prior to the assignment date and consequently the remaining book value of long lived assets and intangibles were impaired for \$312. The remaining \$216 impairment was for various RNG equipment that was deemed obsolete or inoperable for current operations. The first quarter 2023 impairment was for a feedstock processing machine component at an RNG site that was not in operational use.