

H1 2023 results

Waga Energy doubles H1 revenue and starts up its first international units

- Strong increase in consolidated revenue to **€13.7 million (+95%)**.
- **Annual contractual and recurring revenue above €80 million**, compared with €46 million a year ago.
- **23,500 tons** of eqCO₂ avoided¹.
- EBITDA of -€3.1 million (vs. -€2 million in H1 2022) including expenses generated by the commercial ramp-up in the United States.
- Solid financial position, with cash of **€58.8 million** and financial debt of €50.5 million.
- **Accelerated geographical expansion**, with the first international units coming onstream, and the signing of **major contracts in the United States** over the summer.
- At the date of this press release, the Group operates 17 WAGABOX® units in France, Canada and Spain, with a further 16 under construction in France, Canada and the United States, representing **total installed production capacity of over 1.5 TWh/year (5,118,000 mmBTu)**.

Condensed consolidated financial statement, H1 2023

| €m | June 30, 2023 | June 30, 2022 | % change |
|---|---------------|---------------|------------|
| Revenue | 13.7 | 7.0 | 95% |
| Operating expenses (excl. depr./amort./prov. & IFRS 2 expenses) | -16.8 | -9.0 | +86% |
| EBITDA* | -3.1 | -2.0 | |
| IFRS 2 expenses (share-based payment) | -2.0 | -1.1 | +79% |
| Depreciation and provisions | -1.8 | -1.3 | +42% |
| Recurring operating income | -6.9 | -4.4 | |
| Non-recurring operating income and expenses | 0.1 | -0.1 | |
| Net operating income | -6.9 | -4.5 | |
| Cost of financial debt | -0.6 | -0.5 | |
| Consolidated net loss | -7.6 | -5.1 | |
| Net income (group share) | -7.9 | -5.2 | |
| Capex | -20.5 | -14.1 | +45% |
| Cash and cash equivalents at June 30 | 58.8 | 100.1 | -4 % |
| Headcount at June 30 | 175 | 116 | +51% |

* EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) is an indicator of operating performance, defined as operating income before non-recurring items restated for net depreciation and amortization on property, plant and equipment, intangible assets, and provisions, as well as expenses related to share-based payments (IFRS 2).

¹ Estimate based on non-renewable natural gas and renewable natural gas emission factors in France according to French energy agency ADEME's 2022 carbon database and factoring in direct and indirect emissions.

Mathieu Lefebvre, CEO of Waga Energy, stated: *"We are proud to announce a near doubling in our first-half revenue and the acceleration in our international deployment, in line with the roadmap presented to investors in October 2021. In a complex energy market, we demonstrated the resilience of our business model, and the major competitive advantage that WAGABOX® technology gives us in the landfill gas recovery market. The structuring work accomplished in recent months, and our successful move into the North American market, mean we can confidently execute our growth plan and step up our actions for the energy transition".*

Waga Energy (Euronext Paris: FR0012532810, EPA: WAGA), a specialist in the production of renewable natural gas using landfill gas, has published results for the first half of 2023, ending June 30, approved by the Board of Directors on September 26, 2023. The Group delivered a solid performance in the first half of 2023, marked by strong sales growth and accelerated international expansion, while limiting the rise in operating costs.

Revenue doubled

Waga Energy generated revenue of €13.7 million (+95% on first-half 2022), 75% of which came from renewable natural gas sales and purification services invoiced to landfill operators (€10.2 million). The rise in France's regulated feed-in tariff, decreed in November 2022 on the basis of economic indices, accounted for 10% of this increase. Excluding this "price effect", the increase in revenue generated by renewable natural gas sales and purification services reached 48%.

H1 2023 revenue also included €3.2 million corresponding to the percentage-of-completion recognition of the sale of two cryogenic distillation modules to Air Liquide in the United States, and of a WAGABOX® unit to the Capital Regional District (CRD) for the Hartland site (Canada). The latter was concluded in August 2022 for a total amount of C\$30 million and is recognized in sales as the project progresses.

Growth of 48% in renewable natural gas production

Waga Energy injected 142 GWh (484,500 mmBTu) of renewable natural gas into the grid in the first half of the year (+48%), thanks to increased production capacity. The Group benefited from the ramp-up of a high-capacity unit near Paris, which came onstream in March 2022, and from the commissioning of four additional units since June 2022, at Montois-la-Montagne (France), Milhac-d'Auberoche (France), Saint-Étienne-des-Grés (Canada) and Els Hostalets de Pierola (Spain). The successful start-up of the first international units (4% of renewable natural gas production over the half-year) represents a major step in the deployment of WAGABOX® technology in Europe and North America. At June 30, 2023, the Group had 17 WAGABOX® units in operation in France, Spain and Canada.

The increase in renewable natural gas production also stemmed from the high level of equipment availability, which averages 95% for the entire plant fleet.

| | To date | H1 2023 | End-2022 | H1 2022 |
|---------------------------------|--------------|--------------|--------------|------------|
| Units in operation | | | | |
| <i>Number</i> | 17 | 17 | 14 | 13 |
| <i>Capacity (GWh/year)</i> | <i>640</i> | <i>640</i> | <i>415</i> | <i>390</i> |
| Units under construction | | | | |
| <i>Number</i> | 16 | 12 | 15 | 13 |
| <i>Capacity (GWh/year)</i> | <i>915</i> | <i>420</i> | <i>645</i> | <i>590</i> |
| Total (GWh/year) | <i>1,555</i> | <i>1,060</i> | <i>1,060</i> | <i>980</i> |

Results reflecting the ramp-up and operational structuring

Waga Energy generated EBITDA of -€3.1 million for the first half of 2023, compared to -€2 million in the first half of 2022. This change stemmed primarily from the Group's international structuring and organization. The Group has recruited 59 people over the past 12 months, primarily to strengthen engineering teams in North America. As of June 30, 2023, it employed 175 people.

The change in EBITDA also reflected higher energy and raw materials costs, although these were partially offset by indexation mechanisms included in contracts.

In June, Waga Energy also obtained ISO 9001 and ISO14001 dual certification for Europe, attesting to the implementation of a high-performance quality management system, and the company's commitment to sustainable development objectives.

Increased investments

In line with its strategy, Waga Energy stepped up investment in its asset base (capex) over the first half of the year to €20.5 million, compared with €14.1 million in the first half of 2022. The increase mainly concerned the commissioning of large-capacity units in Canada and Spain, and the construction of the first unit in the United States (Bath, New York). The Group also used equity to finance the construction of other units in France and Canada.

Waga Energy aims to refinance all these units with bank loans. In March 2023, the Group obtained a long-term, non-recourse bank loan of €6.6 million from Bpifrance to finance its Spanish unit.

As of June 30, 2023, the Group's balance sheet was solid, with shareholders' equity of €105.1 million and cash and cash equivalents of €58.8 million, compared with financial debt of €50.5 million. The Group also has a drawing capacity of over €21 million on non-recourse bank debt, which it can use to finance its growth.

Breakthrough in North America

In the first half of 2023, Waga Energy managed to engage in exclusive negotiations with several operators of public and private landfill sites in the strategic US market. Four of these have already converted into major contracts signed over the summer: the Group began construction of three large-capacity units on sites of private operator Casella Waste Systems, a major player in recycling and waste management in the eastern United States, and a fourth unit on the Davenport site (Iowa), operated by Scott County. These four new units will provide an additional installed capacity of 495 GW/h (1,690,000 mmBTu). In addition, the Group is in exclusive negotiations for several contracts in North America representing a potential installed capacity of 1.2 TWh/year (4,095,000 mmBTu).

At the date of this press release, the Group operates 17 WAGABOX[®] units in France, Canada and Spain, with an installed capacity of 640 GWh/year (2,184,000 mmBTu). It is also currently building 16 more units, for additional installed capacity of over 900 GWh/year (3,071,000 mmBTu). Once they are all up and running, these 33 units will offer total installed capacity of over 1.5 TWh/year (5,118,000 mmBTu). Based on projects in operation and projects signed, the Group estimates that annual contractual and recurring revenue is now in excess of €80 million per year, compared with €46 million at the time of the 2022 results publication last April².

Strengthened by its achievements, Waga Energy is confident it can deliver revenue of €200 million and installed capacity of 4 TWh/year in 2026.

² Annual contractual and recurring revenue corresponds to the revenue the Company expects to generate over a period of 10 to 20 years from long-term RNG sales contracts and purification service contracts. It is not a forecast and is intended to represent the current potential of the installed base of WAGABOX[®] units: the calculation assumes a EUR/USD exchange rate of 1.1, a EUR/CAD exchange rate of 1.4, and a RIN price of \$2.5.

Upcoming event:

- Publication of 2023 revenue on February 28, 2024 after market close

About Waga Energy

Waga Energy (EPA: WAGA) produces competitively priced Renewable Natural Gas by upgrading landfill gas using a patented purification technology called WAGABOX®. The RNG produced is injected directly into the gas distribution networks that supply individuals and businesses, providing a substitute for natural gas. Waga Energy finances, builds and operates its WAGABOX® units under long-term contracts with landfill operators for the supply of raw gas, and generates income by selling the RNG it produces. Waga Energy operates seventeen WAGABOX® units in France, Spain and Canada, representing an installed capacity of 2,180,000 MMBtu (640 GWh/y). Sixteen units are under construction in France, Canada, and the US. Each project initiated by Waga Energy contributes to the fight against global warming and helps the energy transition. Learn more: waga-energy.com, follow us on: LinkedIn and Twitter, and subscribe to the newsletter.

Forward-Looking Statements

Certain information contained in this press release is forward looking statements and not historical data. These forward looking statements are based on opinions, projections and current assumptions including, but not limited to, assumptions concerning the group's current and future strategy and the environment in which the group is developing. They imply known or unknown risks, uncertainties and other factors, which could result in actual results, performances or achievements, or the results of the sector or other events, differing significantly from those described or suggested by these forward looking statements. These risks and uncertainties include those that are indicated and detailed in Chapter 3 "Risk factors" in the Waga Energy's registration document, which was approved by the AMF on 14 June 2022 under number R.22-025. These forward looking statements are given only on the date of this press release and the group expressly declines any obligation or commitment to publish updates or corrections of the forward looking statements included in this press release in order to reflect any change affecting the forecasts or events, conditions or circumstances on which these forward-looking statements are based. The forward looking statements and information do not constitute guarantees of future performances, and are subject to various risks and uncertainties, a large number of which are difficult to predict and generally outside the control of the group. Actual results may differ significantly from those described, suggested or projected by the forward looking information and statements.

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