



**MONTAUK**  
RENEWABLES

# Investor Presentation

2021 YEAR-END

MARCH 16, 2022

# Disclaimers and Confidentiality

## Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of U.S. federal securities laws that involve substantial risks and uncertainties. All statements other than statements of historical or current fact included in this report are forward-looking statements. Forward-looking statements refer to our current expectations and projections relating to our financial condition, results of operations, plans, objectives, strategies, future performance, and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “assume,” “believe,” “can have,” “contemplate,” “continue,” “could,” “design,” “due,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “likely,” “may,” “might,” “objective,” “plan,” “predict,” “project,” “potential,” “seek,” “should,” “target,” “will,” “would,” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operational performance or other events. For example, all statements we make relating to future results of operations, financial condition, expectations and plans of the Company, including expected benefits of the Pico amendment and the Montauk Ag project in North Carolina, the anticipated completion of the engine repairs and resumption of operations at the Security facility, the resolution of gas collection issues at the McCarty facility, our estimated and projected costs, expenditures, growth rates, and our plans and objectives for future operations, growth, initiatives, or strategies are forward-looking statements. 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.

Forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the Company’s control and are difficult to predict, including, without limitation, risks related to the impact of the ongoing COVID-19 pandemic on our business, financial condition and results of operations; our ability to develop and operate new renewable energy projects, including with livestock farms; reduction or elimination of government economic incentives to the renewable energy market; delays in acquisition, financing, construction and development of new projects, including expansion plans into new areas such as agricultural waste; disruptions in our supply chain due to transportation delays, travel restrictions, raw material cost increases and shortages, closures of businesses or facilities, and the associated costs and inflation related thereto; the length of development 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; the quantity, quality and consistence of our feedstock volumes from both landfill and livestock farm operations; identifying suitable locations for new projects; reliance on interconnections to distribution and transmission products for our Renewable Natural Gas and Renewable Electricity Generation segments; our projects not producing expected levels of output; the anticipated benefits of the Pico feedstock amendment and the Montauk Ag acquisition and the anticipated completion of engine repairs and resumption of operations at the Security facility; resolution of gas collection issues at the McCarty facility; concentration of revenues from a small number of customers and projects; dependence on our landfill operators; 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; decline in public acceptance and support of renewable energy development and projects; our expectations regarding federal, state and local government incentives in the United States, provided in the form of RINs, RECs, LCFS credits, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of renewable energy projects, that promote the use of renewable energy (“Environmental Attributes”); our expectations regarding Environmental Attribute and commodity prices; our expectations regarding the period during which we qualify as an emerging growth company under the Jumpstart our Business Startups 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; profitability of our planned livestock farm projects; sustained demand for renewable energy; security threats, including cyber-security attacks; the need to obtain and maintain regulatory permits, approvals and consents; 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; our belief that the measures taken to remediate the material weakness identified in our internal control over financial reporting will improve our internal control over financial reporting; concentrated stock ownership by a few stockholders and related control over the outcome of all matters subject to a stockholder vote; and other risks and uncertainties detailed in the section titled “Risk Factors” in our latest Annual Report on Form 10-K.

Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements. All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements as well as others made in our Securities and Exchange Commission filings and public communications. You should evaluate all forward-looking statements made by us in the context of these risks and uncertainties. The forward-looking statements included herein are made only as of the date hereof. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as required by law.

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## Non-GAAP Financial Measures

This presentation contains and the accompanying tables include references to EBITDA and Adjusted EBITDA which are Non-GAAP financial measures. We present EBITDA and Adjusted EBITDA because we believe the measures 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 measurements of performance that management and the board of directors use in their financial and operational decision-making and in the determination of certain compensation programs. EBITDA and Adjusted EBITDA are supplemental performance measures that are not required by or presented in accordance with GAAP. EBITDA and Adjusted EBITDA should not be considered alternatives to net (loss) income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities or a measure of our liquidity or profitability. For a reconciliation of these Non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please see the table at the end of this presentation titled “Non-GAAP Reconciliation.”

# Financial Performance

## Income Statement

(in thousands except per share values):

	For the year ended December 31,		
	2021	2020	2019
Total operating revenues	\$ 148,127	\$ 100,383	\$ 105,714
Operating expenses:			
Operating and maintenance expenses	\$ 49,477	\$ 43,463	\$ 39,783
General and administrative expenses	42,552	16,594	13,632
Royalties, transportation, gathering and production fuel	28,683	18,284	18,889
Depreciation and amortization	22,869	22,117	19,760
Gain on insurance proceeds	(332)	(3,934)	—
Impairment loss	1,191	278	2,443
Transaction costs	352	—	202
Total operating expenses	\$ 144,792	\$ 96,802	\$ 94,709
Operating profit	\$ 3,335	\$ 3,581	\$ 11,005
Other expenses (income):			
Interest expense	\$ 2,928	\$ 4,339	\$ 5,576
Loss on extinguishment of debt	154	—	—
Net loss on sale of assets	822	320	10
Other (income) expense	(202)	315	(47)
Total other expenses	\$ 3,702	\$ 4,974	\$ 5,539
(Loss) income before income taxes	\$ (367)	\$ (1,393)	\$ 5,466
Income tax expense (benefit)	4,161	(5,996)	(354)
Net (loss) income	\$ (4,528)	\$ 4,603	\$ 5,820
Loss per share:			
Basic	\$ (0.03)		
Diluted	\$ (0.03)		
Weighted-average common shares outstanding			
Basic	141,015,213		
Diluted	141,015,213		

# Operational Results – Year Ended December 31, 2021

(in thousands, unless otherwise indicated)

All comparisons are between the year ended December 31, 2021 and the year ended December 31, 2020, unless otherwise indicated

## Renewable Natural Gas (“RNG”) Metrics

- 58 MMBtu nominal decreased production

## RIN Metrics

- 3,264 increase in volumes sold
- \$0.60 increase in averaged realized price per RIN

## Renewable Electricity Generation (“REG”) Metrics

- 3 MWh decreased production

## Operating and Maintenance Expenses

- \$4,563 increased RNG operating expenses
- \$614 increased REG operating expenses

## General and administrative expenses

- \$25,958 increase
- \$22,421 of the increase related to IPO and Reorganization Transactions stock-based compensation expense

# Operational Performance

## Operating Metrics

(in thousands, unless otherwise indicated)

	For the year ended December 31,		Change	Change%
	2021	2020		
<b>Revenues</b>				
Renewable Natural Gas Total Revenues	\$ 131,803	\$ 83,236	\$ 48,567	58.3%
Renewable Electricity Generation Total Revenues	\$ 15,449	\$ 16,665	\$ (1,216)	(7.3)%
<b>RNG Metrics</b>				
CY RNG production volumes (MMBtu)	5,688	5,746	(58)	(1.0)%
Less: Current period RNG volumes under fixed/floor-price contracts	(1,596)	(2,009)	413	(20.5)%
Plus: Prior period RNG volumes dispensed in current period	353	266	87	32.7%
Less: Current period RNG production volumes not dispensed	(372)	(353)	(19)	5.4%
Total RNG volumes available for RIN generation(1)	4,073	3,650	423	11.6%
<b>RIN Metrics</b>				
Current RIN generation ( x 11.727)(2)	47,758	42,809	4,949	11.8%
Less: Counterparty share (RINs)	(5,124)	(4,701)	(423)	9.0%
Plus: Prior period RINs carried into CY	110	1,330	(1,220)	(91.7)%
Less: CY RINs carried into next CY	(140)	(99)	(41)	41.4%
Total RINs available for sale(3)	42,604	39,339	3,265	8.3%
Less: RINs sold	(42,604)	(39,335)	(3,269)	8.3%
RIN Inventory	0	3	(3)	(100.0)%
RNG Inventory (volumes not dispensed for RINs)(4)	372	352	20	5.7%
Average Realized RIN price	\$ 1.91	\$ 1.31	\$ 0.60	45.8%
<b>Operating Expenses</b>				
Renewable Natural Gas Operating Expenses	\$ 65,046	\$ 50,092	\$ 14,954	29.9%
Operating Expenses per MMBtu (actual)	\$ 11.44	\$ 8.72	\$ 2.72	31.2%
Renewable Electricity Generation Operating Expenses	\$ 12,177	\$ 11,555	\$ 622	5.4%
\$/MWh (actual)	\$ 66.56	\$ 62.13	\$ 4.43	7.1%
<b>Other Metrics</b>				
Renewable Electricity Generation Volumes Produced (MWh)	183	186	(3)	(1.6)%
Average Realized Price \$/MWh (actual)	\$ 84.45	\$ 89.60	\$ (5.15)	(5.7)%

# Financial Performance

## Balance Sheet

(in thousands):

	As of December 31,	
	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 53,266	\$ 20,992
Accounts and other receivables, net	9,338	5,449
Related party receivable	8,940	—
Prepaid expenses and other current assets	2,846	6,044
Assets held for sale	777	—
Total current assets	\$ 75,167	\$ 32,485
Non-current restricted cash		
Property, plant & equipment, net	\$ 328	\$ 567
Goodwill and intangible assets, net	180,893	186,401
Deferred tax assets	14,113	14,678
Operating lease right-of-use assets	10,570	14,822
Other assets	305	586
Other assets	5,104	3,817
<b>Total assets</b>	<b>\$286,480</b>	<b>\$253,356</b>
<b>LIABILITIES AND STOCKHOLDERS' AND MEMBER'S EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 4,973	\$ 5,964
Accrued liabilities	10,823	11,539
Current portion of operating lease liability	296	282
Current portion of derivative instruments	650	1,185
Current portion of long-term debt	7,815	9,492
Total current liabilities	\$ 24,557	\$ 28,462
Long-term debt, less current portion	\$ 71,392	\$ 56,268
Non-current portion of operating lease liability	27	320
Non-current portion of derivative instruments	189	1,075
Asset retirement obligation	5,301	5,689
Other liabilities	2,721	1,920
Total liabilities	\$104,187	\$ 93,734
Member's equity		
Common stock, \$0.01 par value, authorized 690,000,000 shares; 143,584,827 shares issued at December 31, 2021; 141,015,213 outstanding at December 31, 2021	1,410	—
Treasury stock, at cost, 950,214 shares at December 30, 2021	(10,813)	—
Additional paid-in capital	196,224	—
Retained deficit	(4,528)	—
Total stockholders' and member's equity	182,293	159,622
<b>Total liabilities and stockholders' and member's equity</b>	<b>\$286,480</b>	<b>\$253,356</b>

# Cash Flow

(in thousands, unless otherwise indicated)

	Year Ended December 31,	
	2021	2020
Net cash flows provided by operating activities	\$ 42,879	\$ 28,684
Net cash flows used in investing activities	(19,474)	(15,987)
Net cash flows provided by (used in) financing activities	8,649	(1,500)
Net increase in cash and cash equivalents	32,054	11,197
Restricted cash, end of period	347	567
Cash and cash equivalents and restricted, end of period	53,613	21,559

## Operating items affecting net income include:

- \$22,419 accounting for stock-based compensation
- (\$3,671) adjustments to working capital and other assets and liabilities

## Investing activities include:

- \$4,142 cash paid for Montauk Ag Renewables asset acquisition
- \$5,531 cash paid for real estate and improvements for Montauk Ag Renewables future NC production facility
- \$1,000 capital expenditures for Pico Feedstock Amendment
- \$2,428 capital expenditures optimizing recently commissioned facilities

## Financing activities

- \$15,593 IPO net proceeds
- \$10,813 repurchase of shares in connection with tax withholding for restricted stock awards related to the IPO
- \$8,940 loan to Montauk Holdings Limited



# Business Development

## Montauk Ag Renewables

### 2021 Highlights

- Completed series of transactions to purchase certain identified assets, including intellectual property
- Granted patent over 24 specific aspects of continuous-feed, closed loop reactor technology
- Closed on purchase of approximately 146 acres and approximately 500,000 square foot structure intended for Montauk Ag NC development project
- Signed master services agreements providing access to waste feedstock
  - Expected to provide immaterial amount of service revenue

# Business Development

## Pico facility improvements

### 2021 Highlights

- Completed amendment to Pico feedstock agreement expanding capacity
- Fourth quarter 2021: significant performance improvement efforts
  - Temporarily idled RNG production to remove settled solids
  - Replaced digester cover
  - Various other efficiency improvements
- Impacted timeline for modeling initial CI Score pathway
  - No temporary CI pathway in 2021
  - Unable to generate LCFS credits on 2021 production

### Expected 2022 activity

- Storing gas pending completion of CARB CI Score Pathway assessment
- Expect results from CARB assessment in second half 2022
- Currently expect LCFS 2022 credit revenue in 2023

# 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:

	Year Ended December 31,	
	2021	2020
Net (loss) income	\$ (4,528)	\$ 4,603
Depreciation and amortization	22,869	22,117
Interest expense	2,928	4,339
Income tax expense (benefit)	4,161	(5,996)
Consolidated EBITDA	25,430	25,063
Impairment loss(1)	1,191	278
Transaction costs	352	—
Loss on extinguishment of debt	154	—
Net loss on sale of assets	822	320
Non-cash hedging charges	—	388
<b>Adjusted EBITDA</b>	<b>\$27,949</b>	<b>\$26,049</b>

- (1) For the year ended December 31, 2021, we recorded an impairment of \$626 related to a landfill host request to decommission a previously converted RNG site. We were previously contractually obligated to maintain this facility. Additionally, we impaired \$421 related to disposal of machinery at our Rumpke facility. For year ended December 31, 2020, we recorded an impairment of \$278 termination of a development agreement related to our Pico project.