



MONTAUK
RENEWABLES

Investor Presentation

3Q 2021

NOVEMBER 15, 2021

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 the expected benefits of the Pico amendment and the North Carolina acquisition, the anticipated completion of the engine repairs at the Security 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 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; 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; 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 North Carolina acquisition; 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”); 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; 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.

Disclaimers and Confidentiality

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 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 data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total operating revenues	\$ 39,749	\$28,250	\$ 102,872	\$74,563
Operating expenses:				
Operating and maintenance expenses	\$ 13,123	\$11,320	\$ 36,954	\$31,281
General and administrative expenses	7,520	4,131	35,280	11,336
Royalties, transportation, gathering and production fuel	6,636	5,189	18,840	13,376
Depreciation, depletion and amortization	5,666	5,470	17,062	16,120
Gain on insurance proceeds	(157)	(2,694)	(238)	(3,444)
Impairment loss	—	—	626	278
Transaction costs	232	—	357	—
Total operating expenses	\$ 33,020	\$23,416	\$ 108,881	\$68,947
Operating income (loss)	\$ 6,729	\$ 4,834	\$ (6,009)	\$ 5,616
Other expenses:				
Interest expense	\$ 697	\$ 436	\$ 2,064	\$ 3,510
Other expense	617	216	662	250
Total other expenses	\$ 1,314	\$ 652	\$ 2,726	\$ 3,760
Income (loss) before income taxes	\$ 5,415	4,182	\$ (8,735)	\$ 1,856
Income tax (benefit) expense	(3,481)	6,266	1,286	(291)
Net income (loss)	\$ 8,896	\$ (2,084)	\$ (10,021)	\$ 2,147
Income (loss) per share:				
Basic	\$ 0.06		\$ (0.07)	
Diluted	\$ 0.06		\$ (0.07)	
Weighted-average common shares outstanding:				
Basic	141,015,213		141,015,213	
Diluted	141,048,006		141,015,213	

Operational Results – Fiscal third quarter 2021

(in thousands, unless otherwise indicated)

All comparisons are between the three months ended September 30, 2021 and three months ended September 30, 2020, unless otherwise indicated

Renewable Natural Gas (“RNG”) Metrics

- 10 MMBtu decreased production

RIN Metrics

- 2,816 increase in volumes sold
- \$0.11 increase in averaged realized price per RIN

Renewable Electricity Generation (“REG”) Metrics

- 6 MWh decreased production

Operating and Maintenance Expenses

- \$272 decreased RNG operating expenses
- \$1,200 increased REG operating expenses

General and administrative expenses

- \$3,389 increase
- \$2,574 of the increase related to IPO and Reorganization Transactions stock-based compensation

Operational Performance

Operating Metrics

(in thousands, unless otherwise indicated)

	Three Months Ended September 30		Change	Change %
	2021	2020		
Revenues				
Renewable Natural Gas Total Revenues	\$ 35,002	\$ 23,994	\$ 11,008	45.9%
Renewable Electricity Generation Total Revenues	\$ 3,872	\$ 4,256	\$ (384)	(9.0%)
RNG Metrics				
CY RNG production volumes (MMBtu)	1,510	1,520	(10)	(0.7%)
Less: Current period RNG volumes under fixed/floor-price contracts	(333)	(561)	228	(40.6%)
Plus: Prior period RNG volumes dispensed in current period	309	297	12	4.0%
Less: Current period RNG production volumes not dispensed	(379)	(320)	(59)	18.4%
Total RNG volumes available for RIN generation (1)	1,107	936	171	18.3%
RIN Metrics				
Current RIN generation (x 11.727) (2)	12,985	10,977	2,008	18.3%
Less: Counterparty share (RINs)	(1,415)	(1,394)	(21)	1.5%
Plus: Prior period RINs carried into current period	1,586	1,700	(114)	(6.7%)
Less: CY RINs carried into next CY	—	—		
Total RINs available for sale (3)	13,156	11,283	1,873	16.6%
Less: RINs sold	(13,250)	(10,434)	(2,816)	27.0%
RIN Inventory	(94)	849	(943)	(111.1%)
RNG Inventory (volumes not dispensed for RINs) (4)	379	320	59	18.4%
Average Realized RIN price	\$ 1.65	\$ 1.54	\$ 0.11	7.1%
Operating Expenses				
Renewable Natural Gas Operating Expenses	\$ 14,916	\$ 13,717	\$ 1,199	8.7%
Operating Expenses per MMBtu (actual)	\$ 9.88	\$ 9.02	\$ 0.86	9.5%
Renewable Electricity Generation Operating Expenses	\$ 3,961	\$ 2,782	\$ 1,179	42.4%
\$/MWh (actual)	\$ 93.00	\$ 57.33	\$ 35.67	62.2%
Other Metrics				
Renewable Electricity Generation Volumes Produced (MWh)	43	49	(6)	(12.2%)
Average Realized Price \$/MWh (actual)	\$ 90.93	\$ 87.69	\$ 3.24	3.7%

Financial Performance

Balance Sheet

(in thousands, except share data):

	As of September 30, 2021	As of December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,892	\$ 20,992
Restricted cash - current	118	—
Accounts and other receivables, net	15,308	5,449
Prepaid expenses and other current assets	3,045	6,044
Total current assets	\$ 39,363	\$ 32,485
Restricted cash - non-current	\$ 573	\$ 567
Property, plant and equipment, net	179,307	186,401
Related party receivable	7,140	—
Goodwill and intangible assets, net	15,033	14,678
Deferred tax assets	13,697	14,822
Operating lease right-of-use assets	378	586
Other assets	4,254	3,817
Total assets	\$ 259,745	\$ 253,356
LIABILITIES AND STOCKHOLDERS' AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,800	\$ 5,964
Accrued liabilities	12,441	11,539
Current portion of lease liability	294	282
Current portion of derivative instruments	841	1,185
Current portion of long-term debt	9,633	9,492
Total current liabilities	\$ 29,009	\$ 28,462
Long-term debt, less current portion	\$ 49,023	\$ 56,268
Non-current portion of lease liability	102	320
Non-current portion of derivative instruments	408	1,075
Asset retirement obligation	5,883	5,689
Other liabilities	1,226	1,920
Total liabilities	\$ 85,651	\$ 93,734
STOCKHOLDERS' AND MEMBERS' EQUITY		
Members' equity	\$ —	\$ 159,622
Common stock, \$0.01 par value, authorized 690,000,000 shares; 143,584,827 shares issued at September 30, 2021; 141,015,213 shares outstanding at September 30, 2021	1,410	—
Treasury stock, at cost, 950,214 shares at September 30, 2021	(10,813)	—
Additional paid-in capital	193,518	—
Retained deficit	(10,021)	—
Total stockholders' and members' equity	\$ 174,094	\$ 159,622
Total liabilities and stockholders' and members' equity	\$ 259,745	\$ 253,356

Cash Flow

(in thousands, unless otherwise indicated)

	Nine Months Ended September 30	
	2021	2020
Net cash flows provided by operating activities	\$ 21,298	\$ 22,636
Net cash flows used in investing activities	(11,414)	(13,742)
Net cash flows (used in) provided by financing activities	(9,860)	1,000
Net increase in cash and cash equivalents	24	9,894
Restricted cash, end of period	691	718
Cash and cash equivalents and restricted, end of period	21,583	20,256

Operating items affecting net income include:

- \$19,713 accounting for stock-based compensation
- \$6,784 adjustments to working capital and other assets and liabilities

Investing activities include:

- \$4,142 cash paid for Montauk Ag Renewables asset acquisition
- \$1,000 capital expenditures for Pico Feedstock Amendment
- \$2,362 capital expenditures optimizing recently commissioned facilities

Financing activities

- \$15,593 IPO net proceeds
- \$10,813 repurchase of shares from restricted stock awards related to the IPO
- \$7,140 loan to Montauk Holdings Limited

Business Development

Montauk Ag Renewables

Montauk Ag Asset Acquisition Recent Developments

- **Granted patent over 24 specific aspects of continuous-feed, closed loop reactor technology**
- **Closed on \$5,447 transaction to acquire approximately 146 acres and approximately 500,000 square foot structure**
 - **Intended to expand production processes acquired in Montauk Ag Renewables acquisition**
- **Signed master services agreements providing access to waste feedstock**

Business Development

Pico facility improvements

Significant performance improvement efforts

- Temporarily idled RNG production to remove settled solids
- Replace digester cover and other efficiency improvements
- Expect measurable increased production when full operations resume
 - Currently expected to resume full operations in first quarter of 2022
- Expect to reapply for temporary CI Score pathway
 - Fourth quarter of 2021

Appendix

Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA

The following table provides our EBITDA and Adjusted EBITDA, as well as a reconciliation to net income, which is the most directly comparable GAAP measure, for the three months ended September 30, 2021 and 2020:

	Three Months Ended September 30	
	2021	2020
Net income (loss)	\$ 8,896	\$ (2,084)
Depreciation and amortization	5,666	5,470
Interest expense	697	436
Income tax expense (benefit)	(3,481)	6,266
EBITDA	11,778	10,088
Net loss of sale of assets	822	—
Transaction costs	232	—
Adjusted EBITDA	<u>\$12,832</u>	<u>\$10,088</u>