

# Anaergia Inc.

Q2 2021 Results Investor Conference Call

August 13, 2021

TSX: ANRG



Fueling a Sustainable World

# Disclaimers



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Certain statements in this presentation and certain oral statements made by senior management during the earnings conference call on August 13, 2021 (collectively, this "presentation") are "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking information may relate to future plans, expectations and intentions, results, levels of activity, performance, goals or achievements, the future impact of the COVID-19 pandemic or other future events or developments and may include information regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of Anaergia Inc. (the "Company", "Anaergia", "us", "we" or "our"). Particularly, information regarding our future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indicates", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

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This presentation makes reference to certain non-International Financial Reporting Standards ("IFRS") measures, including Adjusted EBITDA, EBITDA, EBITDA Build Cost Multiple, and Run-Rate EBITDA. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS.

## 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](http://www.anaergia.com) and under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## Participating in Today's Call



**Andrew Benedek**

Chair & CEO



**Yaniv Scherson**

COO



**Hani Kaissi**

CFO

## Key Q2 Highlights



### Expanded to North-East

Acquired the Rhode Island Bioenergy Facility, LLC.

### \$175M IPO

Completed the initial public offering, began trading on the TSX

### \$3.2B

### Revenue Backlog<sup>1</sup>

Value of Q2 closing Revenue Backlog, represents a 15% quarterly increase

### New European Opportunities

Opportunities continue to grow rapidly in Italy and Europe

### \$0.5B Bookings

Value of Q2 bookings, primarily driven by Rhode Island and Italian BOO assets

### 52%

### Rev. Growth

Increase in revenue for the six months ended June 30, 2021, compared to the six months ended June 30, 2020

## QUARTERLY REVENUE

(C\$ millions)



# IPO & Capitalization Summary



## IPO Highlights

Began Trading on June 23, 2021.

**TSX: ANRG**

Issue Price (CAD):

**\$14.00**

Subordinate Voting Shares Issued:

**12 500 000**

Raised Gross proceeds of:

**\$175M**

*Subsequent to Q2 2021, the underwriters partially exercised their over-allotment option to purchase an additional 1,740,500 Subordinate Voting Shares at the Issue Price, raising ~\$24.4M of additional gross proceeds*

## Shares Issued and Outstanding

Multiple Voting shares (as at June 30, 2021)	32.2 million
Subordinate Voting Shares (as at Jun 30, 2021)	24.3 million
Market Cap All Classes (as at Aug. 12, 2021 \$21.58 share price)	\$1.26 billion

## Brokerage Firms that Launched Research Coverage

### Analyst



Aaron MacNeil



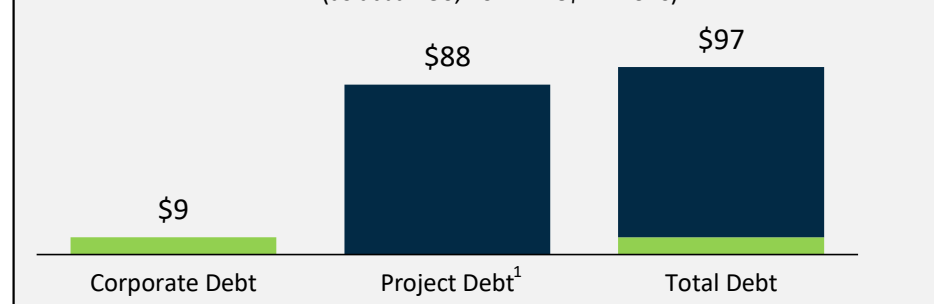
Moses Sutton



Justin Strong

## Debt Summary

(as at Jun 30, 2021 in C\$ millions)

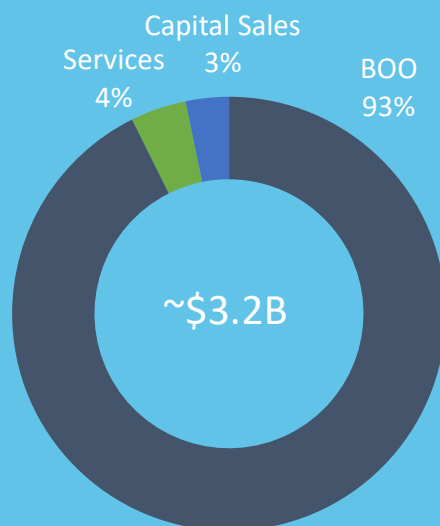


# Market, Bookings and Backlog Growth

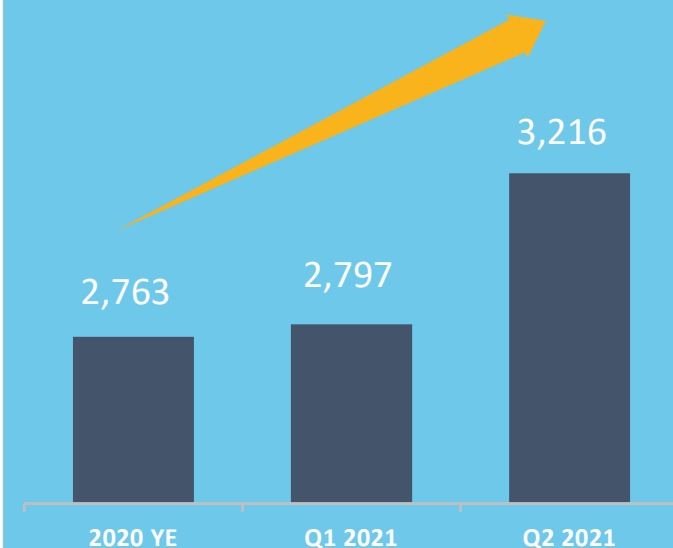


- ~\$499 million in new bookings, primarily driven by the Rhode Island BOO project acquisition plus Italian BOO projects, helped increase the closing Revenue Backlog of Q2 2021 by 15% to \$3.2B
- Opportunities continue to grow rapidly in Italy and Europe
- The California market is building up slower than expected due to COVID-19, while Europe is moving faster
- Strong RIN and LCFS pricing
- More US states introducing LCFS like programs

Q2 2021 CLOSING REVENUE BACKLOG<sup>1</sup>



CONTINUED REVENUE BACKLOG<sup>1</sup> GROWTH





# Financial Summary

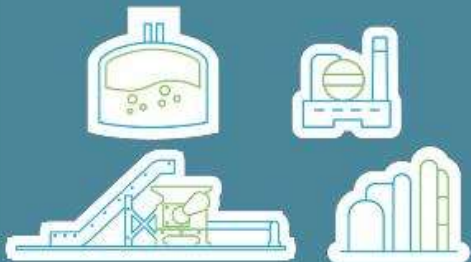
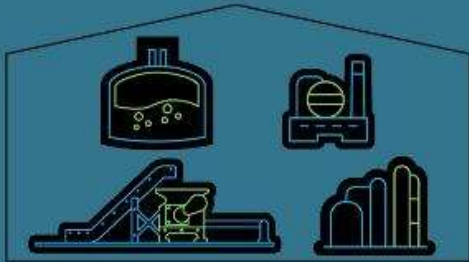
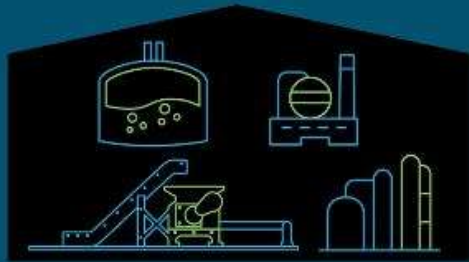


(Millions CAD)	Q2 2021	Q2 2020	Change	YTD 2021	YTD 2020	Change
<b>Revenues</b>	<b>32.1</b>	<b>22.4</b>	<b>44%</b>	<b>69.6</b>	<b>45.6</b>	<b>52%</b>
Gross Profit	6.8	5.4		16.8	10.6	
<i>Gross Margin</i>	21%	24%		24%	23%	
Net SG&A	5.6	4.6		12.9	10.6	
<b>Adjusted EBITDA<sup>1</sup></b>	<b>1.3</b>	<b>0.9</b>	<b>41%</b>	3.9	(0.02)	<b>N/A</b>
<i>Adjusted EBITDA as % of Revenues</i>	4%	4%		6%	N/A	
Net Income (Loss)	2.2	(17.9)		(1.8)	(16.0)	

- Significant Revenue growth in Q2 and first half of 2021
- Profitability up in Q2 and first half of 2021
- In California, the COVID-19 pandemic is causing a sluggish recovery in the commercial waste sector, due to the closure of commercial businesses and delay in rolling out the commercial organics program required by RecycLA (LA solid waste franchise)
- Rialto's revenue ramp-up has been slower than expected and full capacity is now anticipated to be reached in 2022. However, 2022 and 2023 guidance remains unchanged, as we are seeing stronger than anticipated demand in Europe that would offset any delays in California
- Revenue and EBITDA growth from 2020 to 2022, is not expected to be linear as a significant portion of the growth is expected to occur in 2022

# Business Development – Our Segments



Business Segment	01 CAPITAL SALES	02 SERVICES	03 BUILD-OWN-OPERATE	
				
How it works	<ul style="list-style-type: none"><li>• Sales of proprietary technology solutions, equipment, and services to third parties</li><li>• Variety of delivery methods</li><li>• Benefits from short sales cycle and quickly establishes references globally</li></ul>	<ul style="list-style-type: none"><li>• Third-party O&amp;M and service contracts ~5-10 years in length</li><li>• Customers utilizing Anaergia's technology solutions</li><li>• Provides a stable, ongoing revenue stream</li></ul>	<ul style="list-style-type: none"><li>• Build, Own, and Operate greenfield or brownfield facilities</li><li>• Can acquire and retrofit existing facilities, bypassing permitting process</li><li>• Provides significant, contracted, long-term revenue and high margins</li></ul>	
	Stability Reference Sites Optimize Technology	Increase Investment & Returns		Long-Term Growth High Profitability

As more BOO facilities become operational, the revenue make-up will shift towards the high-margin, recurring BOO revenue generated from tipping fees and RNG offtake sales



# Capital Sales



CAD Million	Q2 2021	Q2 2020	Change
Capital Sales Revenues	\$28.5	\$19.2	49%

## Increasing Demand for Proprietary Anaergia Technology

- Capital sales continue to provide a steady and growing stream of cash-positive revenue and entrance into new markets

## Rapid Capital Sales Growth in EMEA In Near-term

- Revenue in EMEA increased 206% compared to Q2 2020, driven primarily by increased capital sales in Italy
- Incentives in Europe providing lucrative tariffs on RNG production for facilities that start operations before 2023

## Key Capital Sales pipeline projects in the NA and APAC region

- Asia team is currently executing projects in China, Taiwan, Singapore and Japan with a pipeline of capital sales projects in the APAC region
- Continue to develop the market in California, the North-East US and Canada, with nine reference projects in the state of California a pipeline in the solid waste, wastewater, and agriculture market segments across North America

## Services and BOO



CAD Million	Q2 2021	Q2 2020	Change
Services	\$3.0	\$2.6	16%
BOO	\$0.6	\$0.6	-

### Capital Sales Growth Provides for Increase of Opportunities in the Services Segment

- Growing Capital Sales to third parties increasing service and O&M agreements with customers including municipalities and project developers

### BOO Revenue Expected to Grow Rapidly in Coming Years

- Revenue from the BOO segment is expected to grow substantially as Rialto, Victor Valley Waste Reclamation Authority (VWVRA) RNG and Italian projects come online and enter full operation later this year and in 2022
- Italian RNG incentives driving BOO focus in Italy, in order to get maximum possible facilities up and running by 2023

# BOO Updates



Status	No. of Projects	Annual RNG Output (MMBTU)	Consolidated CAPEX <sup>1</sup> (C\$ in millions)	Run-Rate EBITDA <sup>2</sup>
Operating	3	985,000	~\$234	~\$62 M
In Construction or starting execution	7	1,251,000	~\$248	~\$48 M
Contracted in 2021	1	114,000	~\$36	~\$6 M
<b>Total</b>	<b>11</b>	<b>2,350,000</b>	<b>~\$518</b>	<b>~\$116M</b>

**\$73M**

ANAERGIA'S  
PROPORTIONATE  
INTEREST OF  
RUN-RATE  
EBITDA<sup>4</sup>

## Acquired Rhode Island Bioenergy Facility, LLC

- The largest industrial digester for food and other organic waste in New England
- Anaergia will upgrade the facility to optimize operations and financial performance in converting the organic waste into carbon negative RNG

## North America

- **Rialto Bioenergy Facility** - Ramping up production at the largest organic waste diversion and energy recovery facility in NA, slower than anticipated. A second OREX installation currently being executed in the region will help mitigate the feedstock risk. Operations estimated to reach full scale during fiscal 2022 as COVID-19 restrictions ease and commercial waste feedstock volumes grow
- **VVWRA RNG** – Construction on track for completion in Q4 2021

## Italian BOO projects

- Three BOOs under construction and an additional two signed and ready to begin construction. Facilities to start hitting COD by end of 2021
- Multiple BOO projects close to signing, currently in the pipeline



(1) BOO projects are typically 70% debt funded and 30% equity funded  
(2) Please refer to the appendix in this presentation



# Rhode Island Bioenergy Facility

“This plant helps provide security to the future growth and success of this important industry.”

- Jesse Saglio, Rhode Island President of Commerce

320,000

MMBTU/YR of RNG

100,000

Tonnes/YR of Waste Diverted

5x

EBITDA Build  
Cost Multiple<sup>1</sup>

21%

Unlevered IRR

# Q & A

**Thank you for attending**



# Appendix



**Adjusted EBITDA:** Is calculated by adding and deducting, as applicable, certain expenses, costs, charges or benefits incurred in such period which in management's view are either not indicative of underlying business performance or impact the ability to assess the operating performance of our business, including: (a) (gain) loss on foreign exchange, (b) loss on sale of property and equipment, (c) mark-to-market loss on fuel hedges, (d) mark-to-market loss (gain) on Purchase Contracts, (e) share-based payments, (f) gain on divestiture (g) transaction costs, (h) IPO transaction costs, (i) acquisition, rebranding and other integration costs (included in cost of sales related to acquisition activity), and (j) deferred purchase consideration. We use Adjusted EBITDA to facilitate a comparison of our operating performance on a consistent basis reflecting factors and trends affecting our business.

**Revenue Backlog** represents 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. Anaergia's expected revenue backlog is based on management's financial and operational outlook and is subject to a number of assumptions and risks relating to the development and operation of BOO projects, including waste throughput, operating costs, RNG output, RNG pricing and other factors, as well as management's outlook for Capital Sales and Services revenue. See "Disclaimers"

**EBITDA Build Cost Multiple:** represents the total capital investment in a BOO asset divided by the run-rate EBITDA for the BOO asset. Run-rate EBITDA represents the expected EBITDA to be generated by a BOO asset corresponding to a full year of operations at full capacity. The expected run-rate EBITDA is forward-looking information and is subject to significant risks and assumptions relating to waste throughput, operating costs, RNG output, RNG pricing and other factors. Run-rate EBITDA is a non-IFRS measure. See "Disclaimers".

**Run-rate EBITDA:** represents the expected EBITDA to be generated by a BOO asset corresponding to a full year of operations at full capacity. The expected run-rate EBITDA is forward-looking information and is subject to significant risks and assumptions relating to waste throughput, operating costs, RNG output, RNG pricing and other factors. Run-rate EBITDA is a non-IFRS measure. See "Disclaimers".