

Anaergia Inc.

Anaergia Reports Fourth Quarter and Fiscal 2022 Financial Results - Investor Conference Call

April 10, 2023

TSX: ANRG



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Market and Industry Data

Market and industry data presented throughout this presentation was obtained from third-party sources, industry reports and publications, websites and other publicly available information, as well as industry and other data prepared by us or on our behalf on the basis of management's knowledge of, and experience in, the markets in which we operate. We believe that the market and economic data presented throughout this presentation is accurate and, with respect to data prepared by us or on our behalf, that management's opinions, estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. Market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

For more information, please refer to the Company's regulatory filings available on the Company's website at www.anaergia.com and under the Company's SEDAR profile at www.sedar.com.

Participating in Today's Call



Dr. Andrew Benedek
Chair & CEO



Dr. Yaniv Scherson
COO



Paula Myson
CFO

Key Highlights



High Capital Sales Bookings

Booked new capital sales contracts worth over ~\$100M, including municipal projects in Singapore, Canada and the US

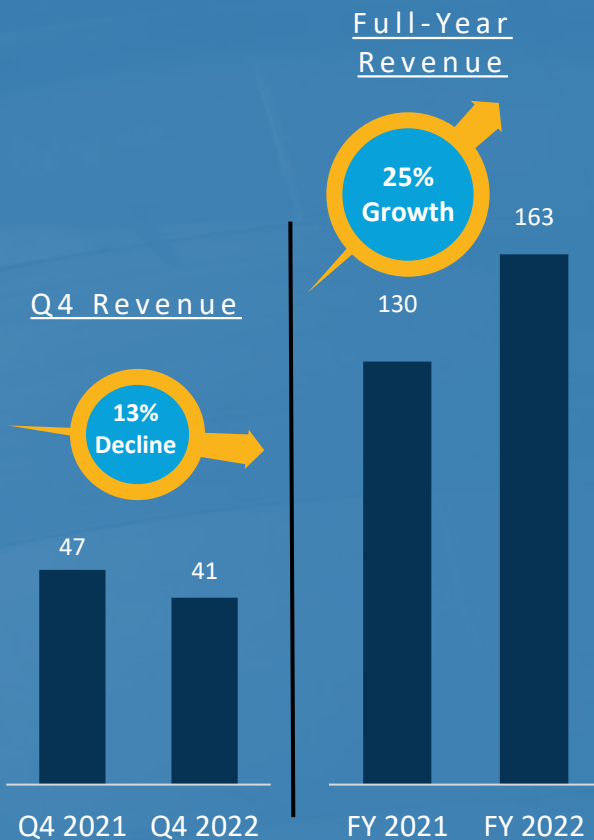
New Incentives and Extensions

2022 saw new and extended regulatory incentives - CFR in Canada, IRA in the US and incentive programs in Italy creating increasing new opportunities for RNG facilities

Global Recognition

2022 was a year of multiple awards. Anaergia was recognized by the European Biogas Association, Sustainable Development Technology Canada and Global Water Awards

Revenue Growth (C\$ millions)



Continued Growth in BOO Segment

First 2 Italian BOOs injecting gas in 2022. Remaining 4 facilities will be commissioned by end of Q3 2023. A total of 6 BOOs are operating and remaining 6 BOOs expected to be commissioned in 2023

Sale of Tønder BOO Asset

Completed Phase 1 construction and achieved first gas which qualified project for a 20-year subsidy from Danish government. Proceeds from the sale of the asset in Q1 2023 will be used to drive growth in Europe

Analyst Coverage

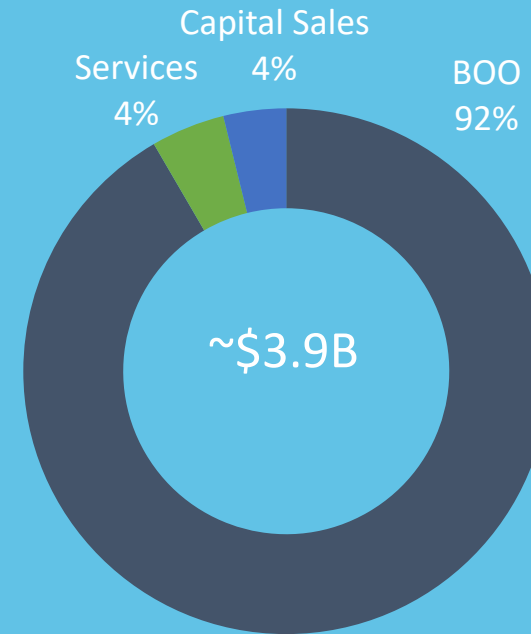


Revenue Backlog and Market Opportunities



- Italy extended the deadline for new biogas facilities to be eligible for RNG credits under the existing CIC program until Dec 2023. Italy also published a new decree for incentives to support RNG production, that will run until June 2026
- IRA became law in Q3, providing tax credits and grant opportunities for RNG projects
- Canadian Clean Fuel Regulations (CFR) is also expected to generate demand for carbon-negative RNG in Canada
- Rapidly growing voluntary market in North America is creating new offtake opportunities:
 - California utilities are now mandated to procure California generated low CI RNG under SB 1440
 - We are finalizing contract to supply RNG to a major multi-national from SoCal Biomethane
 - Our Rhode Island asset will be selling RNG to Canada's largest oil refinery (Irving Oil)
- Opportunities are continuing to grow in all areas of our business

Q4 2022 CLOSING ADJUSTED REVENUE BACKLOG^{1,2}



While there was a small increase in bookings in Q4 2022, the Tønder BOO asset was sold in February 2023, reducing our overall Revenue Backlog by ~1.1 billion

(1) "Revenue Backlog" is defined as the balance of unrecognized, undiscounted, consolidated revenues from signed contracts in our Capital Sales and Services segments and from our BOO assets that are operational, under construction or financially closed over their remaining useful life. We have conservatively modelled for only 20 years of revenue out of the useful life of the BOO assets.

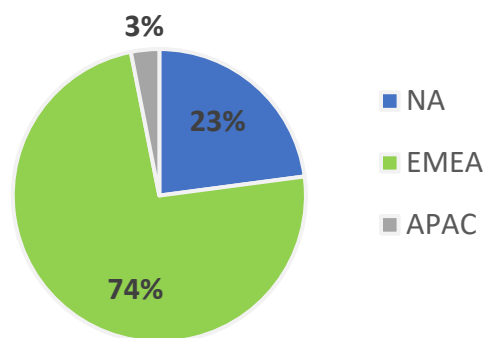
(2) Revenue Backlog has been adjusted for the sale of the Tønder BOO asset subsequent to December 31, 2022.

Financial Summary



(CAD millions)	Change	Q4 2022	Q4 2021	Change	Fiscal 2022	Fiscal 2021
Revenues	- 13%	40.6	46.7	+ 25%	162.9	129.9
Gross profit		3.2	5.4		28.6	24.8
Gross margin		7.9%	11.7%		17.6%	19.1%
SG&A, net		18.6	8.8		61.0	39.5
Net income (loss)		(37.9)	(8.2)		(74.7)	(14.1)
Adjusted EBITDA ¹		(15.4)	(0.8)		(22.0)	(1.5)

- Revenue grew 25% in 2022 compared to 2021
- Capital sales segment remains a strong contributor, contributing 76% of total revenue
- Adjusted YTD EBITDA is \$20.3 M lower than 2021 largely due to higher SG&A costs
- Net SG&A was \$21.5 M higher than 2021. The increase was largely driven by growth, provisions and legal expenses, and increased net R&D spending.
- 2022 net income was \$60.6M lower than 2021 due to a non-cash loss on an embedded derivative (\$22.3M), higher net SG&A (\$21.5M), an increase in income tax expense (\$13.0M, of which approximately \$10.0M is non-cash), and other items (\$3.8M)
- Fiscal 2022 revenue (\$163M) was within the guidance range (\$160M to \$170M) previously provided. Adjusted EBITDA was (\$22M), \$12M lower than guidance. Approximately half of the variance to guidance resulted from lower gross margin on projects, with the remainder resulting from an increase in SG&A including additional provisions on trade receivables and BOO costs not eligible for capitalization



**Fiscal 2022 Revenue
By Geography**

(1) "Adjusted EBITDA" is a non-IFRS measure. Please refer to the sections entitled "Non-IFRS Measures and Industry Metrics" and "Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA" in our management's discussion and analysis for the three and twelve months ended December 31, 2022, available on SEDAR at www.sedar.com.



Recall Latina, Italy



SoCal Biomethane, California

- Cash, cash equivalents, and current restricted cash as of December 31, 2022, was \$78.8M, \$22.9M lower than at the end of Q4 2021. Non-current restricted cash was \$16.5M
- In February 2023, the Company completed the sale of Tønder for gross proceeds of €56M (~\$80M). The Company expects to recognize a positive impact on the sale in Q1 2023 and intends to utilize proceeds from the sale for general corporate purposes and facilitating growth in Europe
- Cash used in investing activities during 2022 was \$192.5M and was mainly directed at advancing the construction of the BOO portfolio
- During 2022, a majority of the invested capital was funded at the subsidiary level (\$133.6M of debt and \$24.0M of preferred capital) with the balance funded by corporate proceeds from the issuance of share capital



REVENUE <i>CAD Million</i>	Q4 2022	Q4 2021	Change	Fiscal 2022	Fiscal 2021	Change
Capital Sales Revenues	\$22.0	\$39.1	-44%	\$123.1	\$112.6	9%

Continued Capital Sales Growth

- Capital Sales revenue in Fiscal 2022 is up only 9% YOY primarily due to project delays. North America and EMEA continue to be our primary revenue drivers
- Q4 2022 had lower revenues YOY due to client driven project delays

EMEA Continues to Drive Revenues

- Fiscal 2022 revenue in EMEA up 31% YOY. This is driven by the execution of several capital sales projects in the region
- Multiple Italian capital sale projects to continue to execute in 2023, supported by a very healthy pipeline of opportunities

Healthy Capital Sales Bookings

- 2022 saw multiple Capital Sale booking totaling over ~\$100M
- Signed a multi-year, design-build contract to supply Anaergia technology to the Tuas Nexus Integrated Waste Management Facility, part of Singapore's first integrated water and solid waste treatment facility that will enable co-digestion
- Signed projects with food and beverage multi-national PepsiCo, that will reduce their Scope 1 emissions and generate carbon-negative energy at two of their facilities

Recently Comissioned the Ambiente & Risorse Facility in Piacenza, Italy

Converting Food and Green Waste to Renewable Energy

40,000

tons/YR Feedstock Throughput

SSO

Feedstock Type

~134,000

MMBtu/YR of RNG

Sold to utility w/ fixed
10-year fixed CIC credits
Offtake and Credits



REVENUE <i>CAD Million</i>	Q4 2022	Q4 2021	Change	Fiscal 2022	Fiscal 2021	Change
Services	\$2.9	\$4.2	-31%	\$15.6	\$12.1	28%
BOO	\$15.7	\$3.4	356%	\$24.2	\$5.1	377%

Continued Service Revenue Growth

- Service segment of the business continues to grow, with 28% YOY growth
- Large contributions to service revenue are coming from North America
- Other service contracts already in our Revenue Backlog¹ will continue to grow our service segment in 2023 once facilities start operation

Favourable BOO Outlook

- Fiscal 2022 BOO revenues up 377% compared to Fiscal 2021 primarily due to our operating arrangement for our BOO under construction in Udine, Italy
- The RBF obtained RIN and LCFS approvals after significant administrative delays
- SoCal Biomethane facility is working on finalizing offtake contract with a major multi-national

(1) "Revenue Backlog" is defined as the balance of unrecognized, undiscounted, consolidated revenues from signed contracts in our Capital Sales and Services segments and from our BOO assets that are operational, under construction or financially closed over their remaining useful life. We have conservatively modelled for only 20 years of revenue out of the useful life of the BOO assets.

BOO Overview



6 BOOs in Operation

6 BOOs in Execution

Location	No. of Projects	Annual RNG Output ^{1,7} (MMBTU)	Consolidated Construction CAPEX ^{2,6}	Run-Rate EBITDA ^{3,4}
North America ⁹	6	~1,948,000	~\$362 M	~\$66 M
Europe ⁵	6	~607,000	~\$237 M	~\$33 M
Current Total (at 100% ownership)	12	~2,555,000	~\$599 M	~\$99M

~\$70M
Proportionate Run-Rate EBITDA^{3,8}

European Update

- Tønder facility was sold in February 2023, proceeds from which will be directed to growth opportunities in Italy and Germany
- The third Italian BOO, Ambiente & Risorse, was commissioned in March 2023. Remaining 3 Italian facilities are expected to be commissioned by the end of Q3 2023
- A number of additional BOO opportunities are in advanced stages of development in Italy and other European markets

North America Update

- Construction at Rhode Island and capital improvements at Charlotte BOO facilities continue. Both the Rhode Island and Charlotte facilities are expected to finish their construction and upgrades respectively by Q3 2023
- In North America, the IRA is accelerating RNG projects while the voluntary market and CFR are driving low carbon intensity (CI) RNG procurement
 - Rhode Island will be supplying Canada's largest refinery (Irving Oil) with RNG
- Development continues on multiple wastewater and solid waste RNG opportunities including Kent County and recently awarded bids

(1) Includes the approximate MMBTU equivalent of power (MW) produced by some BOO facilities.

(2) BOO projects are typically 70% debt funded and 30% equity funded.

(3) "Run-Rate EBITDA" is a non-IFRS measure. Please refer to "Non-IFRS Measures" in our management's discussion and analysis for the three and twelve months ended Dec 31, 2022, which is available on SEDAR at www.sedar.com.

(4) European BOO revenues determined based on historical average of ~US\$9 / MMBTU and relevant North American BOO revenues determined based on latest third-party forecasts on LCFS and RIN pricing.

(5) Excludes the Tønder facility, which was sold subsequent to December 31, 2022.

(6) Reflects increased costs due to delays, inflation and supply chain issues on account of the COVID-19 pandemic.

(7) RNG volumes adjusted to take into account variations in feedstock characteristics.

(8) Reflects Anaergia's ownership interests in projects.

(9) RBF's annual RNG output and Run-Rate EBITDA updated to take into account the postponement of the pyrolysis expansion.



- The City of Los Angeles belatedly implemented its ordinance in December 2022, which requires all commercial generators to subscribe to organic waste collection and diversion services
 - The enforcement of this ordinance is expected to drive up waste supply to the Sun Valley Recycling Park (operated by WM) that is currently the only outlet sending feedstock to the RBF
- Two additional OREX™ lines being installed at facilities operated by Universal Waste Systems (“UWS”) in the Los Angeles region to help de-risk the lack of regulatory action impacting Sun Valley, have experienced client-driven delays in permitting and construction
 - The UWS OREX™ line in downtown Los Angeles is expected to start operations in the second quarter of 2023, and
 - The UWS OREX™ line at Santa Fe Springs is expected to start operations in the third quarter of 2023
- The RBF obtained RIN and LCFS approvals after significant administrative delays



The overall business fundamentals remain strong, and the business has seen healthy growth, as demonstrated by ~25% YOY increase in revenue

- The Company continues to build a strong operational base at its 12 BOO facilities
- In Italy, two BOO facilities are now in operation and injecting gas. A third facility has been commissioned and the remaining Italian facilities are expected to be commissioned by the end of Q3 2023
- In North America, both RBF and SoCal Biomethane (VWVRA) are ramping up production. While RBF ramp up is still slow, we now have obtained final registration on both federal RIN and state LCFS and we will commence gas sales in Q2, 2023
- There is significant momentum for Anaergia with favourable RNG markets and incentives in Europe, the US as well as Canada. In order to fund our current ramp up and some growth, the company has sold its Tønder BOO facility in Denmark
- Fiscal 2022 revenue was within the guidance range previously provided. Fiscal 2022 Adjusted EBITDA was lower than guidance due to higher project costs, additional provisions on trade receivables, and BOO costs not eligible for capitalization
- Fiscal 2022 net income was impacted by a non-cash loss on an embedded derivative, estimated credit loss (ECL) provisions, and deferred tax expense
- There has been a decline in share price such that our shares are now well below book value. As the Company's fundamentals are still strong, we continue to believe in the long-term prospects of the Company

Q & A

Thank you for attending.