



Anaergia Reports Q2 2021 Financial Results

BURLINGTON, Ontario, August 12, 2021 (BUSINESS WIRE) — Anaergia Inc. (“**Anaergia**” or the “**Company**”) (TSX: ANRG), an integrated waste-to-value platform created to eliminate greenhouse gases by cost-effectively turning organic waste into renewable natural gas, fertilizer and water, today announced financial results for the three-month period ended June 30, 2021. All financial results are reported in Canadian dollars unless otherwise stated.

“The financial results we are reporting today reflect Anaergia’s strong year-over-year growth,” noted Anaergia’s CEO, Andrew Benedek. “Furthermore, our rising Revenue Backlog¹ bodes well for continuing revenue growth, and rising profitability, in future periods.

“While this ramp-up in revenues is gratifying, we are currently monitoring the continued impact of the COVID-19 pandemic on business activity levels in California. In particular, owing to the COVID-19 pandemic, we are seeing slower than previously anticipated escalation in the volumes of organic waste being shipped to our Rialto facility near Los Angeles, California. This is temporarily delaying the expected financial contribution from this facility.

“However, we are also seeing stronger than previously anticipated demand for our integrated solution in Europe. We now expect that increased sales in Europe will offset the financial impact of the slower than previously anticipated ramp-up at Rialto. Therefore, we currently foresee no discernable change to Anaergia’s previously disclosed financial outlook for 2022 or 2023,” concluded Dr. Benedek.

Q2 2021 Financial Results

During the quarter ended June 30, 2021, the Company announced the closing of its initial public offering (“**IPO**”) of 12,500,000 subordinate voting shares, which were issued at a price of \$14.00 per share for gross proceeds of \$175 million. Subsequent to June 30, 2021, 1,740,500 additional subordinate voting shares were issued upon the exercise of the underwriters’ over-allotment option granted in connection with the IPO, resulting in approximately \$24.4 million of additional gross proceeds. With the closing of the IPO, the Company is well-capitalized for future growth.

Second Quarter financial highlights:

- **Revenues** increased by \$9.8 million to \$32.1 million for the three-month period ended June 30, 2021, compared to \$22.4 million for the same period the prior year. The increase was driven by activity in both the Europe, Middle East and Africa (EMEA) and North American

¹ See “Non-IFRS Measures”.

markets. Specifically, government regulation and incentives in Italy and in California have driven the development of new facilities in an effort to divert organic waste from landfills and produce renewable natural gas.

- **Net Income** was \$2.2 million for the three-month period ended June 30, 2021, compared to a net loss of \$17.9 million for the same period in the prior year. The significant variance was mainly driven by large, non-cash adjustments based upon valuations of stock warrants and an embedded derivative as well as foreign currency exchange losses in the earlier period.
- **Adjusted EBITDA²** of \$1.3 million for the three-month period ended June 30, 2021 compared to \$0.9 million for the same period the prior year. The increase was driven by strong revenue and gross margin growth, which more than offset increased overhead expenses.

Three months ended:	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>% Change</u>
<i>(In millions of Canadian dollars)</i>			
Revenue	32.1	22.4	44%
Gross profit	6.8	5.4	25%
Gross profit %	21%	24%	
Gain (loss) from operations	(0.9)	(0.4)	
Net income (loss)	2.2	(17.9)	
Adjusted EBITDA ²	1.3	0.9	

Six months ended:	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>% Change</u>
<i>(In millions of Canadian dollars)</i>			
Revenue	69.6	45.6	52%
Gross profit	16.8	10.6	58%
Gross profit %	24%	23%	
Gain (loss) from operations	(1.6)	(2.2)	
Net income (loss)	(1.8)	(16.0)	
Adjusted EBITDA ²	3.9	0.0	

Statement of

Financial Position	<u>June 30, 2021</u>	<u>December 31, 2020</u>
<i>(In millions of Canadian dollars)</i>		

Total Assets	636.3	452.2
Total Liabilities	322.4	326.4
Equity	313.9	125.8

For a more detailed discussion of Anaergia's second quarter 2021 results, please see the Company's financial statements and management's discussion & analysis, which are available at <https://www.anaergia.com/investor-relations> and on the Company's SEDAR page at www.sedar.com.

² See "Non-IFRS Measures".

Non-IFRS Measures

This press release makes reference to certain non-IFRS measures. 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 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.

Definitions and reconciliations of non-IFRS measures to the relevant reported measures can be found in our MD&A. Such reconciliations can also be found in this press release under "Reconciliation of Non-IFRS Measures".

"Adjusted EBITDA" is defined as net earnings before finance costs, taxes and depreciation and amortization 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. For further details, refer to "Reconciliation of Non-IFRS Measures" below.

"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.

Conference Call and Webcast

A conference call to review the Company's results for the second quarter of 2021 will take place at 11:00 a.m. (ET) on Friday, August 13, 2021, hosted by Chief Executive Officer Andrew Benedek, Chief

Operating Officer Yaniv Scherson, and Chief Financial Officer Hani Kaissi. An accompanying slide presentation will be posted to the Investor Relations section of our website shortly before the call.

To participate in the call please sign up to receive your personal event-joining details at the following pre-registration link:

- <https://www.incommglobevents.com/registration/q4inc/8272/anaergia-q1-conference-call-and-webcast-2021/>

To listen to the webcast live:

- <https://event.on24.com/wcc/r/3318406/FB3B8A415F57239945DEE7A83797CE77>

The webcast will be archived and will be available in the Investor Relations section of our website following the call.

About Anaergia

Anaergia was created to eliminate a major source of greenhouse gases (GHGs) by cost effectively turning organic waste into renewable natural gas (RNG), fertilizer and water, using proprietary technologies. With a proven track record from delivering world leading projects on four continents, Anaergia is uniquely positioned to provide end-to-end solutions for extracting organics from waste, implementing high efficiency anaerobic digestion, upgrading biogas, producing fertilizer and cleaning water. Our customers are in the Municipal Solid Waste, Municipal Wastewater, Agriculture, and Food Processing industries. In each of these markets Anaergia has built many successful plants including some of the largest in the world. Anaergia owns and operates some of the plants it builds, and it also operates plants that are owned by its customers.

For further information, please visit www.anaergia.com or contact Investor Relations at IR@anaergia.com.

Forward-Looking Statements

This news release may contain forward-looking information within the meaning of applicable securities legislation, which reflects the Company's current expectations regarding future events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Such risks and uncertainties include, but are not limited to, the factors discussed under "Risk Factors" in the Company's supplemented PREP prospectus dated June 18, 2021. Actual results could differ materially from those projected herein. Anaergia does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required under applicable securities laws.

Reconciliation of Non-IFRS Financial Measures

Three months ended:

(In thousands of Canadian dollars)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Net income (loss)	\$2,211	(\$17,881)
Finance costs (income)	(463)	525
Depreciation and amortization	748	153
Income tax expense	888	(4,264)
EBITDA	3,384	(12,939)
Share-based compensation expense	206	414
Net gain on Fibracast deconsolidation and dilution of ownership	-	-
(Gain) loss on RBF embedded derivative	(4,511)	3,513
Gain in warrant forfeitures	(615)	-
Stock warrant valuation (gain) loss	(243)	4,022
Share of loss in equity accounted investees	1,030	239
Gain on debt restructuring	-	-
Other (gains) losses	831	452
ERP customization and configuration costs	169	724
Project development write-offs	-	-
Warranty claim settlement	-	-
Costs related to the IPO	1,064	-
Foreign exchange (gain) loss	(63)	4,460
Adjusted EBITDA	1,252	885