Investor Presentation

SECOND QUARTER 2023 RESULTS

AUGUST 9, 2023

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 that involve substantial risks and uncertainties. All statements other than statements of historical or current fact included in this presentation 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. All statements we make relating to future results of operations, financial condition, estimated and projected costs, and plans and objectives for future operations, growth, strategies or initiatives, including the Pico feedstock amendment, the Montauk Ag project in North Carolina, the Raeger capital improvement project, the Second Apex RNG Facility project, the Blue Granite RNG project, the Bowerman RNG project, the delivery of biogenic carbon dioxide volumes to European Energy, and the resolution of gas collection issues at the McCarty facility, 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. 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; deterioration in general economic conditions outside our control including the impacts of supply chain disruptions, inflationary cost increases, recession and other macroeconomic factors; 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 retain and attract qualified personnel of the Company or a possible increased reliance on third-party contractors as a result; 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 to distribution and transmission products 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 Investment Tax Credit under the Inflation Reduction Act of 2022; decline in public acceptance and support of renewable energy development and projects; 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; security threats, including cyber- security attacks; 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; and other risks and uncertainties detailed in the section titled “Risk Factors” in our latest Annual Report on Form 10-K and our other filings with the SEC.

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 2022 Form 10-K, 2023 Form 10-Qs and other SEC filings. 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 June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Total operating revenues	$ 53,256	$ 67,884	$ 72,409	$ 100,055
Operating expenses:				
Operating and maintenance expenses	15,221	14,870	29,402	28,072
General and administrative expenses	8,745	8,753	18,220	17,248
Royalties, transportation, gathering and production fuel	10,205	15,090	14,138	22,296
Depreciation, depletion and amortization	5,251	5,134	10,447	10,286
Gain on insurance proceeds	—	—	—	(313)
Impairment loss	274	69	726	120
Transaction costs	3	5	86	32
Total operating expenses	$ 39,699	$ 43,921	$ 73,019	$ 77,741
Operating income (loss)	$ 13,557	$ 23,963	$ (610)	$ 22,314
Other expenses (income):				
Interest expense	$ 711	$ 271	$ 2,386	$ 303
Other (income)	(90)	(25)	(84)	(333)
Total other expense (income)	$ 621	$ 246	$ 2,302	$ (30)
Income (loss) before income taxes	$ 12,936	$ 23,717	$ (2,912)	$ 22,344
Income tax expense (benefit)	11,933	4,565	(127)	4,307
Net income (loss)	$ 1,003	$ 19,152	$ (2,785)	$ 18,037
Income (loss) per share:				
Basic	$ 0.01	$ 0.14	$ (0.02)	$ 0.13
Diluted	$ 0.01	$ 0.13	$ (0.02)	$ 0.13
Weighted-average common shares outstanding:				
Basic	141,633,417	141,129,457	141,633,417	141,087,699
Diluted	142,045,498	142,462,069	141,633,417	142,220,274

Operational Results – Quarter Ended June 30, 2023

(in thousands, unless otherwise indicated)

All comparisons are between the second quarter ended June 30, 2023 and the second quarter ended June 30, 2022, unless otherwise indicated

Renewable Natural Gas (“RNG”) Metrics

- 38 MMBtu decreased production

RIN Metrics

- 3,003 increase in volumes sold
- 1,857 increase in RINs generated but unsold

Renewable Electricity Generation (“REG”) Metrics

- 2 MWh increased production

Operating and Maintenance Expenses

- $716 increased RNG operating expenses
- $382 decreased REG operating expenses

General and administrative expenses

- $8 decreased General and administrative expenses

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Operational Performance

Operating Metrics

(in thousands, unless otherwise indicated)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Change	Change %
Revenues				
Renewable Natural Gas Total Revenues	$ 48,609	$ 64,566	$ (15,957)	(24.7%)
Renewable Electricity Generation Total Revenues	$ 4,647	$ 4,329	$ 318	7.3%
RNG Metrics				
CY RNG production volumes (MMBtu)	1,431	1,469	(38)	(2.6%)
Less: Current period RNG volumes under fixed/floor-price contracts	(325)	(328)	3	(0.9%)
Plus: Prior period RNG volumes dispensed in current period	418	372	46	12.4%
Less: Current period RNG production volumes not dispensed	(367)	(447)	80	(17.9%)
Total RNG volumes available for RIN generation (1)	1,157	1,066	91	8.5%
RIN Metrics				
Current RIN generation (x 11.727) (2)	13,568	12,499	1,069	8.6%
Less: Counterparty share (RINs)	(1,427)	(1,346)	(81)	6.0%
Plus: Prior period RINs carried into current period	8,266	4,394	3,872	88.1%
Less: CY RINs carried into next CY	—	—	—	—
Total RINs available for sale (3)	20,407	15,547	4,860	31.3%
Less: RINs sold	(17,441)	(14,438)	(3,003)	20.8%
RIN Inventory	2,966	1,109	1,857	167.5%
RNG Inventory (volumes not dispensed for RINs) (4)	418	447	(29)	(6.5%)
Average Realized RIN price	$ 2.16	$ 3.38	$ (1.22)	(36.1%)
Operating Expenses				
Renewable Natural Gas Operating Expenses	$ 21,412	$ 25,605	$ (4,193)	(16.4%)
Operating Expenses per MMBtu (actual)	$ 14.96	$ 17.43	$ (2.47)	(14.2%)
REG Operating Expenses	$ 3,926	$ 4,284	$ (358)	(8.4%)
$/MWh (actual)	$ 80.12	$ 91.15	$ (11.02)	(12.1%)
Other Metrics				
Renewable Electricity Generation Volumes Produced (MWh)	49	47	2	4.3%
Average Realized Price $/MWh (actual)	$ 94.84	$ 92.11	$ 2.73	3.0%

(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 June 30, 2023		As of December 31, 2022
Current assets:				
Cash and cash equivalents	$	77,630	$	105,177
Accounts and other receivables		13,215		7,222
Related party receivable		10,117		9,000
Income tax receivable		483		—
Current portion of derivative instruments		1,004		879
Prepaid expenses and other current assets		5,833		2,590
Total current assets	$	108,282	$	124,868
Non-current restricted cash	$	408	$	407
Property, plant and equipment, net		194,846		175,946
Goodwill and intangible assets, net		15,269		15,755
Deferred tax assets		3,865		3,952
Non-current portion of derivative instruments		930		936
Operating lease right-of-use assets		4,528		4,742
Finance lease right-of-use assets		62		96
Other assets		8,150		5,614
Total assets	**$**	**336,340**	**$**	**332,316**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$	5,027	$	4,559
Accrued liabilities		21,606		15,090
Income tax payable		—		402
Current portion of operating lease liability		414		410
Current portion of finance lease liability		62		71
Current portion of long-term debt		7,880		7,870
Total current liabilities	$	34,989	$	28,402
Long-term debt, less current portion	$	59,560	$	63,505
Non-current portion of operating lease liability		4,282		4,341
Non-current portion of finance lease liability		—		25
Asset retirement obligations		5,695		5,493
Other liabilities		4,013		3,459
Total liabilities	$	108,539	$	105,225
STOCKHOLDERS' EQUITY				
Common stock, $0.01 par value, authorized 690,000,000 shares; 143,682,811 shares issued at June 30, 2023 and December 31, 2022, respectively; 141,633,417 shares outstanding at June 30, 2023 and December 31, 2022, respectively		1,416		1,416
Treasury stock, at cost, 971,306 shares June 30, 2023 and December 31, 2022, respectively		(11,051)		(11,051)
Additional paid-in capital		209,555		206,060
Retained earnings		27,881		30,666
Total stockholders' equity		227,801		227,091
Total liabilities and stockholders' equity	**$**	**336,340**	**$**	**332,316**

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Cash Flow

(in thousands, unless otherwise indicated)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net cash provided by (used in):		
Operating activities	$ 6,077	$ 26,772
Investing activities	(29,587)	(3,747)
Financing activities	(4,036)	(4,095)
Net (decrease) increase in cash and cash equivalents	(27,546)	18,930
Restricted cash, end of the period	430	347
Cash and cash equivalents, end of period	78,060	72,542

Operating items affecting net loss include:

- $3,495 accounting for stock-based compensation

Investing activities include:

- $9,772 capital expenditures for Pico Digestion Capacity Increase
- $4,977 capital expenditures for Montauk Ag Renewables
- $6,745 capital expenditures for Second Apex RNG Facility
- $2,997 capital expenditures for Blue Granite RNG Facility

Financing activities include:

- $2,000 repayments of term loan

Business Development

Capital Development Summary

The following summarizes our ongoing development growth plans expected volume contribution, anticipated commencement of operations, and capital expenditures estimate, respectively:

Development Opportunity	Estimated Volume Contribution (MMBtu/day)	Anticipated Commencement Date	Estimated Capital Expenditure
Pico Digestion Capacity Increase	300	Second half of 2023	Up to $18,000
Second Apex RNG Facility	2,100	Second half of 2024	$25,000-$35,000
Blue Granite RNG Facility	900	2025	$25,000-$35,000
Bowerman RNG Facility	3,600	2026	$85,000-$95,000

Business Development

Pico Feedstock Amendment

Second Quarter 2023 Highlights

- Completed RNG stored volumes release in second quarter of 2023
- Expect digestion capacity increase functionally completed in third quarter of 2023

Business Development

Bowerman Power RNG Facility

Second Quarter 2023 Highlights

- Planned development of an RNG landfill project in Irvine, CA at the Frank R. Bowerman Landfill
- Beneficially process available feedstock in excess of existing REG facility
- Anticipated nameplate capacity of approximately 3,600 MMBtu per day
- Target commissioning date in 2026
- REG facility will continue in operation at RNG facility commissioning

Business Development

Montauk Ag Renewables

Second Quarter 2023 Highlights

- Magnolia, NC reactor relocation to Turkey, NC completed
- Continue to design Turkey, NC facility to be used for commercial production
  - Expect revenue generating activities in 2025
- Evaluating uses for the Magnolia, NC location

July 2023

- Signed a renewable energy certificates agreement with Duke Energy

Business Development

Carbon Dioxide Beneficial Use Opportunity

July 2023

- Entered into a letter of intent (“LOI”) with a North American subsidiary of Denmark-based European Energy (“EENA”)
- Reserves EENA the use of the biogenic carbon dioxide (“CO2”) from our Texas facilities
- Upon final agreement execution, delivery term is expected to last up to 15 years with first delivery expected to begin in 2026
- LOI allows for capital commitments to be based on choosing technology most suited for EENA

Business Development

Strategic Growth Opportunity Pipeline

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

- Multiple LFG RNG and ADG RNG sites 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 allows 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 (loss) income, which is the most directly comparable GAAP measure, for the six months ended June 30, 2023 and 2022:

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net (loss) income	$ (2,785)	$ 18,037
Depreciation, depletion and amortization	10,447	10,286
Interest expense	2,386	303
Income tax (benefit) expense	(127)	4,307
Consolidated EBITDA	9,921	32,933
Impairment loss (1)	726	120
Net loss (gain) of sale of assets	37	(293)
Transaction costs	86	32
Non-cash hedging charges	—	1,807
Adjusted EBITDA	**$ 10,770**	**$ 34,599**

(1) During the six months ended June 30, 2023, we recorded an impairment loss of $726 for specifically identified RNG machinery and feedstock processing equipment that were no longer in operational use. During the six months ended June 30, 2022, we recorded an impairment loss of $120 related to computer software and hardware no longer being utilized, an amended customer contract and miscellaneous capital assets no longer in use under current operations

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