ANAERGIA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND June 30, 2020

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION.....1

NON-IFRS MEASURES AND INDUSTRY METRICS.....2

INTERIM MD&A - QUARTERLY HIGHLIGHTS.....3

BUSINESS OVERVIEW.....3

RECENT DEVELOPMENTS.....6

IMPACT OF COVID-19 ON OUR BUSINESS.....7

KEY COMPONENTS OF RESULTS OF OPERATIONS.....7

OPERATING EXPENSES.....8

OTHER EXPENSES.....8

RESULTS OF OPERATIONS.....9

RECONCILIATION OF NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA.....14

STATEMENT OF FINANCIAL POSITION.....14

CAPITAL MANAGEMENT.....14

ANALYSIS OF CASH FLOWS.....15

CONTRACTUAL OBLIGATIONS.....16

OFF-BALANCE SHEET ARRANGEMENTS.....16

RELATED PARTY TRANSACTIONS.....16

FINANCIAL OUTLOOK.....16

OUTSTANDING SHARES DATA.....16

QUARTERLY INFORMATION.....16

RISKS AND UNCERTAINTIES.....17

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING.....17

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS.....17

FUTURE ACCOUNTING POLICY CHANGES.....17

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This management's discussion and analysis of financial condition and results of operations ("**MD&A**") for the three and six-month periods ended June 30, 2021 and June 30, 2020 is prepared as of August 12, 2021 and provides information concerning our financial condition and results of operations. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as at and for the three- and six-month periods ended June 30, 2021 and 2020 (the "**Q2 Interim Financial Statements**") and the Company's audited annual consolidated financial statements as at December 31, 2020 and for the years ended December 31, 2020 and 2019 (the "**2020 Annual Financial Statements**"), together with the related notes thereto. The financial information presented in this MD&A is derived from the Company's unaudited condensed consolidated interim financial statements as at and for the three- and six-month periods ended June 30, 2021 and June 30, 2020, all of which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").*

All amounts in this MD&A are in thousands of Canadian dollars except where otherwise indicated. References to the "**Company**", "**Anaergia**", "**we**", "**us**" or "**our**" refer to Anaergia Inc. and its subsidiary entities, on a consolidated basis. References to "**Q2 2021**" are to our fiscal quarter for the three months ended June 30, 2021 and references to "**Q2 2020**" are to our fiscal quarter for the three months ended June 30, 2020. References to "**YTD 2021**" are to the six months ended June 30, 2021 and references to "**YTD 2020**" are to the six months ended June 30, 2020. References to "**Fiscal 2023**" are to the fiscal year ending December 31, 2023, references to "**Fiscal 2022**" are to the fiscal year ending December 31, 2022, references to "**Fiscal 2020**" are to the fiscal year ended December 31, 2020, references to "**Fiscal 2019**" are to the fiscal year ended December 31, 2019 and references to "**Fiscal 2018**" are to the fiscal year ended December 31, 2018.

Additional information about the Company, including its supplemented PREP prospectus dated June 18, 2021 (the "**IPO Prospectus**"), is available on SEDAR at www.sedar.com. The Company's subordinate voting shares are listed for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "ANRG".

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable 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 novel coronavirus ("**COVID-19**") pandemic or other future events or developments and may include information regarding our financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives. 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

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that we considered appropriate and reasonable as of the date such statements were made. It is also subject to known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described under "Risks and Uncertainties" in this MD&A. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Company final initial public offering prospectus dated June 18, 2021 (the "**Prospectus**").

The purpose of the forward-looking statements in this MD&A is to provide the reader with a description of management's current expectations regarding the Company's financial performance and may not be appropriate for other purposes. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only to opinions, estimates and assumptions as of the date made. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlook, as with forward-looking information generally, are based on current assumptions and subject to risks, uncertainties and other factors.

Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement

NON-IFRS MEASURES AND INDUSTRY METRICS

This MD&A makes reference to certain non-IFRS measures and industry metrics. 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. We use non-IFRS measures and industry metrics, including "Adjusted EBITDA", "EBITDA", "EBITDA Build Cost Multiple" and "Revenue Backlog" to provide investors with supplemental measures. Management also uses non-IFRS measures internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future debt service, capital expenditure and working capital requirements. Management believes these non-IFRS measures and industry metrics are important supplemental measures of operating performance because they eliminate items that have less bearing on operating performance and highlight trends in the core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management believes such measures allow for assessment of our operating performance and financial condition on a basis that is more consistent and comparable between reporting periods. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers.

"**Adjusted EBITDA**" is defined as EBITDA adjusted for our normalized proportionate interest in our build-own-operate ("**BOO**") assets and one-time or non-recurring items, stock-based compensation expense, asset impairment charges and write downs, gains and losses for equity accounted investees, foreign exchange gains or losses, restructuring costs, ERP customization and configuration costs, litigation and other claims settlements, gains and losses resulting from changes in certain balance sheet valuations (such as derivatives and warrants), acquisition costs and costs related to our initial public offering, including estimated incremental auditing and professional services costs incurred in connection with our initial public offering.

"**EBITDA**" is defined as net earnings before finance costs, taxes and depreciation and amortization.

"**EBITDA Build Cost Multiple**" is defined as the total capital investment in a BOO asset divided by the Run-Rate EBITDA for the BOO asset.

"**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.

See "Reconciliation of Non-IFRS Measures" for a reconciliation of certain of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

INTERIM MD&A - QUARTERLY HIGHLIGHTS

- Revenue of $32,127 for the three months ending Q2 2021 represented a 44% year-over-year increase. For the six months ending Q2 2021, revenue increased 52%, or $23,915, compared to Q2 2020 (Q2 2020: $45,644). The increases were driven by Capital Sales projects under execution in the EMEA and North American markets.

- Q2 2021 bookings of approximately $499 million, primarily driven by the acquisition of a BOO asset in Rhode Island and closing of BOO signings in Italy, helped increase Revenue Backlog by 15% to approximately $3.2 billion from approximately $2.8 billion at the end of Q1 2021.

- The Company successfully completed its initial public offering (the "**IPO**") of 14,240,500 subordinate voting shares at a price of $14.00 per share for gross proceeds of $199,367, including the partial exercise of the underwriters' over-allotment option subsequent to Q2 2021.

- The Company expanded its footprint in northeastern United States by acquiring Rhode Island Bioenergy Facility, LLC (fka Orbit Energy Rhode Island, LLC), which owns the largest industrial anaerobic digester for food and other solid organic waste recycling in New England.

- In California, USA, COVID-19 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). As a result, the Rialto Bioenergy Facility's ("RBF") revenue ramp-up will continue to be slow and full capacity is now not expected to be reached until sometime in 2022.

Financial Highlights (in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenue	$ 32,127	$ 22,369	$ 69,559	$ 45,664
Cost of sales	25,316	16,927	52,805	35,071
Gross profit	6,811	5,442	16,754	10,573
Net income (loss)	2,211	(17,881)	(1,784)	(16,024)
Net income (loss) per share	0.13	(3.38)	(0.10)	(3.26)
Weighted average # of shares	18,090,368	14,883,660	16,495,872	14,883,660
EBITDA*	3,384	(12,939)	286	(9,394)
Adjusted EBITDA*	1,252	885	3,872	(20)

* See "Non-IFRS Measures and Industry Metrics".

BUSINESS OVERVIEW

Our Business

Anaergia is an integrated waste-to-value platform. It was created to eliminate a major source of greenhouse gases ("**GHG**") by turning organic waste into renewable natural gas ("**RNG**"), clean water and natural fertilizer through the use of proprietary technologies. Anchored with a proven track record of delivering innovative projects, Anaergia is uniquely positioned to provide integrated solutions to today's most pressing resource recovery challenges using a broad portfolio of proven technologies and multiple project delivery methods.

Formed in 2007, Anaergia was built on the foundations of highly capable and experienced acquired companies. Continued investments in innovation and execution capabilities allow us to deliver facilities that divert waste, reduce life cycle costs, create new revenue streams and maximize renewable energy output.

Our business model involves the development of technologies and services used to design, build, own, operate and finance projects that process organic waste into valuable resources. We focus on the three largest sub-sectors of this market, principally solid waste, wastewater and agriculture, as these account for the largest reliable sources of waste creation and benefit from significant existing infrastructure.

Anaergia is one of the world's only companies with a proprietary portfolio of end-to-end solutions that integrates solid waste processing as well as wastewater treatment with organics recovery, high-efficiency anaerobic digestion, RNG production and recovery of fertilizer and water from organic residuals. The combination of these technologies enhances carbon-negative biogas, clean water and natural fertilizer production, utilizes a minimized footprint and lowers waste and wastewater treatment costs and GHG emissions.

Anaergia is headquartered in Burlington, Canada and has operations in North America, Asia, Africa and Europe. Our technologies have been deployed at resource recovery facilities in over 17 countries worldwide, including at over 230 facilities since 2010. During the last two years, we have built or are in the process of building three of the largest biogas facilities in the world.

Business Segments

We report our operating results in the following three reportable segments:

1. *Capital Sales*. Our Capital Sales segment consists of technology packaged solutions and services to third party customers, predominantly municipalities and project developers, and includes engineering services, proprietary product sales, engineering procurement and construction contracts, or a combination thereof.

2. *Services*. Our Services segment offers third-party operation and maintenance ("**O&M**") and field service contracts, generally 5-10 years in length, with customers that typically include municipalities and project developers that utilize our technology solutions.

3. *BOO*. Our BOO segment builds, owns and operates greenfield or brownfield facilities that are expected to generate high margin revenues and long-term predictable cash flows. This segment capitalizes on our ability to acquire and retrofit existing infrastructure and bypass lengthy permitting processes.

Geographical Operations

Globally, there are over 2 billion tons of waste sent to landfills each year, creating significant GHG emissions as organic materials decompose. A growing global awareness about landfill constraints and increased focus on mitigating climate change are driving governments and municipalities to adopt organics diversion regulations around the globe. Anaergia targets markets that benefit from supportive regulatory regimes and readily available feedstock supplies and that provide the ability to utilize existing infrastructure. With our differentiated set of integrated resource recovery solutions and flexible delivery models, Anaergia is uniquely positioned to capitalize on this global opportunity. The Company's global presence consists of eight office locations and two manufacturing facilities that have helped deploy our technologies at resource recovery facilities in over 17 countries worldwide, including at over 230 facilities since 2010.

The Company's core markets and revenue sources are in North America and Europe where we take advantage of the opportunity created by regulations that drive organics diversion and encourage the use of anaerobic digestion ("**AD**") to process organic waste and produce RNG. In other markets, Anaergia sells integrated solutions to waste management companies where BOO assets are typically less attractive.

We report our operating results in the following three geographical areas:

1. *North America*. In North America, our core market is in California, where we have nine reference projects. One of our references, the Rialto Bioenergy Facility (the "**RBF**"), is the largest organic waste processing AD facility in North America.

2. *Europe, Middle East and Africa ("**EMEA**")*. In the EMEA region, we have focused on the Italian market due to its strong regulatory support and robust natural gas infrastructure. Outside of Italy, we are focused on the UK, Germany and the Netherlands. We are currently in the process of substantially completing the construction of one of Europe's largest biogas plants for agricultural waste in Sterksel, Netherlands.

3. *Asia Pacific ("**APAC**")*. In the APAC region, we have focused on the mature markets of Singapore, Australia, Korea and Japan. Our APAC headquarters in Singapore is currently executing projects in China, Taiwan, Singapore and Japan and has a robust incremental pipeline of key Capital Sales projects in the APAC region.

Strategy

Anaergia is driven to innovate by providing its stakeholders a sustainable world for the next generation. Our strategic vision is clear: to provide complete, integrated resource recovery solutions globally. Underpinned by a robust market, and regulatory and environmental tailwinds, Anaergia is uniquely positioned to benefit from the growing demand for sustainable waste solutions. The Company's products and services respond to regulatory and customer demand for sustainable waste management services that are superior to landfilling and composting while providing carbon negative fuel, thereby reducing GHG emissions. Anaergia is focused on providing cost effective and sustainable solutions that leverage our experience with project development and execution and our growing network of owned infrastructure. Key elements of our growth strategy are set out below.

Fully Operational Rialto Bioenergy Facility

The RBF services the Southern California region and is the largest organic waste diversion and energy recovery facility in North America. This facility serves as a model solution for the aggressive organics diversion targets California has set. It will process up to 310,000 tons of organic waste annually, which will be converted into up to 985,000 mmbtu per year of pipeline quality RNG and other valuable fertilizer by-products. The facility is expected to reduce greenhouse gas emissions by up to 220,000 metric tons of CO2 equivalents ("**CO2e**") each year, equivalent to taking about 47,000 passenger vehicles off the road. Approximately US$185 million is being invested in this facility, which provides an unlevered internal rate of return of approximately 21% and a 4x EBITDA Build Cost Multiple.* In the first quarter of 2021, we started operations at the RBF and we expect operations to fully ramp up during 2022 as COVID-19 restrictions ease and commercial waste feedstock volumes grow.

*See "Non-IFRS Measures and Industry Metrics".

Pursue Organic Growth and Shift Focus to Our BOO Segment

Anaergia leverages the breadth of its geographic footprint, invests in innovative solutions and centers decisions around the Company's values to deliver unparalleled and sustainable results. We plan to grow primarily by leveraging our core expertise in developing, building, selling, operating, maintaining, and owning waste-to-value integrated solutions, proprietary technology and infrastructure to reach additional customers in our target markets. To achieve this goal, we plan to open additional local offices in the regions we currently serve, hire additional sales personnel, and expand geographically by opening offices in regions we do not currently serve in the United States, Europe and Asia.

The Company has one of the largest and most technologically diverse project portfolios in organic waste-to-value industry, with approximately 91% of a $2.8 billion Revenue Backlog consisting of BOO assets and over 50 potential BOO opportunities in our project development pipeline (the "**Development Pipeline**").

Meet Market Demand for Cost-Effective, Sustainable Solutions

Anaergia has taken a proactive approach to improving its impact on the environment. We believe that addressing climate change will remain a global objective for government, institutions and commercial organizations. Through our products and services and our owned infrastructure, we maximize the diversion of organic waste from landfills and use the output to generate renewable energy and fertilizers, thereby reducing GHG emissions and the cost of waste management. We plan to continue to focus on providing sustainable solutions that will address the growing demand for products and services that create environmental benefits for our customers and communities.

Expand Through Project Development in Select Markets

We seek to grow through the development of new projects for customers or owned facilities where we believe that market opportunities will enable us to utilize our skills and invest our capital at attractive risk-adjusted rates of return. We focus these efforts in markets where we currently have projects in operation or under construction, and in other markets with strong economic fundamentals and predictable legal and policy support, including in Europe with the European Circular Economy Regulations of 2015. These projects are expected by management to produce high-margin, recurring revenue.

We believe that our approach to these opportunities is highly disciplined, both with regard to our required rates of return on invested capital and the manner in which potential new projects will be structured and financed.

Increase Service Revenue

We intend to continue to seek opportunities to increase our sources of recurring revenue from O&M services, sales of spare parts to existing clients and the sale of non-strategic products and services to third parties. For many of our technology solutions projects, we enter multi-year O&M contracts, and we intend to continue to grow both the number and scope of such contracts. In cases where we do not operate plants, our customers also provide opportunities to grow recurring revenue through our support of their operations. Finally, we consider the sale of standard non-strategic products to the agricultural market as recurring in nature as the individual sales are small, numerous and relatively predictable.

Develop and Commercialize New Technology

We believe that our efforts to protect and expand our business will be enhanced by the development of additional technologies and the continuous improvement of existing technologies.

Grow through Select Strategic Acquisitions

We plan to accelerate the expansion of our product and service offering, customer base and geographic reach through targeted acquisitions that support and contribute to maximizing shareholder value. Our rigorous evaluation process will identify targets that will allow us to expand geographically and broaden our capabilities to expand the size of our addressable market and enhance profitability

RECENT DEVELOPMENTS

- During Q2 2021, the Company successfully completed its initial public offering of 12,500,000 subordinate voting shares, at a price of $14.00 for gross proceeds of $175,000. Subsequent to Q2 2021, the underwriters partially exercised their over-allotment option to purchase an additional 1,740,500 Subordinate Voting Shares at the Offering Price, raising approximately $24.4 million of additional gross proceeds. The subordinate voting shares are listed for trading on the TSX under the symbol “ANRG”.

- The Company expanded its footprint in northeastern United States by acquiring Rhode Island Bioenergy Facility, LLC (formerly known as Orbit Energy Rhode Island, LLC), which owns the largest industrial anaerobic digester for food and other solid organic waste recycling in New England (the “**Rhode Island Bioenergy Facility**”). The Rhode Island Bioenergy Facility can process over 100,000 tons of organic waste per year at its location in Johnston, Rhode Island. The Company intends to see that the facility is upgraded with industry leading technology and other improvements that will optimize operations and financial performance in converting organic waste into carbon negative RNG. Approximately US$33 million is being invested to upgrade this facility, which is expected to provide an unlevered internal rate of return of approximately 21% and an EBITDA Build Cost Multiple* of approximately 5x. The financial impact of this development is in line with Anaergia’s previously issued financial outlook.

- Additional BOOs assets in Italy (BS Green and Bionet) were officially closed and booked into the Revenue Backlog during Q2 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 delays in rolling out the commercial organics program required by RecycLA. As a result, the RBF’s revenue ramp-up will continue to be slow and full capacity is not expected to be reached until sometime in 2022

- The number of project opportunities continue to grow in Europe. In Italy and other countries, government incentives providing lucrative tariffs on RNG production for facilities in operation before 2023 is driving high development activity on which the Company intends to capitalize.

- In North America, strong Renewable Identification Number (RIN) and Low Carbon Fuel Standards ("**LCFS**") pricing supporting a robust incentive outlook. More U.S. states are introducing programs similar to the LCFS program and Canada is working to finalize its Clean Fuels Standard.

*See "Non-IFRS Measures and Industry Metrics".

IMPACT OF COVID-19 ON OUR BUSINESS

Management has continued to closely monitor the impact of the COVID-19 pandemic, with a focus on the health and safety of our employees, business continuity and supporting our communities. We also continue to monitor local public health protocols and government-mandated restrictions in the jurisdictions in which we operate and have been adjusting our risk mitigation measures accordingly. For example, we have established COVID-19 prevention plans at each of our facilities to ensure the safety of our employees.

Our revenue is dependent on the organic waste industry, which has been resilient during the COVID-19 pandemic and is diversified across geographies and customers. Our operations during Q2 2021 were largely uninterrupted by the COVID-19 pandemic other than experiencing lower volumes of organic feedstock due to a decrease in commercial activity resulting from government-mandated restrictions. In particular, the RBF has seen a significant reduction in the processing of food waste as the state of California's COVID-19 restrictions have limited activity in the regional commercial sector, which contributes a large portion of the waste processed at the facility. As of Q2 2021, final completion had not yet occurred for the RBF as it is not yet fully capable of operating in the manner intended by management, mainly due to lower feedstock volumes caused by the COVID-19 pandemic. As a result of COVID-19, we are seeing slower than previously anticipated escalation in the volumes of organic waste being shipped to the RBF. As COVID-19 restrictions ease and commercial waste feedstock volumes grow, we expect operations at the RBF to fully ramp up sometime in Fiscal 2022. The RBF is a significant project for us insofar as it is the largest project of its kind in North America, and it demonstrates the expansion and potential of our BOO segment.

Despite the slow market recovery in California, we expect that the increasing number of project opportunities in Europe will compensate for any temporary impacts on the RBF and California region caused by the COVID-19 pandemic. As a result, management maintains the Fiscal 2022 and Fiscal 2023 guidance previously disclosed and does not expect any material changes to the revenue and EBITDA targets at this point in time. It should be noted that revenue and EBITDA growth from 2020 to 2022 is not expected to be linear as a significant portion of the growth is anticipated to occur in 2022.

We believe we have sufficient liquidity available from cash and cash equivalents of $170,127 as of June 30, 2021 and from available capacity under our line of credit facility to enable us to meet our working capital and other operating requirements, fund growth initiatives and capital expenditures, settle our liabilities, and repay scheduled principal and interest payments on long term debt.

KEY COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Revenue in our Capital Sales segment consists of sales of technology packaged solutions and services to third party customers, primarily consisting of municipalities and project developers. The solutions are delivered using a variety of methods, including engineering, EPC and design-build services. Revenue in our Capital Sales segment is calculated using the percentage of completion method.

Revenue in our Services segment consists of fees earned from third party services contracts, including in respect of plant operations and maintenance, and the sale of non-proprietary products to third-party customers. Revenue is recognized as the services are performed or upon product shipment.

BOO segment revenue includes revenue from sales of RNG and fertilizer and the receipt of tipping fees from our owned facilities. Revenue is recognized when gas enters the pipeline, fertilizer is shipped and, for tipping fees, when waste is received.

Cost of Sales

Cost of sales includes the cost of labour and materials used directly to create the associated revenue, as well as certain indirect costs. For Capital Sales, cost of sales will generally include engineering labour, product costs and other project-related costs.

In our Services segment, cost of sales is mainly comprised of labour, raw materials and spare parts. BOO cost of sales includes labour costs, spare parts, chemicals and other inputs needed to produce RNG and the related by-products.

Operating Expenses

Selling and General Administrative Expenses

SG&A expenses encompass all costs not directly tied to performing a service or producing a product and include such expenses as rent, marketing, accounting, travel, meals, salaries, bonuses and employee-based stock compensation. Also included are depreciation and amortization related to non-revenue generating tangible and intangible assets.

Research and Development Expenses

Research and development ("**R&D**") expenses include labour and other costs related to the exploration of new or improved technologies. Our R&D expenditures are mainly focused on developing or improving our proprietary products that are key inputs in our overall technology solutions.

Government Grants

Government grants are received for various research and development projects as well as other government incentives. It is recognized based upon the related-IFRS guidance and typically recognized as income over the life of the relevant project.

Other Expenses

Gain (Loss) on RBF Embedded Derivative

The Rialto Loan Agreement contains an early repayment option, which is treated as an embedded derivative for accounting purposes. The fair value of the repayment option is estimated by calculating the present value of the net interest if the Company exercised the option across a variety of likely scenarios.

Stock Warrant Valuation Gain (Loss)

Holders of our Class C preferred shares held an option to purchase additional shares. For share purchase warrants issued in 2019, a price adjustment feature was incorporated which resulted in the warrants being accounted for as a liability. As a result, for the 2019 warrants, we record a quarterly change based upon the change in fair value of the warrant liability. The liability was extinguished concurrent with the offering, in which the majority of the warrants were exercised and converted into subordinate voting shares, with the remainder expiring.

Share of Loss in Equity Accounted Investees

Share of loss in equity accounted investees represents the Company's portion of losses in our equity-accounted investees, namely Fibracast and Medcon & db Technologies JV.

Other Gains (Losses)

Other gains (losses) include gains and losses that are not directly related to the normal operations of the Company.

Finance (Costs) Income

Finance costs include interest incurred on the indebtedness of the Company and its subsidiaries that is not related to construction in progress, for which interest is capitalized. These costs are offset by income earned on cash and cash equivalents and loan receivables.

Foreign Exchange Loss (Gain)

Foreign exchange loss (gain) includes our exposure (realized and unrealized gains and losses) to transactions with currencies that differ from the functional currencies of our Canadian and foreign operations.

Income Tax Expense

Income tax expense represents the Company's effective tax cost for the relevant period based on the Company's taxable income.

RESULTS OF OPERATIONS

The following table outlines our consolidated results and earnings for Q2 2021, Q2 2020, YTD 2021 and YTD 2020:

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Revenue	$32,127	$22,369	$69,559	$45,644
Cost of sales	25,316	16,927	52,805	35,071
Gross profit	6,811	5,442	16,754	10,573
Selling and general administrative expenses	8,480	6,403	18,928	13,191
Research and development expenses	438	457	637	679
Government grants	(1,172)	(1,012)	(1,209)	(1,080)
Loss from operations	(935)	(406)	(1,602)	(2,217)
Gain (loss) on RBF embedded derivative	4,511	(3,513)	3,207	(1,516)
Stock warrant valuation gain (loss)	243	(4,022)	(914)	(606)
Gain on warrant forfeitures	615	-	615	-
Share of loss in equity accounted investees	(1,030)	(239)	(1,849)	(1,221)
Other gains (losses)	(831)	(452)	(585)	(452)
Finance income (costs)	463	(525)	361	(1,654)
Foreign exchange gain (loss)	63	(4,460)	(103)	(4,091)
Profit (loss) before income taxes	3,099	(13,617)	(870)	(11,757)
Income tax expense	(888)	(4,264)	(914)	(4,267)
Net income (loss)	$2,211	($17,881)	($1,784)	($16,024)

Analysis of Results

Revenue

Revenue by segment

	Q2 2021	Q2 2020	Change ($)	Change (%)	YTD 2021	YTD 2020	Change ($)	Change (%)
Capital Sales	$28,514	$19,163	$9,351	48.8%	$63,761	$40,214	$23,547	58.6%
Services	3,023	2,607	416	16.0%	4,634	4,163	471	11.3%
BOO	590	599	(9)	(1.5%)	1,164	1,267	(103)	(8.1%)
Total Revenue	$32,127	$22,369	$9,758	43.6%	69,559	45,644	$23,915	52.4%

Revenue of $32,127 for Q2 2021 increased 43.6%, or $9,758, compared to Q2 2020 (Q2 2020: $22,369). For YTD 2021, revenue increased 52.4%, or $23,915, compared to YTD 2020 (YTD 2020: $45,644). The increases were driven by Capital Sales projects under execution in both the EMEA and North American markets. Specifically, government incentives in Italy and California have driven the development of facilities to divert organic waste from landfills and to produce RNG. Currently, revenues are concentrated in our Capital Sales segment as the market is being developed. As more BOO facilities become operational, the revenue composition will shift towards the recurring BOO revenue generated from tipping fees and RNG offtake sales.

Revenue by geography

	Q2 2021	Q2 2020	Change ($)	Change (%)	YTD 2021	YTD 2020	Change ($)	Change (%)
North America	$12,213	$13,751	($1,538)	(11.2%)	$30,512	$27,698	$2,814	10.2%
EMEA	18,241	5,959	12,282	206.1%	35,100	12,915	22,185	171.8%
APAC	1,673	2,659	(986)	(37.1)%	3,947	5,031	(1,084)	(21.5)%
Total Revenue	$32,127	$22,369	$9,758	43.6%	$69,559	$45,644	$23,915	52.4%

Q2 2021 compared to Q2 2020

Revenue in North America of $12,213 for Q2 2021 decreased 11.2%, or $1,538, compared to Q2 2020 (Q2 2020: $13,751). The decrease was driven by lower Capital Sales revenue in the U.S. Several projects that provided significant revenue during Fiscal 2020 and early in Fiscal 2021 began to wind down during Q2 2021. We are currently facing continued impact of COVID-19 on business activity levels in California, as described in the "IMPACT OF COVID-19 ON OUR BUSINESS" section above.

Revenue in the EMEA region of $18,241 for Q2 2021 increased 206.1%, or $12,282, compared to Q2 2020 (Q2 2020: $5,659). The increase was driven primarily by increased Capital Sales revenue in Italy. Government incentives in Italy that are expected provide lucrative tariffs on RNG production require that RNG facilities be operational by the beginning of 2023. This is expected to drive increased sales and development activities for the Company in Italy due to its established presence and project references. The Company currently has five BOO projects in its Revenue Backlog – three under construction and two signed and ready to begin execution, with multiple other BOO opportunities in its Development Pipeline.

Revenue in the APAC region of $1,673 for Q2 2021 decreased 37.1%, or $986, compared to Q2 2020 (Q2 2020: $2,659). The decrease was driven primarily by the winding down of a sizable revenue-producing project during Fiscal 2021.

YTD 2021 compared to YTD 2020

Revenue in North America of $30,512 for YTD 2021 increased 10.2%, or $2,814, compared to YTD 2020 (YTD 2020: $27,698). The increase is the result of revenue generated during the first quarter of Fiscal 2021 despite a decrease in revenue during Q2 2021. As mentioned above, several projects that provided significant revenue during Fiscal 2020 and early in Fiscal 2021 began to wind down during Q2 2021.

Revenue in the EMEA region of $35,100 for YTD 2021 increased 171.8%, or $22,185, compared to YTD 2020 (YTD 2020: $12,915). The increase was driven primarily by increased Capital Sales revenue in Italy as described above.

Revenue in the APAC region of $3,947 for YTD 2021 decreased 21.5%, or $1,084, compared to YTD 2020 (YTD 2020: $5,031). The decrease was driven primarily by the winding down of a sizable revenue-producing project during Fiscal 2021.

Cost of Sales

	Q2 2021	Q2 2020	Change ($)	Change (%)	YTD 2021	YTD 2020	Change ($)	Change (%)
Cost of sales	$25,316	$16,927	$8,389	49.6%	$52,805	$35,071	$17,734	50.6%

Cost of sales of $25,316 for Q2 2021 increased 49.6%, or $8,389, compared to Q2 2020 (Q2 2020: 16,927). Cost of sales of $52,805 for YTD 2021 increased 50.6%, or $17,734, compared to YTD 2020 (YTD 2020: 35,071). As described in the "Revenue" section above, the increases were driven by increased activity in the EMEA and North American markets.

Gross Profit

	Q2 2021	Q2 2020	Change ($)	Change (%)	YTD 2021	YTD 2020	Change ($)	Change (%)
Total gross profit	$6,811	$5,442	$1,369	25.2%	$16,754	$10,573	$6,181	58.5%

Gross profit of $6,811 for Q2 2021 increased 25.2%, or $1,369, compared to Q2 2020 (Q2 2020: $5,442). Gross profit of $16,754 for YTD 2021 increased 58.5%, or $6,181, compared to YTD 2020 (YTD 2020: $10,573). As described in the "Revenue" section above, the increases were driven by the EMEA and North American markets.

Operating Expenses

	Q2 2021	Q2 2020	Change ($)	Change (%)	YTD 2021	YTD 2020	Change ($)	Change (%)
Selling and general administrative expenses	$8,480	$6,403	$2,077	32.4%	$18,928	$13,191	$5,737	43.5%
Research and development expenses	$438	$457	($19)	(4.2%)	$637	$679	($42)	(6.2%)
Government grants	($1,172)	($1,012)	($160)	15.8%	($1,209)	($1,080)	($129)	11.9%

Q2 2021 compared to Q2 2020

Selling and general administrative expenses of $8,480 for Q2 2021 increased 32.4%, or $2,077, compared to Q1 2020 (Q1 2020: $6,403). The increase was primarily driven by additional overhead spending as a result of overall Company growth as well as significant one-time costs incurred in connection with the IPO.

Research and development expenses and government grants remained consistent between Q2 2021 and Q2 2020.

YTD 2021 compared to YTD 2020

Selling and general administrative expenses of $18,928 for YTD 2021 increased 43.5%, or $5,737, compared to YTD 2020 (YTD 2020: $13,191). The increase was primarily driven by additional overhead spending as a result of overall Company growth as well as significant one-time costs incurred in connection with the IPO.

Research and development expenses and government grants remained consistent between YTD 2021 and YTD 2020.

Other Expenses

	Q2 2021	Q2 2020	Change ($)	Change (%)	YTD 2021	YTD 2020	Change ($)	Change (%)
Gain (loss) on RBF embedded derivative	$4,511	($3,513)	$8,024	228.4%	$3,207	($1,516)	$4,723	311.5%
Stock warrant valuation gain (loss)	$243	($4,022)	$4,265	106.0%	($914)	($606)	($308)	(50.8%)
Gain on warrant forfeitures	$615	-	$4,782	100%	$615	-	$4,782	100%
Share of loss in equity accounted investees	($1,030)	($239)	($791)	331.0%	($1,849)	($1,221)	$628	51.4%
Other gains (losses)	($831)	($452)	($379)	83.8%	($585)	($452)	$133	(29.4%)
Finance income (costs)	$463	($525)	$988	188.2%	$361	($1,654)	$2,015	121.8%
Foreign exchange gain (loss)	$63	($4,460)	$4,523	101.4%	($103)	($4,091)	($3,988)	(97.5%)
Income tax expense	($888)	($4,264)	$3,376	79.2%	($914)	($4,267)	$3,353	78.6%

Q2 2021 compared to Q2 2020

Gain (loss) on RBF embedded derivative

The gain (loss) on the RBF embedded derivative of $4,511 for Q2 2021 increased 228.4%, or $8,024, compared to Q2 2020 (Q2 2020: ($3,513)). The increase was driven by lower interest rates and the Company's improved credit.

Stock warrant valuation gain (loss)

The stock warrant gain (loss) of $243 for Q2 2021 increased 106.0%, or $4,265, compared to Q2 2020 (Q2: ($4,022)). A small gain was incurred as a result of the options being valued at the IPO price of $14.00 prior to the options being exercised.

Gain on warrant forfeitures

A gain of $615 was recognized during Q2 2021 as a result of warrants that expired as a result of the IPO.

Share of loss in equity accounted investees

The share of loss in equity accounted investees of ($1,030) for Q2 2021 increased 331.0%, or $791, compared to Q2 2020 (Q2 2020: ($239)). The losses are primarily driven by the Company's share of Fibracast Ltd.'s net losses.

Other gains (losses)

Other gains (losses) of ($831) for Q2 2021 increased by 83.8%, or $(379), compared to Q2 2020 (Q2 2020: ($452)). The losses are related to various immaterial gains and losses across the Company's operating regions.

Finance income (costs)

Finance income (costs) was a net gain of $463 for Q2 2021 – an increase 188.2%, or $988, compared to Q2 2020 (Q2 2020: a net cost of $525). The net increase was driven by reduced finance costs due to the repayment of our line of credit during Q2 2020.

Foreign exchange gain (loss)

Foreign exchange gain (loss) of $63 for Q2 2021 increased by 101.4%, or $4,523, compared to Q2 2020 (Q2 2020: ($4,460)). The increase was primarily related to a loss in Q2 2020 from the remeasurement of a U.S. dollar-denominated line of credit – the US dollar significantly strengthened against the Canadian dollar during the first six months of 2020.

Income tax expense

Income tax expense of $888 for Q2 2021 decreased by 79.2%, or $3,376, compared to Q2 2020 (Q2 2020: $4,264). The decrease was due to the taxable income resulting from the 49% sale of the RBF during Q2 2020.

<u>YTD 2021 compared to YTD 2020</u>

Gain (loss) on RBF embedded derivative

The gain (loss) on the RBF embedded derivative of $3,207 for YTD 2021 increased 311.5%, or $4,723, compared to YTD 2020 (YTD 2020: ($1,516)). The increase was driven by lower interest rates and the Company's improved credit.

Stock warrant valuation gain (loss)

The stock warrant (loss) of ($914) for YTD 2021 increased 50.8%, or ($308), compared to YTD 2020 (YTD 2020: ($606)). The loss was primarily the result of an increase in the estimated share price used to value the stock warrant and the increased likelihood of the IPO, which improved the probability that the warrants would be exercised, and a reduction in the expected term of the warrants, when the Company remeasured the liability in Q1 2021.

Gain on warrant forfeitures

A gain of $615 was recognized during YTD 2021 as a result of unexercised warrants that expired as a result of the IPO.

Share of loss in equity accounted investees

The share of loss in equity accounted investees of ($1,849) for YTD 2021 increased 51.4%, or $$628, compared to YTD 2020 (YTD 2020: ($1,221)). The losses are primarily driven by the Company's share of Fibracast Ltd.'s net losses.

Other gains (losses)

Other gains (losses) of ($585) for YTD 2020 increased by 29.4%, or $(133), compared to YTD 2020 (YTD 2020: ($452)). The losses are related to various immaterial gains and losses across the Company's operating regions.

Finance income (costs)

Finance income (cost) was a net gain of $361 for YTD 2021 – an increase of 121.8%, or $2,015, compared to YTD 2020 (YTD 2020: a net cost of $1,654). The net increase was primarily driven by reduced finance costs due to the repayment of the line of credit during Q2 2020.

Foreign exchange gain (loss)

Foreign exchange gain (loss) of $103 for YTD 2021 increased by 97.5%, or $3,988, compared to YTD 2020 (YTD 2020: ($4,091)). The increase was primarily related to a loss in Q2 2020 from the repayment of a U.S. dollar-denominated line of credit – the US dollar significantly strengthened against the Canadian dollar during the first six months of 2020.

Income tax expense

Income tax expense of $914 for YTD 2021 decreased by 78.6%, or $3,353, compared to YTD 2020 (YTD 2020: $4,267). The decrease was due to the taxable income resulting from the 49% sale of the RBF during YTD 2020.

EBITDA and Adjusted EBITDA

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
EBITDA*	$ 3,384	$ (12,939)	$ 286	$ (9,394)
Adjusted EBITDA*	1,252	885	3,872	(20)

Adjusted EBITDA* of $1,252 for Q2 2021 increased 41.5%, or $367, compared to Q2 2020 (Q2 2020: $885). The increase was driven by strong revenue and gross profit growth despite increased overhead spending.

Adjusted EBITDA* of $3,872 for YTD 2021 increased 19,460.0%, or $3,892, compared to YTD 2020 (YTD 2020: ($20)). The increase was driven by strong revenue and gross profit growth despite increased overhead spending.

* See “Non-IFRS Measures and Industry Metrics”.

Revenue Backlog

Revenue Backlog	**As at June 30, 2021**	**As at March 31, 2021**
Capital Sales	$103	95
Services	134	145
BOO	2,978	2,557
Total Revenue Backlog	3,215	2,797

RECONCILIATION OF NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA

The following table shows a reconciliation of net income (loss) to EBITDA* and Adjusted EBITDA* for Q2 2021, Q2 2020, YTD 2021 and YTD 2020:

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Net income (loss)	$2,211	($17,881)	($1,784)	($16,024)
Finance costs (income)	(463)	525	(361)	1,654
Depreciation and amortization	748	153	1,517	709
Income tax expense	888	4,264	914	4,267
EBITDA*	3,384	(12,939)	286	(9,394)
Share-based compensation expense	206	414	298	414
(Gain) loss on RBF embedded derivative	(4,511)	3,513	(3,207)	1,516
Gain in warrant forfeitures	(615)	-	(615)	-
Stock warrant valuation (gain) loss	(243)	4,022	914	606
Share of loss in equity accounted investees	1,030	239	1,849	1,221
Other (gains) losses	831	452	585	452
ERP customization and configuration costs	169	724	574	1,074
Costs related to the IPO	1,064	-	3,085	-
Foreign exchange (gain) loss	(63)	4,460	103	4,091
Adjusted EBITDA*	1,252	885	3,872	(20)

* See "Non-IFRS Measures and Industry Metrics".

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position	As at June 30, 2021	As at December 31, 2020
Current assets	$287,207	$130,164
Non-current assets	$349,064	$322,067
Current liabilities	$108,341	$128,256
Non-current liabilities	$214,002	$198,204
Equity	$313,928	$125,771

The influx of proceeds from the IPO significantly increased our current asset balance as well as our overall equity balance at June 30, 2021. Continued investment in our BOO facilities during 2021 saw an increase in our non-current asset balance.

CAPITAL MANAGEMENT

Overview

Our objective when managing liquidity is to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. We also strive to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future business development. Our capital structure consists of cash, bank operating lines and long-term debt and equity consisting of share capital, preferred capital in a subsidiary, contributed surplus and accumulated deficit. We are subject to externally imposed capital requirements through loans of certain subsidiary entities and there has been no change with respect to the overall capital risk management strategy during Q2 2021 or YTD 2021. We expect that funds generated from operations and cash amounts will provide sufficient capital resources and liquidity to fund existing operations in Fiscal 2021.

We monitor cash flow requirements to optimize our cash return on investments. We aim to maintain a level of cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. We also monitor the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, our Capital Sales contract payment terms are structured so that projects are cash positive, resulting in margins being captured early in the project. This allows us to effectively fund our Capital Sales growth without the need for additional capital. In the rare case of a short-term cash shortfall, we have a line of credit facility equal to one year's worth of overhead costs. On June 1, 2021, the facility was renewed through June 1, 2023 on substantially the same terms. As part of our growth strategy, BOO capital expenditures are expected to be spent from the end of Fiscal 2020 until the end of Fiscal 2022 developing, acquiring and building BOO assets that are expected to begin operations by the end of Fiscal 2022 or later. Funding for projects consists of a combination of project-level debt financing and cash from operations.

Failure to achieve or maintain our liquidity objectives could have a material adverse effect on our financial condition and results of operations, including our ability to continue as a going concern. There are also various risks and uncertainties affecting our ability to achieve our liquidity objectives, including, but not limited to, the ability to successfully execute our business plan and general global economic conditions, many of which are beyond our control. We may also choose to pursue additional liquidity through the issuance of debt or equity in private or public market financings. No assurance can be given that any such additional liquidity will be available or that, if available, it can be obtained on terms favorable to the Company.

During the remainder of 2021 and 2022, we plan to invest a total of $114 million into the BS Green (Italy), Bionet (Italy), and Rhode Island (USA) projects.

Use of proceeds from the IPO

The aggregate gross proceeds of the IPO, including the partial exercise of the over-allotment option by the underwriters, were $199,367. We intend to use the proceeds from the IPO to fund our growth strategy, including the development of BOO assets in our Development Pipeline, and for general corporate purposes. To date, we have used approximately $35 million on the development and acquisition of BOO assets.

ANALYSIS OF CASH FLOWS

Cash Flows

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Cash provided by (used in) operating activities	($27,063)	$8,698	($26,455)	$17,627
Cash provided by (used in) investing activities	(15,416)	(50,288)	(35,081)	(69,270)
Cash provided by (used in) financing activities	177,031	79,706	189,977	96,439
Effect of exchange rate differences	$1,458	3,281	522	6,011
Cash at beginning of period	$34,117	$17,870	$41,164	$8,460
Cash at end of period	$170,127	$59,267	$170,127	$59,267

Cash Provided by (Used in) Operating Activities

Changes to cash used in operating activities for both Q2 2021 and YTD 2021 were mainly due to net changes in working capital, which reflect the interim and unusual nature of this quarter during which funding of the Italian BOO projects was mainly done using our working capital, as their project debt financing was still being put in place.

Cash Provided by (Used in) Investing Activities

Changes to cash used by investing activities for both Q2 2021 and YTD 2021 were mainly due to continued investments in BOO assets.

Cash Provided by (Used in) Financing Activities

Changes to cash provided by financing activities for both Q2 2021 and YTD 2021 were mainly due to proceeds from the IPO.

CONTRACTUAL OBLIGATIONS

We have contractual obligations with a variety of expiration dates. The table below outlines our contractual obligations as at June 30, 2021.

		Maturing					
	Total	**Maturing in Year 1**	**Maturing in Year 2**	**Maturing in Year 3**	**Maturing in Year 4**	**Maturing in Year 5**	**Maturing beyond Year 5**
Lease and debt obligations	327,716	21,236	18,395	16,310	16,515	16,511	238,749

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2021, we had commitments of $21,288 relating to capital expenditures for the RBF and our SoCal BioMethane projects, $3,269 in commitments related to Italian projects, and contingent liabilities of $2,568 relating to bonds and guarantees issued by financial institutions to Anaergia Italy Srl.

RELATED PARTY TRANSACTIONS

Refer to note 20 to the 2020 Annual Financial Statements for details on related party transactions.

FINANCIAL OUTLOOK

There has been no change to the Company's outlook previously disclosed under "Outlook" in the IPO Prospectus for Fiscal 2022 and Fiscal 2023.

OUTSTANDING SHARES DATA

The table below indicates the number of outstanding Multiple Voting Shares, Subordinate Voting Shares, Class A non-voting common shares, Class C preferred shares, special shares and common shares outstanding as of the dates indicated:

	As at June 30, 2021	**As at December 31, 2020**
Multiple voting shares	32,222,369	
Subordinate voting shares	24,348,495	
Class A non-voting common shares	-	14,883,660
Class C preferred shares	-	27,063,818
Special shares	-	213.102
Common Shares	-	-

QUARTERLY INFORMATION

The following table sets forth selected unaudited quarterly statements of operations data for Q2 2021 and Q1 2021. The information for each of these quarters has been prepared on the same basis as the 2020 Annual Financial Statements. This data should be read in conjunction with the Q2 Interim Financial Statements and the notes thereto and is not necessarily indicative of our operating results for a full-year or any future period.

Quarterly information	Q2 2021	Q1 2021
Revenue	$32,127	$37,432
Income (loss) from operations	(935)	(667)
Net income (loss)	2,211	(3,995)
EBITDA*	3,384	(3,098)
Adjusted EBITDA*	1,252	2,620

Adjusted EBITDA* of $1,252 for Q2 2021 decreased 52.2%, or $1,368, compared to Q1 2021 (Q1 2021: $2,620). The decrease was primarily driven by a decrease in Capital Sales revenue in the U.S. and was partially offset by an increase in income from government grants.

* See "Non-IFRS Measures and Industry Metrics".

RISKS AND UNCERTAINTIES

Certain factors may have a material adverse effect on our business, financial condition and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in our MD&A for Fiscal 2020, Fiscal 2019 and Fiscal 2018 and the IPO Prospectus, particularly under the heading "Risk Factors" in the IPO Prospectus, and in other filings that we have made and may make in the future with applicable securities authorities, including those available under the Company's profile on SEDAR at www.sedar.com. The risks and uncertainties described herein and therein are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that could adversely affect our business, financial condition and results of operations. If any of such risks actually occur, our business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of our subordinate voting shares (or the value of any other securities of the Company) could decline, and our securityholders could lose part or all of their investment.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As we recently became a reporting issuer, we are filing an abbreviated CEO and CFO certifications in respect of our first interim period ending after becoming a reporting issuer.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Our significant accounting judgments, estimates, and assumptions have not changed since the release of our MD&A for the years ended December 31, 2020, 2019 and 2018, apart from the initial application of accounting policies disclosed in Note 2.3 to the Q2 Financial Statements. Our significant account policies are detailed in Note 2.3 to the 2020 Annual Financial Statements.

FUTURE ACCOUNTING POLICY CHANGES

From time to time, new accounting pronouncements are issued by the IASB or other standards-setting bodies and are adopted as of the specified effective date. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of our financial statements are disclosed below. We intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Please refer to Note 2.3 to the Q2 Financial Statements and 2020 Annual Financial Statements regarding our significant accounting policies and changes.