



Anaergia Reports First Quarter 2023 Financial Results

BURLINGTON, Ontario, May 12, 2023—Anaergia Inc. (“Anaergia”, the “Company”, “us” or “our”) (TSX: ANRG), a company that offers integrated waste-to-value solutions to reduce greenhouse gases by cost-effectively turning organic waste into renewable natural gas, fertilizer, and water, announced its financial results for the three-month period ended March 31, 2023. All financial results are reported in Canadian dollars unless otherwise stated.

Anaergia’s first quarter results show a modest increase in revenues compared to the same period in 2022.

“The need for Anaergia’s industry-leading solutions has never been greater, and market fundamentals continue to improve globally,” said Dr. Andrew Benedek, Chairman and CEO of Anaergia. “However, in light of Anaergia’s current share price, we are resetting the Company’s strategy of owning new assets in the future and are now planning to follow a capital-light business model,” added Dr. Benedek.

Business Update

Given the Company’s business and financial results, and the current share price, management is taking the following near-term actions in 2023 as part of a business reset:

Strategic Shift to a Capital-Light Business Model:

- For all new BOO opportunities in the development pipeline, we plan to start construction with a financial partner who will fund all or the majority of the equity in the projects.
- With the strategic shift to a capital-light business model, Anaergia intends to recognize revenue and EBITDA from a development fee, capital sales and a long-term operation and maintenance contract with each future BOO opportunity. With this approach, Anaergia expects to reduce the capital burden and leverage its development, technical and operational skills to generate short-term cashflow.

Margin Improvement:

- Enhance contractual requirements for margin protection in proforma reviews of business opportunities.
- Improve discipline in contracting and execution processes, including incorporation of enhanced third-party due diligence and improvements from past experience.

Selling and General Administrative Expenses (“SG&A”) Reduction:

- Management will target reducing the SG&A by up to \$10M from 2022 levels.

Prudent Cash Management and Conservation:

- Management will target retaining a 12-month cash runway to eliminate liquidity concerns.
- As disclosed at year-end 2022, Rialto's on-going strategic review will involve a solution to address funding of operating losses as the facility continues to ramp up.

Appointment of New Auditor and CFO:

- The process to engage a replacement auditor is ongoing. Management is targeting to complete the auditor selection by the end of May 2023.
- Search for a new CFO is ongoing and there have been advanced discussions.

Rialto Bioenergy Facility Update

As discussed at year-end Fiscal 2022, the members of Rialto Bioenergy Facility, LLC are continuing to consider the pace of the improvement in feedstock volumes in 2023, together with any other impacts on revenues, as part of a comprehensive strategic review to identify and evaluate potential alternatives available to the Rialto members in respect of the Rialto Bioenergy Facility (the "RBF").

First Quarter 2023 Financial Results

Financial highlights:

- **Revenue** for the first quarter rose to \$36.6 million from \$35.6 million during the same period of the previous year. Revenue increased mainly due to increased revenue in the BOO segment, offset by a decline in capital sales revenue.
- **Gross Profit** for the first quarter decreased (57.2%), or (\$4,200), compared to Q1 2022 (Q1 2022: \$7,343). The decrease in gross profit was due to a combination of project cost overruns and certain strategic low margin projects in Europe during the quarter.

Three months ended:	<u>31-Mar-23</u>	<u>31-Mar-22</u>	<u>% Change</u>
<i>(In millions of Canadian dollars)</i>			
Revenue	36.6	35.6	2.8%
Gross profit	3.1	7.3	-57.2%
Gross profit %	8.6%	20.6%	
Income (loss) from operations	(13.8)	(4.0)	
Net loss	(11.3)	(16.4)	
Adjusted EBITDA ¹	0.5	(2.3)	

¹ Adjusted EBITDA is a non-IFRS measure. See "Non-IFRS Financial Measures".

Statement of Financial Position	<u>31-Mar-23</u>	<u>31-Dec-22</u>
<i>(In millions of Canadian dollars)</i>		
Total Assets	946.6	935.1
Total Liabilities	604.3	593.0
Equity	342.3	342.1

For a more detailed discussion of Anaergia's results for the three-month period ended March 31, 2023, 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.

Fiscal 2023 Guidance Update

Management is updating its Fiscal 2023 revenue and Adjusted EBITDA guidance to the following:

	FISCAL 2023	
	<u>Previous</u>	<u>Updated</u>
Revenue (C\$ millions)	280 - 340	180 - 220
Adjusted EBITDA (C\$ millions)	25 - 35	(10) - 10

Based on a recent review of our projects and current market conditions, the following events, circumstances and updated assumptions have contributed to our Fiscal 2023 guidance update:

- We expect continuing feedstock shortfall at Rialto. It is unclear how quickly the commercial and multifamily generators under the RecyclA franchise subscribe to organic waste collection and diversion services, as required by state law SB 1383, and how effectively the City of Los Angeles's ordinance is enforced. Management has therefore taken a conservative view on Rialto forecast given the current history.
- All six Italian BOOs will not be fully operational by the end of the second quarter of 2023. While all Italian BOOs are expected to have started operations in Fiscal 2023, it is difficult to predict when they will hit ramp-up as they are dependent on external factors such as delayed electrical utility connections and varying waste characteristics requiring plant optimizations on certain facilities.
- We reasonably anticipate additional client driven delays on capital sale projects, and cost and SG&A overruns.

Conference Call and Webcast

A conference call to review the Company's results for the first quarter of 2023 will take place at 11:00 a.m. (ET) on Friday, May 12, 2023, hosted by Chief Executive Officer, Andrew Benedek, Chief Operating Officer, Yaniv Scherson, and Chief Development Officer & Acting 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 on the call, please sign up using the following pre-registration link to receive details on how to access the conference call:

- Conference Call Pre-registration:
<https://www.netroadshow.com/events/login?show=1a95460d&confId=49609> You will receive your access details via email.

To listen to the webcast live:

- <https://events.q4inc.com/attendee/194569451>

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

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 public companies.

Definitions of non-IFRS measures and industry metrics used in this press release are provided below. A reconciliation of the non-IFRS measures used in this press release to the most comparable IFRS measure can be found below under “Reconciliation of Non-IFRS Measures” in the MD&A.

“**Adjusted EBITDA**” is defined as EBITDA adjusted for our normalized proportionate interest in our 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, gain or loss on equity method adjustment, significant one-time provisions, 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.

About Anaergia

Anaergia was created to eliminate a major source of greenhouse gases by cost effectively turning organic waste into 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 see: www.anaergia.com

Contacts

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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 annual information form dated April 10, 2023 for the fiscal year ended December 31, 2022. 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 Measures

Three months ended:	<u>31-Mar-23</u>	<u>31-Mar-22</u>
(In thousands of Canadian dollars)		
Net income (loss)	(11,277)	(16,390)
Finance costs	(195)	(135)
Depreciation and amortization	1,705	908
Income tax expense	826	3,225
EBITDA	(8,941)	(12,392)
Rialto -Non controlling interest - EBITDA	777	-
Share-based compensation expense	328	241
Loss on RBF embedded derivative	5,106	7,065
Share of loss in equity accounted investees	835	1,881
Provision for customer claim	1,002	-
Other (gains) losses	1,045	24
ERP customization and configuration costs	185	341
Costs related to the Offering	-	263
Foreign exchange (gain) loss	161	288
Adjusted EBITDA	498	(2,289)