

H1 2022 results

Despite energy market disruptions, Waga Energy sees continued revenue growth in an international context favorable to renewable natural gas

Highlights of the first half of 2022:

- **96 GWh** of renewable natural gas (RNG) injected into the pipelines (up 37% over H1 2021)
- **15,800 tons** of CO₂ equivalent avoided¹
- Revenue up **35%** to **€7 million**
- EBITDA of **-€3.1 million** as hiring ramped up²
- A cash position of **€100 million** at end-June for financial debt of €32 million
- 3 new RNG production units commissioned
- 4 new projects signed in Europe and North America

Waga Energy (ISIN: FR0012532810; ticker: WAGA), the European specialist in the production of renewable natural gas (also known as biomethane) from landfill gas, today reported its results for the first half of the 2022 fiscal year ended at June 30, 2022, approved by the company's Board of Directors on September 30, 2022.

Waga Energy pursues its international growth strategy in a global environment favorable to renewable natural gas despite the economic downturn in Europe and sudden energy market disruptions caused by the war in Ukraine and the unavailability of some of France's nuclear power capacity.

The company is maintaining its 2026 targets of 100 WAGABOX® units in operation, 4 TWh of RNG injected, and annual revenue of €200 million.

Condensed consolidated financial statement, H1 2022

At June 30, 2022, expressed in millions of €	2022	2021	Variation
Revenue	7.0	5.2	+35%
Total operating expenses (excluding depreciation and provisions)	-10.3	-5.6	+82%
Including payroll taxes and contributions (*)	-4.8	-2.0	+139%
EBITDA	-3.1	-0.2	
Depreciation and provisions	-1.3	-1.0	+29%
Recurring operating income	-4.4	-1.2	
Other non-recurring operating income and expenses	-0.1	-0.3	-82%
Net operating income	-4.5	-1.5	
Cost of financial debt	-0.6	-0.6	
Consolidated net loss	-5.1	-2.3	
Net income (group share)	-5.2	-2.4	
Capex	-14.1	-4.8	+191%
Cash and cash equivalents at June 30, 2022	100.1	9.9	

(*) An expense of €1.1 million was recorded in the first half of 2022 to apply IFRS 2 to all equity instruments granted to company employees and officers in the form of stock options, including founders' stock options under the French "BSCPE" regime.

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

² EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is operating income before non-recurring items and net allocations to intangible assets, property, plant and equipment, and provisions, as presented in the income statement of the consolidated financial statements. It is used to measure the financial performance of a company's recurring operations.

Waga Energy CEO Mathieu Lefebvre said,

“Summer 2022, marked by climate extremes and the war in Ukraine, put the spotlight on RNG’s capacity, as a renewable substitute for fossil-based natural gas, to address not only environmental concerns, but geopolitical ones, confirming the relevance of our strategy. We are working closely with waste management companies to provide access to large volumes of competitively priced renewable natural gas through a solution that constitutes an immediate, concrete response to local communities as they navigate the energy transition and move toward greater energy independence. In a sluggish economic context in Europe and despite the disruptions of the electricity market in France, which are decelerating the development of some RNG production projects, we are fully mobilized for the international deployment of our solution, in accordance with our commitments.”

Consolidated revenue up 35% to €7 million on an energy market disrupted by global geopolitical events

Waga Energy reported €7.0 million in consolidated revenue for the first half of 2022, up 35% compared to the first half of fiscal year 2021. The increase was driven primarily by a rise in RNG production.

The thirteen WAGABOX® units in operation produced 96 GWh of RNG, 37% more than in the first half of 2021. The rise in production is mainly attributable to three new projects commissioned during the period, including a very large capacity unit at a Veolia landfill near Paris. The performance of the ten other units also contributed, with uptime of 95% for all units.

In the first half of 2022, the RNG produced by WAGABOX® units avoided the emission of 15,800 tons of CO₂ equivalent by substituting fossil-based natural gas.

In terms of new business, Waga Energy signed four new contracts during the period, three in France and one in Canada. Worth noting is a contract signed with Séché Environnement, a major player on France’s waste management and recycling market. The other new contracts will be announced shortly with Waga Energy’s partners. On the date of this press release, thirteen WAGABOX® units were in operation in France and fourteen more were under construction: eight in France, one in Spain, one in the United States, and four in Canada.

The average unit was 2.6 years old on June 30, 2022, and the company’s current contracts had an average remaining term of 12.1 years.

	At date	End H1 2022	Dec. 31, 2021	Dec. 31, 2020
Units in operation	13	13	10	10
Units under construction*	14	13	12	4
Total	27	26	22	14

**Excluding non-recurring equipment sales*

Surging energy prices and the economic downturn in Europe due to Russia’s invasion of Ukraine impacted the company’s activity. In France, the current high electricity prices have led some waste management operators to prioritize the recovering of their biogas into electricity, instead of RN. These transient and local disruptions could potentially slow down business development and the commissioning of certain units already under construction.

EBITDA of –€3.1 million as hiring and international development ramped up

Waga Energy reported EBITDA of –€3.1 million in the first half of 2022, compared to –€0.2 million in the first half of 2021. The change reflects increased hiring and international development as announced in the company’s strategy plan. Around 50 new employees have joined Waga Energy over the last twelve months, confirming a strong employer brand in a tight job market. The total headcount was 116 at June 30, 2022, up 68% from 69 a year earlier.

EBITDA also includes a non-cash expense of €1.1 million for equity instruments granted to company employees and officers, including stock options under the French “BSPCE”³ regime, in 2019 and 2021. The goal is to share Waga Energy’s success with employees.

Consolidated net loss of €5.1 million

Waga Energy reported a consolidated net loss of €5.1 million in the first half of 2022, compared to €0.2 million in the first half of 2021. The company reported a recurring operating loss of €4.4 million, compared to €1.2 million a year earlier. This is due to expenses arising for the international development of the Group and the increase in the number of units in operation, which generated increases in depreciation and provisions. The cost of financial debt was stable at €0.6 million for the first half of 2022.

A strong financial position, with cash and cash equivalents of €100.1 million at end-June

Waga Energy reported €14.1 million in Capex in the first half of 2022, compared to €4.8 million in the first half of 2021, an increase of 191%. Most of these capital expenditures arose from the construction of WAGABOX® units and, especially, large capacity units on international markets. These investments are financed by bank debt, equity, and grants.

In total, at June 30, 2022, the company had €114.6 million in equity, a cash position of €100.1 million, and financial debt of €32.4 million.

€23 million in new long-term bank financing secured

In July 2022, Waga Energy obtained long-term bank financing for its subsidiary Waga Assets for a maximum of €23 million. It was used to refinance three units in operation and will also be used to finance three projects under construction. This new financing will secure the company’s long-term debt and reduce the cost of debt.

RNG production to increase in 2022, with Waga Energy on track toward 2026 targets

Waga Energy plans to commission another production unit in the second half of 2022 and forecasts an increase in RNG production. Rising electricity prices are expected to impact unit operating costs. RNG sale prices will not immediately offset these rising production costs, however, since prices are set under long-term contracts and readjusted annually based on labor costs and production price indexes.

Despite the current disruptions affecting the electricity market, the company is confident in its ability to sustain growth and continue to expand internationally throughout the rest of the fiscal year in line with its strategy.

³ BSPCE: A French regime for special founders’ stock options

Interest in RNG growing among businesses and governments, combined with declining Russian gas imports and rising natural gas prices, is a boon to Waga Energy in the long-term. In addition to its attractiveness as an environmentally sustainable energy source, RNG is garnering increasing appeal as a means for local communities to achieve energy independence.

Last May, the European Commission unveiled its Biomethane Action Plan, part of the REPowerEU program. The goal is to boost RNG production within the EU to 375 TWh, or 35 billion cubic meters, by 2030. This places Waga Energy in a stronger position to negotiate the RNG production of future units at prices significantly higher than those seen in 2021.

Therefore, given the excellent outlook for the RNG market, Waga Energy remains on course with its previously announced strategy and will pursue its target of 100 WAGABOX® units by the end of 2026, for annual revenue of around €200 million based on estimated production of 4 TWh.

About Waga Energy

Waga Energy (ISIN: FR0012532810, symbol: WAGA) produces competitively priced Renewable Natural Gas (also known as "biomethane") 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 generated. Waga Energy operates 13 WAGABOX® units in France, representing an installed capacity of 480 GWh/year. Fourteen units are under construction in France, Spain, Canada and the US. Each project initiated by Waga Energy contributes to the fight against global warming and the helps the energy transition. Waga Energy has been listed since October 27, 2021, on Euronext Paris. 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 in the Waga Energy's registration document, which was approved by the AMF at June 14, 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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