



MONTAUK
RENEWABLES

Investor Presentation

Q1 2021

MAY 25, 2021

Disclaimers and Confidentiality

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company in any state or jurisdiction, domestic or foreign, in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The Company's securities have not been approved or disapproved by the SEC or any other state securities commission or any other regulatory or governmental authority, nor have any of the foregoing passed upon the accuracy or adequacy of the information presented in this presentation. Any representation to the contrary is a criminal offense.

The recipient acknowledges that, to the maximum extent permitted by law, each of the Company and its related parties or affiliates disclaims all liability to the recipient or to any other person for any expense, cost, loss or damage of any kind including direct, indirect or consequential loss or damage (however caused, including by negligence) incurred by any person arising from or relating to any information included or omitted from this presentation, whether by reason of such information being inaccurate or incomplete or for any other reason. This presentation does not constitute and should not be considered as any form of financial opinion or recommendation. The recipient should conduct its own inquiries as to the adequacy, accuracy, completeness and reliability of any information, whether such information is contained in this presentation or not, relating to the Company.

Disclaimers and Confidentiality

Forward-Looking Statements

This presentation, as well as other written or oral communications made from time to time by the Company, may contain certain forward-looking information. All statements other than statements of historical or current fact included herein are forward-looking statements. Forward-looking statements refer to the Company's current expectations and projections relating to financial condition, results of operations, plans, objectives, strategies, future performance, and business. The recipient 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," "opportunity," "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.

These 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. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements. 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.

Non-GAAP Financial Measures

This presentation contains "EBITDA" and "Adjusted EBITDA". These measures are supplemental financial measures not prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). These financial measures are not intended to serve as an alternative to GAAP measures of performance and may not be comparable to similarly titled measures presented by other companies. The Company presents these non-GAAP measures because it believes these measures assist investors in analyzing its performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of the Company's core operating performance. Please see the Appendix for reconciliations of the non-GAAP measures the Company presents to the most closely comparable financial measures calculated in accordance with GAAP.

Financial Performance

Income Statement

(In thousands, except per share data)

	Three Months Ended March 31,			Change %
	2021	2020	Change	
Total operating revenues	\$ 31,447	\$ 18,403	\$ 13,044	70.9%
Operating expenses:				
Operating and maintenance expenses	10,612	9,836	776	7.9%
General and administrative expenses	20,452	3,439	17,013	494.7%
Royalties, transportation, gathering and production fuel	6,218	2,941	3,277	111.4%
Depreciation and amortization	5,737	5,348	389	7.3%
Gain on insurance proceeds	(82)	(656)	(574)	(87.5)%
Impairment loss	626	278	348	125.2%
Transaction costs	88	—	88	
Total operating expenses	43,651	21,186	22,465	106.0%
Operating loss	\$(12,204)	\$ (2,783)	\$ (9,421)	(338.5)%
Other expenses:				
Income tax expense (benefit)	679	2,188	(1,509)	(69.0)%
Net income	\$(14,265)	\$ 5,816	\$(20,081)	(345.3)%

(1) See Appendix – EBITDA Reconciliation

Results of Operations

(in thousands, unless otherwise indicated)

Renewable Natural Gas (“RNG”) Metrics

- 41 MMBtu decreased production

RIN Metrics

- 1,040 increase in volumes sold
- \$1.15 increase in averaged realized price per RIN

Other Metrics

- 5 MWh decreased Renewable Electricity Generation (“REG”) production

Operating Expenses

- \$3,719 increased RNG operating expenses
- \$436 increased REG operating expenses

General and administrative expenses

- \$17,013 increase
- \$14,353 increase related to IPO and Reorganization Transactions stock-based compensation

Financial Performance

Operating Metrics

(in thousands, unless otherwise indicated)

	Three Months Ended March 31,		Change	Change %
	2021	2020		
Revenues				
Renewable Natural Gas Total Revenues	\$28,123	\$13,889	\$14,234	102.5%
Renewable Electricity Generation Total Revenues	\$ 3,324	\$ 4,461	\$(1,137)	(25.5)%
RNG Metrics				
CY RNG production volumes (MMBtu)	1,348	1,389	(41)	(3.0)%
Less: Current period RNG volumes under fixed/floor-price contracts	(453)	(554)	(101)	(18.2)%
Plus: Prior period RNG volumes dispensed in current period	353	267	86	32.2%
Less: Current period RNG production volumes not dispensed	(350)	(374)	(24)	(6.4)%
Total RNG volumes available for RIN generation (1)	898	728	170	23.4%
RIN Metrics				
Current RIN generation (x 11.727) (2)	10,534	8,538	1,996	23.4%
Less: Counterparty share (RINs)	(1,147)	(921)	226	24.5%
Plus: Prior period RINs carried into CY	110	1,330	(1,220)	(91.7)%
Less: CY RINs carried into next CY	—	—	—	—
Total RINs available for sale (3)	9,497	8,947	550	6.1%
Less: RINs sold	(8,875)	(7,835)	1,040	13.3%
RIN Inventory	622	1,112	(490)	(44.1)%
RNG Inventory (volumes not dispensed for RINs) (4)	350	374	(24)	(6.4)%
Average Realized RIN price	\$ 1.91	\$ 0.76	\$ 1.15	151.3%
Operating Expenses				
Renewable Natural Gas Operating Expenses	\$13,134	\$ 9,415	\$ 3,719	39.5%
Operating Expenses per MMBtu (actual)	\$ 9.74	\$ 6.78	\$ 2.96	43.7%
Renewable Electricity Generation Operating Expenses	\$ 3,393	\$ 2,957	\$ 436	14.7%
\$/MWh (actual)	\$ 71.70	\$ 56.50	\$ 15.20	26.9%
Other Metrics				
Renewable Electricity Generation Volumes Produced (MWh)	47	52	(5)	(9.6)%
Average Realized Price \$/MWh (actual)	\$ 70.24	\$ 85.24	\$(15.00)	(17.6)%

Financial Performance

Balance Sheet

(in thousands, except share data):

	As of March 31, 2021	As of December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,643	\$ 20,992
Accounts and other receivables, net	6,905	5,449
Prepaid expenses and other current assets	1,901	6,044
Total current assets	\$ 31,449	\$ 32,485
Restricted cash - non-current	\$ 572	\$ 567
Property, plant and equipment, net	182,309	187,046
Related party receivable	7,140	—
Goodwill and intangible assets, net	13,742	14,033
Deferred tax assets	13,756	14,822
Operating lease right-of-use assets	515	586
Other assets	3,879	3,817
Total assets	\$ 253,362	\$ 253,356
LIABILITIES AND STOCKHOLDERS' AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,520	\$ 5,964
Accrued liabilities	9,555	11,539
Current portion of lease liability	284	282
Income taxes payable	75	—
Current portion of derivative instruments	1,061	1,185
Current portion of long-term debt	9,536	9,492
Total current liabilities	\$ 26,031	\$ 28,462
Long-term debt, less current portion	\$ 53,863	\$ 56,268
Non-current portion of lease liability	249	320
Non-current portion of derivative instruments	781	1,075
Asset retirement obligation	5,783	5,689
Other liabilities	1,920	1,920
Total liabilities	\$ 88,627	\$ 93,734
STOCKHOLDERS' AND MEMBERS' EQUITY		
Members' equity	\$ —	\$ 159,622
Common stock, \$0.01 par value, authorized 690,000,000 shares; 142,157,835 shares issued at March 31, 2021; 141,015,213 shares outstanding at March 31, 2021	1,410	—
Treasury stock, at cost, 950,214 shares at March 31, 2021	(10,813)	—
Additional paid-in capital	188,403	—
Retained deficit	(14,265)	—
Total stockholders' and members' equity	\$ 164,735	\$ 159,622
Total liabilities and stockholders' and members' equity	\$ 253,362	\$ 253,356

Cash Flow

(in thousands, unless otherwise indicated)

	Three Months Ended March 31,	
	2021	2020
Net cash flows provided by operating activities	\$ 7,769	\$ 1,168
Net cash flows used in investing activities	(1,253)	(5,204)
Net cash flows (used in) provided by financing activities	(4,860)	6,000
Net increase in cash and cash equivalents	1,656	1,964
Restricted cash, end of period	572	587
Cash and cash equivalents and restricted, end of period	23,215	12,325

Operating activities adjustments to net income

- \$14,368 accounting for stock-based compensation
- \$2,219 reduction related to interest rate swap agreements

Investing activities

- \$2,516 2020 development capital expenditures
- \$2,806 2020 capital expenditures rebuilding McCarty RNG facility

Financing activities

- \$12,401 IPO net proceeds
- \$10,813 repurchase of restricted shares
- \$7,140 loan to Montauk Holdings Limited

Business Development

Commodity and Attribute Monetization

New Fixed-Price RNG agreement

- 4.5 Years, beginning July 1, 2021
- 900K MMBtu annually, currently under an expiring long-term floor price agreement
- RNG sold through refinery exports to the EU
 - ISCC Certified
 - Further diversifies monetization strategy beyond domestic attribute markets such as the “RFS”

Business Development

Expansion of Agricultural Waste Division

Acquisition of NR3, LLC (May 2021)

- Specialized, patent-pending, near-zero emissions technology
- Conversion of animal and agriculture waste into environmentally friendly, 100% organic, renewable energy alternatives

Late Stages of Evaluation for Initial Cluster Project

- convert a significant portion of the 15-million tons of animal and agricultural waste produced annually by North Carolina swine farms into environmentally sustainable, economically viable, renewable energy
- 5-Year, 20-unit, development cluster project
- \$100-\$150M cumulative capital investment,
- Each unit will be capable of processing up to 15-tons per day of animal and agricultural feedstock

Business Development

Expansion of Agricultural Waste Division

- More than 60,000 pork producers annually market more than 115 million hogs, which, on average, provide total gross income of more than \$20 billion USD and supports over 550,000 jobs.
- Montauk plans to prioritize its collection of animal and agricultural waste from farms surrounding historically underserved, at-risk communities in North Carolina that have higher concentrations of industrial agriculture
- Montauk views the acquisition of NR3, and the initial deployment project plans in North Carolina, as a rare and exciting opportunity to combine environmental stewardship and societal benefit to long-term investment value

Appendix

EBITDA Reconciliation

The following table provides our EBITDA and Adjusted EBITDA for the periods presented, as well as a reconciliation to net income:

	Three Months Ended March 31,	
	2021	2020
Net income (loss)	\$(14,265)	\$ 5,816
Depreciation and amortization	5,737	5,348
Interest expense	646	2,214
Income tax expense (benefit)	1,382	(10,787)
Consolidated EBITDA	(6,500)	2,591
Impairment loss (1)	626	278
Transaction costs	88	—
Non-cash hedging charges	—	388
Adjusted EBITDA	\$ (5,786)	\$ 3,257

(1) During the three months ended March 31, 2021, we recorded an impairment of \$626 related to a landfill hosts request for us to decommission a facility previously converted to an RNG facility. We were previously contractually obligated to maintain this facility. During the three months ended March 31, 2021, we recorded an impairment of \$278 termination of a development agreement related to our Pico acquisition.