



MONTAUK
RENEWABLES

Investor Presentation

THIRD QUARTER 2024 RESULTS

NOVEMBER 12, 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 related to 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 Emvolon collaboration and pilot project, the resolution of gas collection issues at the McCarty facility, the delays and cancellations of landfill host wellfield expansion projects, the mitigation of wellfield extraction environmental factors at the Rumpke and Apex facilities, how we may monetize RNG production, 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, whether as a result of the new presidential administration or otherwise; 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; taxes, tariffs, duties or other assessments on equipment necessary to generate or deliver renewable energy or 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 pipelines for our Renewable Natural Gas and Renewable Electricity Generation segments; our ability to renew pathway provider sharing arrangements at historical counterparty share percentages; 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, whether as a result of the new presidential administration or otherwise; 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, our 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 per share data)

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Total operating revenues	\$ 65,917	\$ 55,688	\$ 148,042	\$ 128,097
Operating expenses:				
Operating and maintenance expenses	15,484	14,212	48,596	43,614
General and administrative expenses	10,037	7,848	28,202	26,069
Royalties, transportation, gathering and production fuel	11,107	11,450	26,702	25,588
Depreciation, depletion and amortization	6,048	5,346	17,305	15,792
Impairment loss	533	51	1,232	777
Transaction costs	-	-	61	86
Total operating expenses	\$ 43,209	\$ 38,907	\$ 122,098	\$ 111,926
Operating income	\$ 22,708	\$ 16,781	\$ 25,944	\$ 16,171
Other expenses (income):				
Interest expense	\$ 1,835	\$ 1,295	\$ 4,285	\$ 3,681
Other income	(140)	(256)	(1,249)	(340)
Total other expenses	\$ 1,695	\$ 1,039	\$ 3,036	\$ 3,341
Income before income taxes	\$ 21,013	\$ 15,742	\$ 22,908	\$ 12,830
Income tax expense	3,965	2,808	4,722	2,681
Net income	\$ 17,048	\$ 12,934	\$ 18,186	\$ 10,149
Income per share:				
Basic	\$ 0.12	\$ 0.09	\$ 0.13	\$ 0.07
Diluted	\$ 0.12	\$ 0.09	\$ 0.13	\$ 0.07
Weighted-average common shares outstanding:				
Basic	142,410,940	141,717,612	142,156,540	141,661,790
Diluted	142,620,332	142,299,875	142,331,541	142,000,827

Operational Results – Quarter Ended September 30, 2024

(in thousands, unless otherwise indicated)

All comparisons are between the third quarter ended September 30, 2024 and the third quarter ended September 30, 2023, unless otherwise indicated

Renewable Natural Gas (“RNG”) Metrics

- Flat MMBtu production

RIN Metrics

- 2,000 increase in volumes sold
- 618 decrease in RINs generated but unsold
- \$0.29 increase in averaged realized price per RIN
- 1,740 increase in prior period RINs carried into current period

Renewable Electricity Generation (“REG”) Metrics

- 7 MWh decreased production

Operating and Maintenance Expenses

- \$667 increased RNG operating expenses
- \$483 increased REG operating expenses

General and administrative expenses

- \$2,189 increase

Operational Performance

Operating Metrics

	For the three months ended		Change	Change %
	September 30,			
	2024	2023		
<i>(in thousands, unless otherwise indicated)</i>				
Revenues				
Renewable Natural Gas Total Revenues	\$ 61,750	\$ 50,935	\$ 10,815	21.2%
Renewable Electricity Generation Total Revenues	\$ 4,167	\$ 4,753	\$ (586)	(12.3%)
RNG Metrics				
CY RNG production volumes (MMBtu)	1,392	1,380	12	0.9%
Less: Current period RNG volumes under fixed/floor-price contracts	(389)	(327)	(62)	19.0%
Plus: Prior period RNG volumes dispensed in current period	360	367	(7)	(1.9%)
Less: Current period RNG production volumes not dispensed	(308)	(320)	12	(3.8%)
Total RNG volumes available for RIN generation (1)	1,055	1,100	(45)	(4.1%)
RIN Metrics				
Current RIN generation (x 11.727) (2)	12,374	12,898	(524)	(4.1%)
Less: Counterparty share (RINs)	(1,185)	(1,351)	166	(12.3%)
Plus: Prior period RINs carried into current period	4,707	2,967	1,740	58.6%
Less: CY RINs carried into next CY	—	—	—	0.0%
Total RINs available for sale (3)	15,896	14,514	1,382	9.5%
Less: RINs sold	(15,750)	(13,750)	(2,000)	14.5%
RIN Inventory	146	764	(618)	(80.9%)
RNG Inventory (volumes not dispensed for RINs) (4)	308	320	(12)	(3.8%)
Average Realized RIN price	\$ 3.34	\$ 3.05	\$ 0.29	9.5%
Operating Expenses				
Renewable Natural Gas Operating Expenses	\$ 23,226	\$ 22,837	\$ 389	1.7%
Operating Expenses per MMBtu (actual)	\$ 16.69	\$ 16.55	\$ 0.14	0.8%
REG Operating Expenses	\$ 3,170	\$ 2,753	\$ 417	15.1%
\$/MWh (actual)	\$ 77.32	\$ 57.35	\$ 19.96	34.8%
Other Metrics				
Renewable Electricity Generation Volumes Produced (MWh)	41	48	(7)	(14.6%)
Average Realized Price \$/MWh (actual)	\$ 101.63	\$ 99.02	\$ 2.61	2.6%

- (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 September 30, 2024	as of December 31, 2023
Current assets:		
Cash and cash equivalents	\$ 54,973	\$ 73,811
Accounts and other receivables	19,217	12,752
Current restricted cash	82	8
Current portion of derivative instruments	428	785
Prepaid expenses and other current assets	4,576	2,819
Total current assets	<u>\$ 79,276</u>	<u>\$ 90,175</u>
Non-current restricted cash	\$ 374	\$ 423
Property, plant and equipment, net	249,845	214,289
Goodwill and intangible assets, net	18,460	18,421
Deferred tax assets	33	2,076
Non-current portion of derivative instruments	179	470
Operating lease right-of-use assets	4,054	4,313
Finance lease right-of-use assets	129	36
Related party receivable	10,168	10,138
Other assets	11,600	9,897
Total assets	<u>\$ 374,118</u>	<u>\$ 350,238</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,154	\$ 7,916
Accrued liabilities	15,763	12,789
Income tax payable	1,584	313
Current portion of operating lease liability	457	420
Current portion of finance lease liability	71	26
Current portion of long-term debt	10,868	7,886
Total current liabilities	<u>\$ 38,897</u>	<u>\$ 29,350</u>
Long-term debt, less current portion	\$ 46,719	\$ 55,614
Non-current portion of operating lease liability	3,849	4,133
Non-current portion of finance lease liability	58	10
Asset retirement obligations	6,226	5,900
Other liabilities	3,032	4,992
Total liabilities	<u>\$ 98,781</u>	<u>\$ 99,999</u>
Commitments and contingencies (Note 20)		
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value, authorized 690,000,000 shares; 143,732,811 shares issued at September 30, 2024 and December 31, 2023; 142,567,055 and 141,986,189 shares outstanding at September 30, 2024 and December 31, 2023, respectively	1,425	1,420
Treasury stock, at cost, 1,315,403 and 984,762 shares September 30, 2024 and December 31, 2023, respectively	(12,882)	(11,173)
Additional paid-in capital	222,994	214,378
Retained earnings	63,800	45,614
Total stockholders' equity	<u>275,337</u>	<u>250,239</u>
Total liabilities and stockholders' equity	<u>\$ 374,118</u>	<u>\$ 350,238</u>

Cash Flow

(in thousands, unless otherwise indicated)

	For the nine months ended	
	September 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ 43,071	\$ 19,587
Investing activities	(54,129)	(45,404)
Financing activities	(7,755)	(6,054)
Net decrease in cash and cash equivalents	(18,813)	(31,871)
Restricted cash, end of the period	456	431
Cash and cash equivalents, end of period	55,429	73,735

Operating items affecting net income include:

- \$3,666 adjustments to working capital and other assets and liabilities
- \$8,616 accounting for stock-based compensation

Investing activities highlights include:

- \$24,977 capital expenditures for Montauk Ag Renewables
 - Includes \$820 related to land asset acquisition in North Carolina
- \$10,021 capital expenditures for Second Apex RNG Facility
- \$7,871 capital expenditures for Bowerman RNG Facility

Financing activities include:

- \$6,000 repayment of term loan
- \$1,709 treasury stock purchase from share vesting

Business Development

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

Select historical data related to RINs generated, RINs unsold, and RINs generated but unsold:

Calendar Quarter	RINs Available for Sale	RINs Sold	RINs sold as % of RINs Available	RINs Available but Unsold	RINs Unsold as % of RINs Available
2023 First Quarter	11,215	2,949	26.3%	8,266	73.7%
2023 Second Quarter	20,407	17,441	85.5%	2,966	14.5%
2023 Third Quarter	14,514	13,750	94.7%	764	5.3%
2023 Fourth Quarter	10,904	10,796	99.0%	108	1.0%
2024 First Quarter	11,240	7,889	70.2%	3,351	29.8%
2024 Second Quarter	14,707	10,000	68.0%	4,707	32.0%
2024 Third Quarter	15,895	15,750	99.1%	145	0.9%

RIN commitments from fourth quarter RNG production at average price of \$3.51

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 the 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 second quarter	\$30,000-\$40,000
Blue Granite RNG Facility	900	2027	\$25,000-\$35,000
Bowerman RNG Facility	3,600	2027	\$85,000-\$95,000
European Energy Facilities	N/A	2027	\$65,000-\$75,000

Business Development

RNG Facility Developments – Third Quarter 2024 Highlights

Second Apex RNG Facility:

- Continue to expect commercial operations in second quarter of 2025

Blue Granite RNG Facility:

- Continue to review various alternatives related to interconnection opportunities
- Utility distribution system upgrades delayed due to the impact of Hurricane Helene
- Commissioning expectation has been delayed into 2027
- Do not expect significant capital expenditure during rest of 2024

Bowerman Power RNG Facility:

- Commissioning expectation delayed into 2027 related to landfill proposed changes to wellfield and flare facility
- Continue to incur capital expenditures in connection with expected timing

Business Development

Montauk Ag Renewables

2024 Highlights

- Gas interconnection design submitted for regulatory approval
- Electricity interconnection survey and pre-construction activities commenced
- Continue to bring additional farms under contract to secure additional feedstock supply
- In October 2024, received notice from NCUC that our application for a CPCN and NREF for electricity sale was approved for public comment
- Continued expected commissioning timeline
 - Through 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)

Third Quarter 2024 Highlights

- Received equipment proposals from multiple vendors
- Capital investment is estimated to range between \$65,000 and \$75,000

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. Please refer to the Cautionary Statement Regarding Forward-Looking and non-GAAP Financial Information. 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

	For the three months ended	
	September 30,	
	2024	2023
Net income	\$ 17,048	\$ 12,934
Depreciation, depletion and amortization	6,048	5,346
Interest expense	1,835	1,295
Income tax expense	3,965	2,808
Consolidated EBITDA	28,896	22,383
Impairment loss (1)	533	51
Net loss on sale of assets	1	—
Adjusted EBITDA	\$ 29,430	\$ 22,434

- (1) We recorded impairment losses of \$533 and \$51 for the three months ended September 30, 2024 and 2023, respectively. The impairment losses in the third quarter of 2024 primarily relate to various RNG equipment that was deemed obsolete for current operations and REG assets that were impacted under initial startup testing for one of our REG construction work-in-progress sites. The third quarter of 2023 impairment relates to specifically identified RNG machinery and feedstock processing equipment that were no longer in operational use and recorded in our RNG segment.