

Rialto Bioenergy Facility Update

September, 2021 – Additional Update



Forward-Looking Statements



This report may contain forward-looking statements within the meaning of the U.S. federal securities laws regarding future financial performance, results, events and other statements that are not historical facts. The words “believe”, “anticipate”, “plan”, “expect”, “project”, “estimate”, “predict”, “intend”, “target”, “assume”, “may”, “could”, “will” and similar expressions are intended to identify such forward looking statements. Such statements are made on the basis of assumptions and expectations that the Borrower believes to be reasonable as of the date of this notice, but may prove to be erroneous. Such forward looking statements involve known and unknown risks and uncertainties and other factors which may cause the Borrower’s actual results, business, financial condition, results of operations, performance or achievements or industry results to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward looking statements. You are, therefore, cautioned against relying on any of these forward-looking statements. Except as required by law or regulation, the Borrower assumes no obligation to update such forward looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements.



- Anaergia contracted two (2) additional short term feedstock agreements to offset the lack of feedstock from already contracted haulers – It will however take several months before deliveries start
- Planned installation in Q1 2022 of new OREX line in downtown LA at UWS facility (hauler servicing City of Los Angeles under RecycLA program)
- Outreach to municipalities to divert food waste as required by regulation
- Started Orange County Sanitation District Biosolids deliveries, RBF will prioritize deliveries to contract quantity

Feedstock Summary and Outlook



	2021											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wet Fraction⁽¹⁾	21	17	28	32	32	36	31	33	40	50	50	50
Tankers⁽²⁾	59	40	38	38	38	45	47	50	50	50	50	50
BioSolids - Denali	6	13	10	0	0	75	60	100	50	50	50	50
BioSolids - OCSD⁽³⁾	0	0	0	0	0	0	0	0	100	100	100	100

	2022											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wet Fraction⁽¹⁾	50	50	100	200	200	300	300	400	500	600	700	700
Tankers⁽²⁾	0	0	0	0	0	0	0	0	0	0	0	0
BioSolids - Denali	100	100	100	100	100	100	100	100	100	100	100	100
BioSolids - OCSD⁽³⁾	50	50	50	100	100	100	200	200	200	200	200	200

- (1) Wet fraction is the organic fraction extracted from solid waste and delivered in an end dump truck, currently supplied primarily from Waste Management in the Los Angeles region followed by Republic Services and shortly UWS with the new OREX line that will be installed in 2022.
- (2) Tankers are the additional short term feedstock contract Anaergia obtained in addition to Waste Management and Republic Services to make up for some of the feedstock shortfall. Currently supplied by Athens Services and Waste Management from Orange County region.
- (3) Biosolids from OCSD via a new contract at a higher tipping fee starting September 2021 for 100 TPD (out of 300 TPD RBF capacity) for pyrolysis processing service.

2021 Summary and Outlook



Budget & Forecast - Year Ending Dec 31, 2021	2021 Budget	2021 7+5 Forecast	Jan-21 Actuals	Feb-21 Actuals	Mar-21 Actuals	Apr-21 Actuals	May-21 Actual	Jun-21 Actual	Jul-21 Actual	Jul-21 Budget	Aug-21 Forecast	Sep-21 Forecast	Oct-21 Forecast	Nov-21 Forecast	Dec-21 Forecast
Facility Ramp Up	(v. 12/22/20)	Forecast													
Wet Fraction, avg ton/day (into Digester)	281	34	21	17	28	31	30	23	30	250	33	40	50	50	50
Tankers, avg ton/day (into Digester)	75	46	59	40	38	37	31	48	49	0	50	50	50	50	50
Biosolids, avg ton/day (into Dryers)	283	63	6	13	10	0	4	5	20	300	100	150	150	150	150
RNG Generated, mmbtu*	424,520	4,764	1,846	1,111	2,016	4,036	6,967	4,622	5,054	28,879	5,165	5,853	6,835	6,835	6,835
*LOM: 350,000 MMBTU used for siting power, BioMAI															
Revenues															
Tipping Fees	7,705,500	2,306,876	42,388	37,509	35,426	27,311	44,862	47,257	78,142	643,500	224,580	432,900	445,500	445,500	445,500
Offtake Sales (1)	8,475,608	1,245,642	0	0	0	97,861	106,744	106,921	122,550	563,139	125,263	141,930	212,891	165,741	165,741
Total Revenues	\$16,181,108	\$3,552,517	\$42,388	\$37,509	\$35,426	\$125,172	\$151,607	\$154,178	\$200,692	\$1,206,639	\$349,843	\$574,830	\$658,391	\$611,241	\$611,241
Operating Expenses															
Transport & Disposal	1,008,000	1,126,360	1,764	2,400	-4,164	0	0	0	402,219	84,000	158,277	169,002	173,262	111,800	111,800
Host Fees	372,155	39,752	2,400	2,700	-5,100	0	0	0	0	32,076	1,337	9,300	9,705	9,705	9,705
Utilities, Permits, & Discharge (2)	2,002,829	1,595,491	77,156	35,010	250,616	134,829	19,539	279,832	63,554	166,902	104,729	147,122	186,035	148,535	148,535
Consumables	942,986	448,487	79,652	26,666	15,284	47,889	18,477	73,827	22,852	77,007	27,479	29,102	31,420	44,420	31,420
Maintenance & Operations Contracts (3 (1))	922,532	4,227,894	214,675	258,313	91,694	553,689	415,373	623,971	483,949	84,211	181,283	509,053	418,800	314,583	162,511
General Administration (4)	1,378,850	1,284,040	40,606	43,165	-40,262	114,148	35,999	81,221	83,704	57,267	68,429	60,292	60,292	60,292	60,292
Maintenance Wear Parts (5)	1,051,974	702,084	41,934	46,502	82,637	56,063	34,511	2,114	87,665	87,665	87,665	87,665	87,665	87,665	87,665
Labor (6)	2,618,462	2,788,865	214,893	222,630	218,239	218,239	219,508	409,590	16,771	218,205	268,199	256,199	256,199	244,199	244,199
2020 OpEx Reimbursement to AS (7)	2,130,059	0													
Insurance	360,000	963,430	30,000	30,000	-60,000	92,560	92,666	95,538	192,666	30,000	98,000	98,000	98,000	98,000	98,000
OPDX Contingency	609,392	0	0	0	0					50,474					
Total Operating Expenses	\$13,397,240	\$13,633,829	\$703,080	\$667,386	\$548,944	\$1,217,417	\$836,074	\$1,566,093	\$1,265,715	\$887,807	\$1,611,260	\$1,365,734	\$1,321,377	\$1,119,197	\$954,125
Bond Debt Service (8)	-\$9,670,068	-10,590,185	-\$1,383,122	-\$691,561	-\$691,561	-\$691,561	-\$691,561	-\$920,117	-\$920,117	-\$920,117	-\$920,117	-\$920,117	-\$920,117	-\$920,117	-\$920,117
Cash Flow After Debt Service	-\$6,886,200	-\$20,671,497	-\$2,043,814	-\$1,321,438	-\$1,205,079	-\$1,783,806	-\$1,376,028	-\$2,332,032	-\$1,985,140	-\$601,285	-\$2,181,534	-\$1,711,021	-\$1,583,103	-\$1,428,073	-\$1,263,001
Debt Service Coverage Ratio	0.29	0.29													
Deposit to Capital Replacement Fund	190,000	190,000	0	0	0	0	0	0	0	0	0	0	0	190,000	0
Payment to AS: 2020 OpEx Reimbursement	0	2,130,060	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505	177,505
Project Free Cash Flow	-\$7,076,200	-\$22,991,557	-\$2,221,319	-\$1,498,943	-\$1,382,584	-\$1,961,311	-\$1,553,533	-\$2,509,537	-\$2,162,645	-\$778,790	-\$2,359,039	-\$1,888,526	-\$1,760,608	-\$1,795,578	-\$1,440,506

- Free cash (includes operations and debt service)
- Revenues based on contracted gas sales in LOM and additional contracts subsequent to bond closing

2022 Summary and Outlook



Budget & Forecast - Year Ending Dec 31, 2022	2022	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Facility Ramp Up	(v. 6/1/21)												
Wet Fraction, avg ton/day (into Digester)	342	50	50	100	200	200	300	300	400	500	600	700	700
Tankers, avg ton/day (into Digester)	0	0	0	0	0	0	0	0	0	0	0	0	0
Biosolids, avg ton/day (into Dryers)	100	100	100	100	100	100	100	100	100	100	100	100	100
RNG Generated, mmbtu	402,572	4,909	4,909	9,819	19,638	19,638	29,457	29,457	39,275	49,094	58,913	68,732	68,732
Biochar, avg ton/day	13	0	0	0	5	8	11	14	18	21	25	28	31
Revenues													
Tipping Fees	10,336,500	349,500	349,500	412,500	621,000	621,000	747,000	912,000	1,038,000	1,164,000	1,290,000	1,416,000	1,416,000
Offtake Sales (1)	8,718,614	62,546	62,546	128,042	298,939	298,939	537,045	537,045	828,485	1,123,050	1,417,616	1,712,181	1,712,181
Biochar Sales	966,000	0	0	0	30,000	48,000	66,000	84,000	108,000	126,000	150,000	168,000	186,000
Total Revenues	\$20,021,114	\$412,046	\$412,046	\$540,542	\$949,939	\$967,939	\$1,350,045	\$1,533,045	\$1,974,485	\$2,413,050	\$2,857,616	\$3,296,181	\$3,314,181
Operating Expenses													
Transport & Disposal	1,230,000	15,000	15,000	30,000	60,000	60,000	90,000	90,000	120,000	150,000	180,000	210,000	210,000
Host Fees	292,770	5,865	5,865	7,890	15,780	15,780	19,830	27,510	31,560	35,610	39,660	43,710	43,710
Utilities, Permits, & Discharge (2)	1,523,997	100,893	100,893	138,393	116,920	117,449	155,478	118,507	119,035	157,064	120,093	120,622	158,651
Consumables	344,117	28,699	28,699	28,699	28,699	28,665	28,665	28,665	28,665	28,665	28,665	28,665	28,665
Maintenance & Operations Contracts (3)	1,582,052	121,613	119,813	198,313	119,813	122,313	126,313	119,813	119,813	126,313	161,813	119,813	126,313
General Administration (4)	1,316,940	55,712	55,712	55,712	66,712	55,712	61,712	55,712	687,112	55,712	55,712	55,712	55,712
Maintenance Wear Parts (5)	1,051,980	87,665	87,665	87,665	87,665	87,665	87,665	87,665	87,665	87,665	87,665	87,665	87,665
Labor	3,033,735	233,828	232,825	232,825	242,861	391,370	242,861	242,861	242,861	242,861	242,861	242,861	242,861
Insurance	1,108,000	98,000	98,000	98,000	98,000	98,000	98,000	30,000	98,000	98,000	98,000	98,000	98,000
OPEX Contingency	344,508	22,418	22,334	26,325	25,093	29,309	27,316	24,022	46,041	29,457	30,434	30,211	31,547
Total Operating Expenses	\$11,828,099	\$769,693	\$766,806	\$903,822	\$861,543	\$1,006,262	\$937,839	\$824,754	\$1,580,752	\$1,011,346	\$1,044,902	\$1,037,258	\$1,083,123
Bond Debt Service	-11,080,463	-\$927,169	-\$927,169	-\$927,169	-\$927,169	-\$927,169	-\$927,169	-\$919,575	-\$919,575	-\$919,575	-\$919,575	-\$919,575	-\$919,575
Cash Flow After Debt Service	-\$2,887,447	-\$1,284,815	-\$1,281,929	-\$1,290,449	-\$838,773	-\$965,492	-\$514,962	-\$211,283	-\$525,842	\$482,129	\$893,138	\$1,339,347	\$1,311,482
Debt Service Coverage Ratio	0.29												
Deposit to Capital Replacement Fund	190,000	0	0	0	0	0	0	0	0	0	0	190,000	0
Project Free Cash Flow	-\$3,077,447	-\$1,284,815	-\$1,281,929	-\$1,290,449	-\$838,773	-\$965,492	-\$514,962	-\$211,283	-\$525,842	\$482,129	\$893,138	\$1,149,347	\$1,311,482

- Free cash (includes operations and debt service)
- Revenues based on contracted gas sales in LOM and additional contracts subsequent to bond closing

Summary - restatement



Ramp-up of feedstock will take at least 18 Months based on feedback received from haulers and current lack of enforcement

Project Owners have funded:

- \$17.5M of core project construction cost overruns, and \$16.6M of shortfall for operations and debt service to date
- \$17M for pyrolysis and brought in additional 16M of grants for other enhancements that become fixture to the plant and will provide revenue enhancements in the future

RBF Members will continue to fund operations

We need consensus in solution to address COVID-19 impact on feedstock