



OPAL Fuels Reports Fourth Quarter and Full Year 2023 Results

March 13, 2024

WHITE PLAINS, N.Y.--(BUSINESS WIRE)--Mar. 13, 2024-- [OPAL Fuels Inc.](#) ("OPAL Fuels" or the "Company") (Nasdaq: OPAL), a vertically integrated leader in the capture and conversion of biogas into low carbon intensity renewable natural gas (RNG) and renewable electricity, today announced financial and operating results for the three and twelve months ended December 31, 2023.

"OPAL Fuels continues to progress on its strategic and operational goals," said Co-CEO Jonathan Maurer. "Over the last two years, we have more than doubled RNG production and significantly expanded our fueling station network while continuing to organically grow our project pipeline with industry leading partners. We are pleased with our results as we leverage the benefits of our vertically integrated platform."

"Fourth quarter and full year 2023 financial and operational results were in-line with our most recent guidance," said Maurer. "These results, coupled with achieving strategic initiatives such as closing on our \$500 million credit facility and advancing industry partnerships, put us in a position to capitalize on favorable industry fundamentals in 2024."

"We now have 5.2 million MMBtu of annual design capacity online at eight RNG facilities. We anticipate ending the year with 8.8 million MMBtu of RNG capacity online, adding 3.6 million MMBtu in 2024 as Prince William, Sapphire and Polk County (Florida) projects begin operations. We also anticipate bringing online 2.4 MW of renewable power nameplate capacity (0.2 million MMBtu of biomethane equivalent per year) as our Fall River project commences operations in the fourth quarter. Further, we expect several additional RNG projects to enter construction this year and see increasing momentum in Fuel Station Services, supporting growth beyond 2024."

"The tailwinds from the capture and conversion of biogas into low carbon intensity energy products that replace fossil fuels continue to be strong. Constructive domestic and international policy support continues to broaden, and demand for RNG is increasing as positive feedback continues from heavy duty fleets testing RNG," said Co-CEO Adam Comora. "Our business model is designed to position us to take advantage of these tailwinds and drive growth."

Financial Highlights

- Revenue for the three and twelve months ended December 31, 2023, was \$87.0 million and \$256.1 million, respectively, up 30% and 9%, compared to same periods last year.
- Net income for the three and twelve months ended December 31, 2023, was \$20.1 million and \$127.0 million, respectively, compared to \$32.0 million and \$32.6 million, in the comparable periods last year.
- Basic net earnings per share attributable to Class A common shareholders for the three and twelve months ended December 31, 2023, was \$0.11 and \$0.70, respectively compared to \$0.18 and \$0.13 in the comparable periods last year.
- Adjusted EBITDA¹ for the three and twelve months ended December 31, 2023, was \$32.0 million and \$52.0 million, respectively, compared to \$20.4 million and \$53.4 million in comparable periods last year.
- At December 31, 2023, RNG Pending Monetization totaled \$18.5 million.

Operational Highlights

- We exited 2023 with an aggregate annual design capacity of our operating RNG projects of 5.2 million MMBtu.^{2,3}
- RNG produced was 0.8 million and 2.7 million MMBtu, for the three and twelve months ended December 31, 2023, an increase of 33% and 23% compared to the prior-year periods.
- RNG sold as transportation fuel was 13.5 million and 43.8 million GGEs, respectively, for the three and twelve months ended December 31, 2023, an increase of 44% and 49% compared to the prior-year periods.
- The Fuel Station Services segment sold, dispensed, and serviced an aggregate of 35.3 million and 133.2 million GGEs of transportation fuel for the three and twelve months ended December 31, 2023, an increase of 8% and 15% compared to the prior-year periods.

¹ This is a non-GAAP measure. A reconciliation of non-GAAP financial measure to comparable GAAP measure has been provided in the financial tables included in this press release. An explanation of this measure and how it is calculated is also included below under the heading "Non-GAAP Financial Measures."

² Design capacity is the annual design output for each facility and may not reflect actual production from the projects, which depends on many variables including, but not limited to, quantity and quality of the biogas, operational up-time of the facility, and actual productivity of the facility.

³ Represents OPAL Fuels' proportional share with respect to RNG projects owned with joint venture partners.

Construction Update

- The Prince William RNG project is mechanically complete and in commissioning. The project will commence commercial

operations in the coming weeks. This project, owned 100% by OPAL Fuels, represents approximately 1.7 million MMBtu of annual design capacity.

- We anticipate commencing commercial operations at our Sapphire RNG project in the third quarter of 2024. This project represents approximately 0.8 million MMBtu for OPAL Fuels' 50% ownership share of annual design capacity.
- We expect the Polk County (Florida) RNG project to commence commercial operations in the fourth quarter of 2024. This project, owned 100% by OPAL Fuels, represents approximately 1.1 million MMBtu of annual design capacity.
- Completion of construction at two dairy projects in California (Hilltop and Vander Schaaf) has been delayed due to a dispute with the Engineering, Procurement and Construction contractor over a series of change order requests.⁴
- The Atlantic RNG project is expected to commence commercial operations in mid-2025. This project represents approximately 0.3 million MMBtu for OPAL Fuels' 50% ownership share of annual design capacity.
- The Fall River project is a renewable power project that is expected to commence operations at the end of 2024. This project represents 2.4 MW of renewable power nameplate capacity (0.2 million MMBtus of biomethane equivalent per year) and is 100% owned by OPAL Fuels.

⁴ For more information, please see the Company's Annual Report on Form 10-K for the twelve months ended December 31, 2023.

2024 Guidance

- The Company currently estimates that Adjusted EBITDA for the full year 2024 will range between \$90 million and \$100 million. Adjusted EBITDA does not include:
 - Approximately \$40 million of potential ITC cash proceeds from Emerald and the three landfill RNG projects coming online this year, which would be included in net income in 2024;
 - An increase of approximately \$15 million from RNG pending monetization in 2024, which represents the time lag between the recognition of RNG production costs compared with the associated revenues; and
 - An adjustment for development and project start up expenses⁵ of approximately \$12 million in 2024, which is predominantly the Prince William virtual pipeline expense.
- We anticipate Adjusted EBITDA from our Fuel Station Services segment to grow by 75%-90% compared to 2023.
- We expect 2024 RNG production to range from 4.4 to 4.8 million MMBtu.
- We expect full year 2024 capital expenditures at wholly-owned and joint venture projects to total approximately \$230 million. This total includes approximately \$28 million for Fuel Station Services and \$41 million relating to equity method investments in RNG projects.
- We anticipate putting into construction at least 2.0 million annual MMBtu of RNG design capacity in 2024 which is included in our 2024 capital expenditure guidance.
- 2024 guidance assumes a weighted average annual price for D3 RINs of approximately \$3.0/gallon, natural gas price of \$2.00/MMBtu, and an LCFS credit price of \$65.0/metric ton.

⁵Project development and start up expenses will be presented as a separate line item on the Income Statement in 2024.

Results of Operations

(\$ thousands of dollars)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---------------------------------|------------------|----------------------------------|-------------------|
| | (Unaudited) | | (Unaudited) | |
| | 2023 | 2022 | 2023 | 2022 |
| Revenue | | | | |
| RNG Fuel | \$ 28,824 | \$ 24,343 | \$ 66,292 | \$ 73,158 |
| Fuel Station Services | 46,923 | 30,039 | 135,012 | 117,415 |
| Renewable Power | 11,261 | 12,335 | 54,804 | 44,958 |
| Total Revenue | <u>\$ 87,008</u> | <u>\$ 66,717</u> | <u>\$ 256,108</u> | <u>\$ 235,531</u> |
| Net income | \$ 20,093 | \$ 32,019 | \$ 127,024 | \$ 32,579 |
| Adjusted EBITDA ⁽¹⁾ | | | | |
| RNG Fuel | 23,280 | 14,791 | 48,703 | 43,374 |
| Fuel Station Services | 12,034 | 7,235 | 22,847 | 21,603 |
| Renewable Power | 3,865 | 8,155 | 26,132 | 22,221 |
| Corporate | (7,160) | (9,803) | (45,732) | (33,797) |
| Consolidated Adjusted EBITDA ⁽¹⁾ | <u>\$ 32,019</u> | <u>\$ 20,378</u> | <u>\$ 51,950</u> | <u>\$ 53,401</u> |
| RNG Fuel volume produced (Million MMBtus) | 0.8 | 0.6 | 2.7 | 2.2 |

| | | | | |
|---------------------------------------|------|------|-------|-------|
| RNG Fuel volume sold (Million GGEs) | 13.5 | 9.4 | 43.8 | 29.4 |
| Total volume delivered (Million GGEs) | 35.3 | 32.8 | 133.2 | 115.9 |

(1) This is a non-GAAP measure. A reconciliation of non-GAAP financial measure to comparable GAAP measure has been provided in the financial tables included in this press release. An explanation of this measure and how it is calculated is also included below under the heading "Non-GAAP Financial Measures."

Landfill RNG Facility Capacity and Utilization Summary

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|---------------------------------|------|----------------------------------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Landfill RNG Facility Capacity and Utilization⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ | | | | |
| Design Capacity (Million MMBtus) | 1.3 | 0.9 | 4.1 | 3.2 |
| Volume of Inlet Gas (Million MMBtus) | 1.0 | 0.7 | 3.2 | 2.4 |
| Inlet Design Capacity Utilization % | 80% | 75% | 78% | 75% |
| RNG Fuel volume produced (Million MMBtus) | 0.7 | 0.6 | 2.6 | 2.0 |
| Utilization of Inlet Gas % | 79% | 84% | 83% | 86% |

(1) Design Capacity for RNG facilities is measured as the volume of feedstock biogas that the facility is capable of accepting at the inlet and processing during the associated period. Design Capacity is presented as OPAL's ownership share (i.e., net of joint venture partners' ownership) of the facility and is calculated based on the number of days in the period. New facilities that come online during a quarter are pro-rated for the number of days in commercial operation.

(2) Inlet Design Capacity Utilization is measured as the Volume of Inlet Gas for a period, divided by the total Design Capacity for such period. The Volume of Inlet Gas varies over time depending on, among other factors, (i) the quantity and quality of waste deposited at the landfill, (ii) waste management practices by the landfill, and (iii) the construction, operations and maintenance of the landfill gas collection system used to recover the landfill gas. The Design Capacity for each facility will typically be correlated to the amount of landfill gas expected to be generated by the landfill during the term of the related gas rights agreement. The Company expects Inlet Design Capacity Utilization to be in the range of 75-85% on an aggregate basis over the next several years. Typically, newer facilities perform at the lower end of this range and demonstrate increasing utilization as they mature and the biogas resource increases at open landfills.

(3) Utilization of Inlet Gas is measured as RNG Fuel Volume Produced divided by the Volume of Inlet Gas. Utilization of Inlet Gas varies over time depending on availability and efficiency of the facility and the quality of landfill gas (i.e., concentrations of methane, oxygen, nitrogen, and other gases). The Company generally expects Utilization of Inlet Gas to be in the range of 80% to 90%.

(4) Data not available for the Company's dairy projects, i.e., Sunoma and Biotown. Total RNG fuel design capacity for the three and twelve months ended December 31, 2023 is 1.3 million MMBtu and 4.3 million MMBtu, respectively. Including Sunoma and Biotown, RNG fuel volume produced is 0.8 and 2.7 million MMBtu for the three and twelve months ended December 31, 2023, respectively.

RNG Pending Monetization Summary

| <i>(In 000's)</i> | Three Months Ended | | |
|--|--------------------|-----------------------|------------------|
| | December 31, 2023 | | |
| | RNG Fuel | Fuel Station Services | Total |
| Stored Gas Metrics ⁽¹⁾ | | | |
| Beginning balance Stored RNG as of September 30, 2023 | 264 | 54 | 318 |
| Add: RNG production (MMBtus) | 776 | 57 | 833 |
| Less: Current period RNG volumes dispensed | (804) | (53) | (857) |
| Ending Balance Stored RNG (MMBtus) as of December 31, 2023 | 236 | 58 | 294 |
| Value of ending balance Stored RNG using quarter end price ^{(1) (2)} | \$ 12,127 | \$ 6,101 | \$ 18,228 |

RIN Metrics

| | | | |
|--|-------------|--------------|--------------|
| Beginning balance as of September 30, 2023 | 3,854 | 1,132 | 4,986 |
| Add: Generated in current period | 8,343 | 2,134 | 10,477 |
| Less: Sales | (12,197) | (3,244) | (15,441) |
| Ending RIN credit balance (Available for sale) as of December 31, 2023 | — | 22 | 22 |
| D3 price per RIN at quarter end | \$ 3.18 | \$ 3.18 | \$ 3.18 |
| Value of RINs using quarter end price ⁽²⁾ | \$ — | \$ 70 | \$ 70 |

LCFS Metrics

| | | | |
|---|------------------|-----------------|------------------|
| Beginning balance (net share) as of September 30, 2023 | — | 73 | 73 |
| Add: Generated in current period | 5 | 30 | 35 |
| Less: Sales | (5) | (102) | (107) |
| Ending LCFS credit balance (Available for sale) as of December 31, 2023 | — | 1 | 1 |
| LCFS credit price at quarter end | \$ — | \$ 103.40 | \$ 103.40 |
| Value of LCFSs using quarter end price ⁽²⁾ | \$ — | \$ 103 | \$ 103 |
| Value of RECs using quarter end price | — | — | \$ 57 |
| Other Metrics | | | |
| Average realized sales price - RIN | — | — | \$ 2.83 |
| Average realized sales price - LCFS | — | — | \$ 72.30 |
| Total Value of RNG Pending Monetization at quarter end | \$ 12,127 | \$ 6,274 | \$ 18,458 |

(1) Reflects OPAL's ownership share of Stored RNG (i.e., net of joint venture partners' ownership) including equity method investments

(2) Reflects OPAL's ownership share of RIN and LCFS credits (i.e., net of joint venture partners' ownership) including equity method investments and presented net of discounts and any direct transaction costs such as dispensing fees, third-party royalties and transaction costs as applicable.

Liquidity

As of December 31, 2023, we have drawn approximately \$186.6 million, and utilized \$13.8 million of our revolver availability to issue letters of credit, under the \$500 million senior secured credit facility we entered into in September 2023.

As of December 31, 2023, our liquidity was \$347.8 million, consisting of \$299.6 million of availability under the above referenced credit facility, and \$48.2 million of cash, cash equivalents, and short-term investments.

We believe our liquidity and anticipated cash flows from operations are sufficient to meet our existing funding needs.

Capital Expenditures

During the twelve months ended December 31, 2023, OPAL Fuels invested \$113.8 million across RNG projects in construction and OPAL Fuels proprietary fueling stations in construction as compared to \$131.4 million in the prior year.

In addition, for the twelve months ended December 31, 2023, the Company's portion of capital expenditures in unconsolidated entities was \$20.6 million. This represents our share of capital expenditures incurred by Paragon for the Emerald and Sapphire projects post deconsolidation.

Earnings Call

A webcast to review OPAL Fuels' Fourth Quarter and Full Year 2023 results is being held tomorrow, March 14, 2024 at 11:00AM EDT.

Materials to be discussed in the webcast will be available before the call on the Company's website.

Participants may access the call at <https://edge.media-server.com/mmc/p/igoxez25>. Investors can also listen to a webcast of the presentation on the company's Investor Relations website at <https://investors.opalfuels.com/news-events/events-presentations>.

Glossary of terms

"*Environmental Attributes*" refer to federal, state, and local government incentives in the United States, provided in the form of Renewable Identification Numbers, Renewable Energy Credits, Low Carbon Fuel Standard credits, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of renewable energy projects that promote the use of renewable energy.

"*GGE*" refers to Gasoline gallon equivalent. The conversion ratio is 1MMBtu of natural gas equal to 7.74 GGE.

"*LFG*" refers to landfill gas.

"*MMBtu*" refers to British thermal units.

"*Renewable Power*" refers to electricity generated from renewable sources.

"*RNG*" refers to renewable natural gas.

"*D3*" refers to cellulosic biofuel with a 60% GHG reduction requirement.

"*RIN*" refers to Renewal Identification Numbers.

"*EPA*" refers to Environmental Protection Agency.

About OPAL Fuels Inc.

OPAL Fuels Inc. (Nasdaq: OPAL) is a leader in the capture and conversion of biogas into low carbon intensity renewable electricity and renewable natural gas (RNG). OPAL Fuels is also a leader in the marketing and distribution of RNG to heavy duty trucking and other hard to de-carbonize industrial sectors. RNG is chemically identical to the natural gas Americans use to cook with, heat homes, and fuel natural gas engines, with one significant difference: RNG is produced by recycling harmful methane emissions created by decaying organic waste as opposed to fossil natural gas which is pumped from the ground. For additional information please visit www.opalfuels.com.

Forward-Looking Statements

Certain statements in this communication may be considered forward-looking statements within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts and generally relate to future events or OPAL Fuels’ (the “Company”) future financial or other performance metrics. In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “target,” “plan,” “expect,” or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. New risks and uncertainties may emerge from time to time, and it is not possible to predict all risks and uncertainties. These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, as the case may be, are inherently uncertain and subject to material change. Factors that may cause actual results to differ materially from current expectations include various factors beyond management’s control, including but not limited to general economic conditions and other risks, uncertainties and factors set forth in the sections entitled “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements” in the Company’s annual report on Form 10K filed on March 29, 2023, and other filings the Company makes with the Securities and Exchange Commission. Nothing in this communication should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements in this communication, which speak only as of the date they are made and are qualified in their entirety by reference to the cautionary statements herein. The Company expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with respect thereto or any change in events, conditions, or circumstances on which any statement is based.

Disclaimer

This communication is for informational purposes only and is neither an offer to purchase, nor a solicitation of an offer to sell, subscribe for or buy, any securities, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

OPAL FUELS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except per share data)

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents (includes \$166 and \$12,506 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | \$ 38,348 | \$ 40,394 |
| Accounts receivable, net (includes \$33 and \$966 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 27,623 | 31,083 |
| Accounts receivable, related party | 18,696 | 12,421 |
| Restricted cash - current (includes \$4,395 and \$6,971 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 4,395 | 32,402 |
| Short term investments | 9,875 | 64,976 |
| Fuel tax credits receivable | 5,345 | 4,144 |
| Contract assets | 6,790 | 9,771 |
| Parts inventory (includes \$29 and \$— at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 10,191 | 7,311 |
| Environmental credits held for sale | 172 | 1,674 |
| Prepaid expense and other current assets (includes \$107 and \$415 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 6,005 | 7,625 |
| Derivative financial assets, current portion | 633 | 182 |
| Total current assets | 128,073 | 211,983 |
| Capital spares | 3,468 | 3,443 |
| Property, plant, and equipment, net (includes \$26,626 and \$73,140 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 339,493 | 297,323 |
| Operating right-of use assets | 12,301 | 11,744 |
| Investment in other entities | 207,099 | 51,765 |
| Note receivable - variable fee component | 2,302 | 1,942 |
| Derivative financial assets, non-current portion | — | 954 |
| Deferred financing costs | — | 3,013 |
| Other long-term assets | 1,162 | 1,489 |
| Intangible assets, net | 1,604 | 2,167 |

| | | |
|--|-------------------|-------------------|
| Restricted cash - non-current (includes \$1,850 and \$2,923 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 4,499 | 4,425 |
| Goodwill | 54,608 | 54,608 |
| Total assets | <u>\$ 754,609</u> | <u>\$ 644,856</u> |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accounts payable (includes \$744 and \$4,896 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 13,401 | 17,649 |
| Accounts payable, related party (includes \$1,046 and \$433 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 7,024 | 6,376 |
| Fuel tax credits payable | 4,558 | 3,320 |
| Accrued payroll | 9,023 | 8,979 |
| Accrued capital expenses (includes \$0 and \$7,821 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 15,128 | 11,922 |
| Accrued expenses and other current liabilities (includes \$647 and \$646 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 14,745 | 9,573 |
| Contract liabilities | 6,314 | 8,013 |
| Senior Secured Credit Facility - term loan, current portion, net of debt issuance costs | — | 15,250 |
| Senior Secured Credit Facility - working capital facility, current portion | — | 7,500 |
| OPAL Term Loan, current portion | — | 27,732 |
| Sunoma loan, current portion (includes \$1,608 and \$380 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 1,608 | 380 |
| Convertible Note Payable | — | 28,528 |
| Municipality Loan | — | 76 |
| Derivative financial liability, current portion | — | 4,596 |
| Operating lease liabilities - current portion | 638 | 630 |
| Other current liabilities (includes \$92 and \$— at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 92 | 1,085 |
| Asset retirement obligation, current portion | 3,860 | 1,296 |
| Total current liabilities | <u>76,391</u> | <u>152,905</u> |
| Asset retirement obligation, non-current portion | 2,868 | 4,960 |
| OPAL Term Loan, net of debt issuance costs | 176,532 | 66,600 |
| Sunoma loan, net of debt issuance costs (includes \$20,010 and \$21,712 at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 20,010 | 21,712 |
| Operating lease liabilities - non-current portion | 11,824 | 11,245 |
| Earn out liabilities | 1,900 | 8,790 |
| Other long-term liabilities (includes \$211 and \$— at December 31, 2023 and December 31, 2022, respectively, related to consolidated VIEs) | 7,599 | 825 |
| Total liabilities | <u>297,124</u> | <u>267,037</u> |
| Commitments and contingencies | | |
| Redeemable preferred non-controlling interests | 132,617 | 138,142 |
| Redeemable non-controlling interests | 802,720 | 1,013,833 |
| Stockholders' (deficit) equity | | |
| Class A common stock, \$0.0001 par value, 340,000,000 shares authorized as of December 31, 2023; 29,701,146 and 29,477,766 shares, issued and outstanding at December 31, 2023 and December 31, 2022, respectively | 3 | 3 |
| Class B common stock, \$0.0001 par value, 160,000,000 shares authorized as of December 31, 2023; None issued and outstanding as of December 31, 2023 and December 31, 2022 | — | — |
| Class C common stock, \$0.0001 par value, 160,000,000 shares authorized as of December 31, 2023; None issued and outstanding as of December 31, 2023 and December 31, 2022 | — | — |
| Class D common stock, \$0.0001 par value, 160,000,000 shares authorized as of December 31, 2023; 144,399,037 issued and outstanding at December 31, 2023 and December 31, 2022 | 14 | 14 |
| Additional paid-in capital | — | — |
| Accumulated deficit | (467,195) | (800,813) |
| Accumulated other comprehensive (loss) income | (15) | 195 |
| Class A common stock in treasury, at cost; 1,635,783 and — shares at December 31, 2023 and December 31, 2022, respectively | (11,614) | — |
| Total Stockholders' (deficit) equity attributable to the Company | <u>(478,807)</u> | <u>(800,601)</u> |
| Non-redeemable non-controlling interests | 955 | 26,445 |
| Total Stockholders' (deficit) equity | <u>(477,852)</u> | <u>(774,156)</u> |

Total liabilities, Redeemable preferred, Redeemable non-controlling interests and Stockholders' (deficit) equity

\$ 754,609 \$ 644,856

OPAL FUELS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except per unit data)

| | Twelve Months Ended December 31, | |
|--|-------------------------------------|------------|
| | 2023 | 2022 |
| Revenues: | | |
| RNG fuel (includes revenues from related party of \$56,069 and \$58,185 for the years ended December 31, 2023 and 2022, respectively) | \$ 66,292 | \$ 73,158 |
| Fuel station services (includes revenues from related party of \$28,468 and \$18,735 for the years ended December 31, 2023 and 2022, respectively) | 135,012 | 117,415 |
| Renewable Power (includes revenues from related party of \$6,614 and \$5,495 for the years ended December 31, 2023 and 2022, respectively) | 54,804 | 44,958 |
| Total revenues | 256,108 | 235,531 |
| Operating expenses: | | |
| Cost of sales - RNG fuel | 32,028 | 32,367 |
| Cost of sales - Fuel station services | 115,322 | 98,845 |
| Cost of sales - Renewable Power | 36,550 | 31,580 |
| Project development and start up costs | 4,866 | 6,438 |
| Selling, general, and administrative | 51,262 | 51,386 |
| Depreciation, amortization, and accretion | 14,565 | 13,136 |
| Income from equity method investments | (5,525) | (5,784) |
| Total expenses | 249,068 | 227,968 |
| Operating income | 7,040 | 7,563 |
| Interest and financing expense, net | (9,306) | (6,640) |
| Change in fair value of derivative instruments, net | 7,346 | 33,081 |
| Other income | 124,472 | 1,943 |
| Loss on debt extinguishment | (2,190) | — |
| Loss on warrant exchange | (338) | (3,368) |
| Income before provision for income taxes | 127,024 | 32,579 |
| Provision for income taxes | — | — |
| Net income | 127,024 | 32,579 |
| Net income attributable to redeemable non-controlling interests | 97,426 | 22,409 |
| Net loss attributable to non-redeemable non-controlling interests | (349) | (1,153) |
| Dividends on Redeemable preferred non-controlling interests ⁽¹⁾ | 11,011 | 7,932 |
| Net income attributable to Class A common stockholders | \$ 18,936 | \$ 3,391 |
| | | |
| Weighted average shares outstanding of Class A common stock : | | |
| Basic | 27,148,538 | 25,774,312 |
| Diluted | 27,494,016 | 26,062,398 |
| Per share amounts: | | |
| Basic | \$ 0.70 | \$ 0.13 |
| Diluted | \$ 0.69 | \$ 0.12 |

OPAL FUELS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

| | Twelve Months Ended December 31, | |
|--|-------------------------------------|-----------|
| | 2023 | 2022 |
| Cash flows from operating activities: | | |
| Net income | \$ 127,024 | \$ 32,579 |

| | | |
|---|-----------------|------------------|
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Income from equity method investments | (5,525) | (5,784) |
| Distributions from equity method investments | 12,242 | — |
| Loss on exchange of Warrants | 338 | 3,368 |
| Depreciation and amortization | 14,043 | 13,015 |
| Amortization of deferred financing costs | 1,720 | 1,943 |
| Amortization of operating lease right-of-use assets | 643 | 770 |
| Loss on debt extinguishment | 2,190 | — |
| Accretion expense related to asset retirement obligation | 521 | 121 |
| Stock-based compensation | 5,904 | 1,469 |
| Provision for bad debts | 518 | 499 |
| Paid-in-kind interest income | (360) | (286) |
| Change in fair value of Convertible Note Payable | 1,579 | 413 |
| Change in fair value of the earnout liabilities | (6,890) | (37,111) |
| Unrealized gain on derivative financial instruments | (270) | 3,867 |
| Gain on repayment of Note receivable | — | (1,943) |
| Gain on deconsolidation of VIEs | (122,873) | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 2,942 | (6,191) |
| Accounts receivable, related party | (6,275) | (12,421) |
| Proceeds received on previously recorded paid-in-kind interest income | — | 288 |
| Fuel tax credits receivable | (1,201) | (1,751) |
| Capital spares | (25) | (418) |
| Parts inventory | (2,880) | (2,168) |
| Environmental credits held for sale | 1,502 | (1,288) |
| Prepaid expense and other current assets | 2,200 | (3,108) |
| Contract assets | 2,981 | (1,287) |
| Accounts payable | 6,184 | 10,143 |
| Accounts payable, related party | 1,228 | 1,180 |
| Fuel tax credits payable | 1,238 | 1,342 |
| Accrued payroll | 66 | 127 |
| Accrued expenses | 3,775 | 3,237 |
| Operating lease liabilities - current and non-current | (613) | (640) |
| Asset retirement obligations | (49) | — |
| Other current and non-current liabilities | (1,910) | 452 |
| Contract liabilities | (1,699) | (1,772) |
| Net cash provided by (used in) operating activities | <u>38,268</u> | <u>(1,355)</u> |
| Cash flows from investing activities: | | |
| Purchase of property, plant, and equipment | (113,826) | (131,410) |
| Deconsolidation of VIEs, net of cash | (11,947) | — |
| Proceeds (purchase) of short term investments | 55,101 | (64,976) |
| Cash paid for investment in other entities | (8,314) | (597) |
| Proceeds received from repayment of Note receivable | — | 10,855 |
| Distributions received from equity method investment | 4,840 | 2,100 |
| Net cash used in investing activities | <u>(74,146)</u> | <u>(184,028)</u> |
| Cash flows from financing activities: | | |
| Proceeds from Sunoma loan | — | 4,593 |
| Proceeds from OPAL Term Loan | 196,617 | 40,000 |
| Proceeds received from Business Combination | — | 138,850 |
| Financing costs paid to other third parties | (10,264) | (8,321) |
| Repayment of Senior Secured Credit Facility | (22,750) | (58,603) |
| Repayment of Convertible Note Payable | (30,107) | — |
| Repayment of OPAL Term Loan | (106,090) | (18,910) |
| Repayment of Sunoma Loan | (546) | — |
| Repayment of Municipality loan | (76) | (202) |
| Repayment of finance lease liabilities | (993) | — |
| Proceeds from equipment loan | 303 | — |
| Proceeds from sale of non-redeemable non-controlling interest, related party | 12,753 | 23,143 |
| Reimbursement of financing costs by joint venture partner | 842 | — |
| Payment of paid-in-kind preferred dividends | (16,536) | — |
| Cash paid for taxes related to net share settlement of equity awards | (896) | — |

| | | |
|---|-----------|-----------|
| Cash paid for purchase of shares upon exercise of put option | (16,391) | — |
| Distribution to non-redeemable non-controlling interest | (333) | — |
| Proceeds from issuance of shares of Class A common stock under the ATM program, net | 366 | — |
| Proceeds from issuance of redeemable preferred non-controlling interests, related party | — | 100,000 |
| Contributions from members | — | — |
| Net cash provided by financing activities | 5,899 | 220,550 |
| Net (decrease) increase in cash, restricted cash, and cash equivalents | (29,979) | 35,167 |
| Cash, restricted cash, and cash equivalents, beginning of period | 77,221 | 42,054 |
| Cash, restricted cash, and cash equivalents, end of period | \$ 47,242 | \$ 77,221 |
| Supplemental disclosure of cash flow information | | |
| Interest paid, net of \$5,475 and \$3,678 capitalized, respectively | \$ 6,929 | \$ 7,013 |
| Noncash investing and financing activities: | | |
| Fair value of Class A common stock issued for redemption of Convertible Note Payable | \$ — | \$ 30,595 |
| Fair value of Class A common stock issued for redemption of Public and Private warrants | \$ 338 | \$ 25,919 |
| Fair value of Derivative warrant liabilities assumed related to Business Combination | \$ — | \$ 13,524 |
| Fair value of Earnout liabilities related to Business Combination | \$ — | \$ 45,900 |
| Fair value of put option on a forward purchase agreement related to Business Combination | \$ — | \$ 4,600 |
| Paid-in-kind dividend on redeemable preferred non-controlling interests | \$ 2,617 | \$ 7,932 |
| Right-of-use assets for finance leases included in Property, Plant and equipment, net | \$ 9,048 | \$ 801 |
| Lease liabilities for finance leases included in Accrued expenses and other current liabilities | \$ 1,398 | \$ 316 |
| Lease liabilities for finance leases included in Other long-term liabilities | \$ 7,388 | \$ 485 |
| Accrual for purchase of Property, plant and equipment included in Accounts payable and Accrued capital expenses | \$ 15,570 | \$ 11,922 |

Non-GAAP Financial Measures (Unaudited)

This release includes various financial measures that are non-GAAP financial measures as defined under the rules of the Securities and Exchange Commission. We believe these measures provide important supplemental information to investors to use in evaluating ongoing operating results. We use these measures, together with accounting principles generally accepted in the United States ("GAAP" or "U.S. GAAP"), for internal managerial purposes and as a means to evaluate period-to-period comparisons. However, we do not, and you should not, rely on non-GAAP financial measures alone as measures of our performance. We believe that non-GAAP financial measures reflect an additional way of viewing aspects of our operations, that when taken together with GAAP results and the reconciliations to corresponding GAAP financial measures that we also provide give a more complete understanding of factors and trends affecting our business. We strongly encourage you to review all of our financial statements and publicly filed reports in their entirety and to not solely rely on any single non-GAAP financial measure.

Non-GAAP financial measures are limited as an analytical tool and should not be considered in isolation from, or as a substitute for, the Company's GAAP results. The Company expects to continue reporting non-GAAP financial measures, adjusting for the items described below (and/or other items that may arise in the future as the Company's management deems appropriate), and the Company expects to continue to incur expenses, charges or gains like the non-GAAP adjustments described below. Accordingly, unless expressly stated otherwise, the exclusion of these and other similar items in the presentation of non-GAAP financial measures should not be construed as an inference that these costs are unusual, infrequent, or non-recurring. These Non-GAAP financial measures are not recognized terms under GAAP and do not purport to be alternatives to GAAP net income or any other GAAP measure as indicators of operating performance. Moreover, because not all companies use identical measures and calculations, the Company's presentation of Non-GAAP financial measures may not be comparable to other similarly titled measures used by other companies. We strongly encourage you to review all of our financial statements and publicly filed reports in their entirety and to not solely rely on any single non-GAAP financial measure.

Adjusted EBITDA

To supplement the Company's unaudited condensed consolidated financial statements presented in accordance with GAAP, the Company uses a non-GAAP financial measure that it calls adjusted EBITDA ("Adjusted EBITDA"). This non-GAAP measure adjusts net income for interest and financing expense, net, loss on debt extinguishment, net (income) loss attributable to non-controlling interests, depreciation, amortization and accretion expense, adjustments to reflect Adjusted EBITDA from equity method investments, loss on warrant exchange, unrealized (gain) loss on derivative instruments, non-cash charges, one-time non-recurring expenses, major maintenance on renewable power and gain on deconsolidation of VIEs.

Management believes this non-GAAP measure provides meaningful supplemental information about the Company's performance, for the following reasons: (1) it allows for greater transparency with respect to key metrics used by management to assess the Company's operating performance and make financial and operational decisions; (2) the measure excludes the effect of items that management believes are not directly attributable to the Company's core operating performance and may obscure trends in the business; (3) the measure better aligns revenues with expenses; and (4) the measure is used by institutional investors and the analyst community to help analyze the Company's business. In future quarters, the Company may adjust for other expenditures, charges or gains to present non-GAAP financial measures that the Company's management believes are indicative of the Company's core operating performance.

Non-GAAP financial measures are limited as an analytical tool and should not be considered in isolation from, or as a substitute for, the Company's GAAP results. The Company expects to continue reporting non-GAAP financial measures, adjusting for the items described below (and/or other items that may arise in the future as the Company's management deems appropriate), and the Company expects to continue to incur expenses, charges or gains like the non-GAAP adjustments described below. Accordingly, unless expressly stated otherwise, the exclusion of these and other similar items in the presentation of non-GAAP financial measures should not be construed as an inference that these costs are unusual, infrequent, or

non-recurring. Adjusted EBITDA is not a recognized term under GAAP and does not purport to be an alternative to GAAP net income or any other GAAP measure as an indicator of operating performance. Moreover, because not all companies use identical measures and calculations, the Company's presentation of Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies.

The following table presents the reconciliation of our Net income to Adjusted EBITDA:

Reconciliation of GAAP Net income to Adjusted EBITDA
For the Three and Twelve Months Ended December 31, 2023 and 2022
(In thousands of dollars)

| | Three Months Ended December 31, 2023 | | | | | Twelve Months Ended December 31, 2023 | | | | |
|--|--------------------------------------|-----------------------|-----------------|-------------------|-----------------|---------------------------------------|-----------------------|------------------|--------------------|------------------|
| | RNG Fuel | Fuel Station Services | Renewable Power | Corporate | Total | RNG Fuel | Fuel Station Services | Renewable Power | Corporate | Total |
| Net income (loss) ⁽¹⁾ | \$12,726 | \$ 10,479 | \$ 1,888 | \$ (5,000) | \$20,093 | \$22,203 | \$ 17,908 | \$ 12,472 | \$ 74,441 | \$ 127,024 |
| Adjustments to reconcile net income (loss) to Adjusted EBITDA | | | | | | | | | | |
| Interest and financing expense, net | 4,352 | (14) | 20 | 466 | 4,824 | 8,968 | (134) | 280 | 192 | 9,306 |
| Loss on debt extinguishment ⁽²⁾ | — | — | — | (658) | (658) | — | — | — | 2,190 | 2,190 |
| Net (income) loss attributable to non-redeemable non-controlling interests | (182) | — | — | — | (182) | 349 | — | — | — | 349 |
| Depreciation, amortization and accretion | 1,314 | 1,175 | 1,178 | (36) | 3,631 | 5,268 | 3,730 | 5,567 | — | 14,565 |
| Adjustments to reflect Adjusted EBITDA from equity method investments ⁽³⁾ | 2,658 | — | — | — | 2,658 | 5,912 | — | — | — | 5,912 |
| Loss on warrant exchange | — | — | — | — | — | — | — | — | 338 | 338 |
| Unrealized (gain) loss on derivative instruments ⁽⁴⁾ | — | — | (30) | (3134) | (3,164) | — | — | (763) | (7140) | (7,903) |
| Non-cash charges ⁽⁵⁾ | — | 174 | — | 1,123 | 1,297 | — | 174 | — | 6,003 | 6,177 |
| One-time non-recurring charges ⁽⁶⁾ | 2,412 | 220 | 45 | 79 | 2,756 | 6,003 | 1,169 | 1,336 | 1,117 | 9,625 |
| Major maintenance for Renewable Power | — | — | 764 | — | 764 | — | — | 7,240 | — | 7,240 |
| Gain on deconsolidation of VIEs | — | — | — | — | — | — | — | — | (122,873) | (122,873) |
| Adjusted EBITDA | \$23,280 | \$ 12,034 | \$ 3,865 | \$ (7,160) | \$32,019 | \$48,703 | \$ 22,847 | \$ 26,132 | \$ (45,732) | \$ 51,950 |

| | Three Months Ended December 31, 2022 | | | | | Twelve Months Ended December 31, 2022 | | | | |
|--|--------------------------------------|-----------------------|-----------------|-----------|-----------|---------------------------------------|-----------------------|-----------------|-------------|-----------|
| | RNG Fuel | Fuel Station Services | Renewable Power | Corporate | Total | RNG Fuel | Fuel Station Services | Renewable Power | Corporate | Total |
| Net income (loss) ⁽¹⁾ | \$ 7,831 | \$ 4,521 | \$ 3,367 | \$ 16,300 | \$ 32,019 | \$32,114 | \$ 18,245 | \$ 4,681 | \$ (22,461) | \$ 32,579 |
| Adjustments to reconcile net income (loss) to Adjusted EBITDA | | | | | | | | | | |
| Interest and financing expense, net | (240) | 871 | 1,702 | (2,905) | (572) | — | 899 | 5,261 | 480 | 6,640 |
| Net loss attributable to non-redeemable non-controlling interests | 329 | — | — | — | 329 | 1,153 | — | — | — | 1,153 |
| Depreciation, amortization and accretion | 1,362 | 230 | 1,413 | 30 | 3,035 | 6,469 | 846 | 5,696 | 125 | 13,136 |
| Adjustments to reflect Adjusted EBITDA from equity method investments ⁽³⁾ | 1,095 | — | — | — | 1,095 | 2,073 | — | — | — | 2,073 |
| Loss on warrant exchange | — | — | — | 3,368 | 3,368 | — | — | — | 3368 | 3,368 |
| Unrealized (gain) loss on derivative instruments ⁽⁴⁾ | — | — | 260 | (30,822) | (30,562) | — | — | 512 | (28,719) | (28,207) |
| Non-cash charges ⁽⁵⁾ | 844 | 207 | — | 515 | 1,566 | 844 | 207 | — | 2,109 | 3,160 |

| | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|-------------------|------------------|-----------------|------------------|------------------|--------------------|------------------|
| One-time non-recurring charges | | | | | | | | | | |
| (6) | 3,570 | 1,406 | 1,370 | 3,711 | 10,057 | 6,481 | 1,406 | 1,370 | 11,301 | 20,558 |
| Major maintenance for Renewable Power | — | — | 43 | — | 43 | — | — | 4,701 | — | 4,701 |
| Gain on repayment of Note Receivable and reversal of liability to non-redeemable non-controlling interest | — | — | — | — | — | (5,760) | — | — | — | (5,760) |
| Adjusted EBITDA | \$14,791 | \$ 7,235 | \$ 8,155 | \$ (9,803) | \$ 20,378 | \$43,374 | \$ 21,603 | \$ 22,221 | \$ (33,797) | \$ 53,401 |

(1) Net income (loss) by segment is included in our quarterly report on Form 10 K. Net loss for RNG Fuel includes our portion of net income on our equity method investments.

(2) Loss on debt extinguishment relates to assignment of our senior secured credit facility to Paragon and debt restructuring related to OPAL Term Loan.

(3) Includes interest, depreciation, amortization and accretion on equity method investments.

(4) Unrealized (gain) loss on derivative instruments includes change in fair value of interest rate swaps, commodity swaps, earnout liabilities and put option on a forward purchase agreement.

(5) Non-cash charges include stock-based compensation expense, certain expenses included in selling, general and administrative expenses relating to employee benefit accruals, inventory write down charges included in cost of sales - RNG fuel and loss on disposal of assets.

(6) One-time non-recurring charges include (i) certain expenses related to development expenses on our RNG facilities such as lease expenses and virtual pipeline costs, incurred during construction phase that could not be capitalized per GAAP for the year ended December 31, 2023, and (ii) transaction costs relating to the Business Combination for the year ended December 31, 2022.

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