

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number:
001-39644

Archaea Energy Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

85-2867266

(I.R.S. Employer Identification No.)

4444 Westheimer Road, Suite G450
Houston, Texas 77027

(Address of principal executive offices and zip code)

(346) 708-8272

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	LFG	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 1, 2022, there were 80,717,757 shares of Class A Common Stock and 39,060,418 shares of Class B Common Stock issued and outstanding.

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Commonly Used Terms and Definitions

Unless the context otherwise requires, the terms “Archaea” and the “Company” refer to Archaea Energy Inc. and its consolidated subsidiaries. In addition, the following company or industry-specific terms and abbreviations are used throughout this Quarterly Report on Form 10-Q (this “Report”):

Archaea Merger: The transactions executed pursuant to the Archaea Merger Agreement

Archaea Merger Agreement: The Business Combination Agreement, dated April 7, 2021, as subsequently amended, pursuant to which, among other things, RAC acquired Legacy Archaea

Aria: Aria Energy LLC, a Delaware limited liability company, and its subsidiaries

Aria Holders: The members of Aria immediately prior to the Closing

Aria Merger: The transactions executed pursuant to the Aria Merger Agreement

Aria Merger Agreement: The Business Combination Agreement, dated as of April 7, 2021, as subsequently amended, pursuant to which, among other things, RAC acquired Aria

Atlas: Atlas Point Energy Infrastructure Fund, LLC, a Delaware limited liability company

Business Combination Agreements: The Aria Merger Agreement and the Archaea Merger Agreement

Business Combinations: The transactions executed pursuant to the Business Combination Agreements

CARB: California Air Resource Board

Class A Common Stock: Class A Common Stock, par value \$0.0001 per share, of the Company

Class A Opco Units: Class A Units of Opco

Class B Common Stock: Class B Common Stock, par value \$0.0001 per share, of the Company

Closing: The closing of the Business Combinations

Closing Date: The closing date of the Business Combinations, which was September 15, 2021

Environmental Attributes: Federal, state and local government incentives in the United States, provided in the form of RINs, RECs, RTCs, LCFS 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

EPA: The U.S. Environmental Protection Agency

GAAP: Accounting principles generally accepted in the United States of America

INGENCO: NextGen Power Holdings LLC and its subsidiaries

Initial Public Offering: RAC’s initial public offering, which was consummated on October 26, 2020

Legacy Archaea: Archaea Energy LLC, a Delaware limited liability company, and its subsidiaries

Legacy Archaea Holders: The members of Legacy Archaea immediately prior to the Closing

LCFS: Low Carbon Fuel Standard

LFG: Landfill gas

Lightning JV: Lightning Renewables, LLC, a joint venture with Republic Services Renewable Energy, LLC

MMBtu: One million British thermal units

MWh: Megawatt hour(s)

Opco: LFG Acquisition Holdings LLC, a Delaware limited liability company, which was formerly named Rice Acquisition Holdings LLC

Private Placement Warrants: The 6,771,000 warrants originally issued to Sponsor and Atlas in a private placement that closed simultaneously with the consummation of the Initial Public Offering

RAC: Rice Acquisition Corp., prior to the consummation of the Business Combination

RECs: Renewable Energy Credits

RINs: Renewable Identification Numbers

RNG: Renewable natural gas

RTCs: Renewable thermal certificates

SEC: U.S. Securities and Exchange Commission

Sponsor: Rice Acquisition Sponsor LLC, a Delaware limited liability company

VIE: Variable interest entity

Forward-Looking Statements

The information in this Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements that do not relate strictly to historical or current facts are forward-looking and usually identified by the use of words such as “anticipate,” “estimate,” “could,” “would,” “should,” “will,” “may,” “forecast,” “approximate,” “expect,” “project,” “intend,” “plan,” “believe” and other similar words. Forward-looking statements may relate to expectations for future financial performance, business strategies or expectations for the Company’s business. Specifically, forward-looking statements may include statements concerning market conditions and trends, earnings, performance, strategies, prospects and other aspects of the business of the Company. Forward-looking statements are based on current expectations, estimates, projections, targets, opinions and/or beliefs of the Company, and such statements involve known and unknown risks, uncertainties and other factors.

The risks and uncertainties that could cause those actual results to differ materially from those expressed or implied by these forward-looking statements include, but are not limited to:

- the Company’s ability to successfully integrate INGENCO and other future acquisitions;
- the Company’s ability to recognize the anticipated financial, strategic and operational benefits of the Business Combinations, the INGENCO acquisition, the Lightning JV, and other future acquisitions and strategic transactions, which may be affected by, among other things, competition and the ability of the Company to grow and manage growth profitably and retain its management and key employees;
- the possibility that the Company may be adversely affected by general economic, business and/or competitive factors, including rising inflation and interest rates;
- the Company’s ability to develop and operate new projects, including the projects contemplated from the INGENCO assets and the Lightning JV;
- the reduction or elimination of government economic incentives to the renewable energy market;
- the execution of the Company’s contracting strategy and exposure to natural gas and Environmental Attribute prices for uncontracted volumes;
- delays in acquisition, financing, construction, and development of new or planned projects;
- the length of development cycles for new projects, including the design and construction processes for the Company’s projects;
- the Company’s ability to identify suitable locations for new projects;
- the Company’s dependence on landfill operators;
- existing regulations and changes to regulations and policies that affect the Company’s operations;
- decline in public acceptance and support of renewable energy development and projects;
- demand for renewable energy not being sustained;
- impacts of climate change, changing weather patterns and conditions, and natural disasters;
- the ability to secure necessary governmental and regulatory approvals;
- political instability and fears or actual acts of terrorism or war, including the armed conflict in Ukraine;
- the Company’s expansion into new business lines; and
- other risks and uncertainties described in the section entitled “Risk Factors” in Part I, Item 1A in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the “2021 Annual Report”) or in the section entitled “Risk Factors” in Part II, Item 1A in this Report.

Accordingly, forward-looking statements should not be relied upon as representing the Company’s views as of any subsequent date. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ARCHAEA ENERGY INC.
Consolidated Balance Sheets
(Unaudited)

<i>(in thousands, except shares and per share data)</i>	June 30, 2022	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 213,315	\$ 77,860
Restricted cash	21,864	15,206
Accounts receivable, net	29,841	37,010
Inventory	11,050	9,164
Prepaid expenses and other current assets	33,952	21,225
Total Current Assets	310,022	160,465
Property, plant and equipment, net	460,340	350,583
Intangible assets, net	627,223	638,471
Goodwill	29,835	29,211
Equity method investments	263,336	262,738
Operating lease right-of-use assets	4,654	—
Other non-current assets	17,113	9,721
Total Assets	\$ 1,712,523	\$ 1,451,189
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable - trade	\$ 38,272	\$ 11,096
Current portion of long-term debt, net	21,568	11,378
Current portion of operating lease liabilities	923	—
Accrued and other current liabilities	63,607	46,279
Total Current Liabilities	124,370	68,753
Long-term debt, net	548,900	331,396
Derivative liabilities	52,730	67,424
Below-market contracts	135,210	142,630
Asset retirement obligations	4,830	4,677
Long-term operating lease liabilities	3,952	—
Other long-term liabilities	2,590	5,316
Total Liabilities	872,582	620,196
Commitments and Contingencies		
Redeemable Noncontrolling Interests	606,608	993,301
Stockholders' Equity		
Preferred stock, \$0.0001 par value; 10,000,000 authorized; none issued and outstanding	—	—
Class A Common Stock, \$0.0001 par value; 900,000,000 shares authorized; 80,717,757 shares issued and outstanding as of June 30, 2022 and 65,122,200 shares issued and outstanding as of December 31, 2021	8	7
Class B Common Stock, \$0.0001 par value; 190,000,000 shares authorized; 39,060,418 shares issued and outstanding as of June 30, 2022 and 54,338,114 shares issued and outstanding as of December 31, 2021	4	5
Additional paid in capital	392,118	—
Accumulated deficit	(158,797)	(162,320)
Total Stockholders' Equity	233,333	(162,308)
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	\$ 1,712,523	\$ 1,451,189

The accompanying notes are an integral part of these consolidated financial statements.

ARCHAEA ENERGY INC.
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<i>(in thousands, except shares and per share data)</i>				
Revenues and Other Income				
Energy revenue	\$ 71,235	\$ 3,059	\$ 124,151	\$ 3,059
Other revenue	3,215	2,068	4,428	3,722
Amortization of intangibles and below-market contracts	2,769	—	5,537	—
Total Revenues and Other Income	77,219	5,127	134,116	6,781
Equity Investment Income, Net	2,693	—	4,122	—
Cost of Sales				
Cost of energy	46,699	3,148	75,278	3,148
Cost of other revenues	2,317	1,199	3,940	2,360
Depreciation, amortization and accretion	13,730	886	26,219	935
Total Cost of Sales	62,746	5,233	105,437	6,443
General and administrative expenses	18,883	7,884	45,236	11,042
Operating Income (Loss)	(1,717)	(7,990)	(12,435)	(10,704)
Other Income (Expense)				
Interest expense, net	(3,712)	(13)	(6,366)	(19)
Gain (loss) on warrants and derivative contracts	38,095	—	18,180	—
Other income (expense)	87	73	202	294
Total Other Income (Expense)	34,470	60	12,016	275
Income (Loss) Before Income Taxes	32,753	(7,930)	(419)	(10,429)
Income tax expense	129	—	129	—
Net Income (Loss)	32,624	(7,930)	(548)	(10,429)
Net income (loss) attributable to nonredeemable noncontrolling interests	—	(168)	—	(254)
Net income (loss) attributable to Legacy Archaea	—	(7,762)	—	(10,175)
Net income (loss) attributable to redeemable noncontrolling interests	10,674	—	(4,071)	—
Net Income (Loss) Attributable to Class A Common Stock	\$ 21,950	\$ —	\$ 3,523	\$ —
Net income (loss) per Class A Common Stock:				
Net income (loss) – basic ⁽¹⁾	\$ 0.27	\$ —	\$ 0.05	\$ —
Net income (loss) – diluted ⁽¹⁾	\$ (0.18)	\$ —	\$ (0.12)	\$ —
Weighted average shares of Class A Common Stock outstanding:				
Basic ⁽¹⁾	80,522,737	—	73,488,555	—
Diluted ⁽¹⁾	83,445,455	—	76,203,753	—

⁽¹⁾Class A Common Stock is outstanding beginning September 15, 2021 due to the reverse recapitalization transaction as described in “Note 4 - Business Combinations and Reverse Recapitalization.”

The accompanying notes are an integral part of these consolidated financial statements.

ARCHAEA ENERGY INC.
Consolidated Statements of Equity
(Unaudited)

<i>(in thousands)</i>	Total Equity								
	Redeemable Noncontrolling Interests	Members' Equity	Members' Accumulated Deficit	Total Stockholders' Equity				Nonredeemable Noncontrolling Interests	Total Equity
				Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Deficit		
Balance - December 31, 2021	\$ 993,301	\$ —	\$ —	\$ 7	\$ 5	\$ —	\$ (162,320)	\$ —	\$ (162,308)
Warrant exercises	—	—	—	—	—	1,555	—	—	1,555
Exchange of Class A Opco Units and Class B Common Stock for Class A Common Stock	(317,827)	—	—	1	(1)	317,827	—	—	317,827
Deferred tax impacts from exchange for Class A Common Stock transactions	—	—	—	—	—	780	—	—	780
Share-based compensation expense	—	—	—	—	—	8,923	—	—	8,923
Shares withheld for taxes on net settled awards	—	—	—	—	—	(1,762)	—	—	(1,762)
Net income (loss)	(4,071)	—	—	—	—	—	3,523	—	3,523
Adjustment of redeemable noncontrolling interests to redemption amount	(64,795)	—	—	—	—	64,795	—	—	64,795
Balance - June 30, 2022	<u>\$ 606,608</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8</u>	<u>\$ 4</u>	<u>\$ 392,118</u>	<u>\$ (158,797)</u>	<u>\$ —</u>	<u>\$ 233,333</u>

<i>(in thousands)</i>	Total Equity								
	Redeemable Noncontrolling Interests	Members' Equity	Members' Accumulated Deficit	Total Stockholders' Equity				Nonredeemable Noncontrolling Interests	Total Equity
				Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Deficit		
Balance - December 31, 2020	\$ —	\$ 34,930	\$ (4,156)	\$ —	\$ —	\$ —	\$ —	\$ 717	\$ 31,491
Share-based compensation expense	—	178	—	—	—	—	—	—	178
Net income (loss)	—	—	(10,175)	—	—	—	—	(254)	(10,429)
Members' equity contributions	—	70	—	—	—	—	—	—	70
Balance - June 30, 2021	<u>\$ —</u>	<u>\$ 35,178</u>	<u>\$ (14,331)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 463</u>	<u>\$ 21,310</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARCHAEA ENERGY INC.
Consolidated Statements of Equity
(Unaudited)

<i>(in thousands)</i>	Total Equity									
	Total Stockholders' Equity								Nonredeemable Noncontrolling Interests	Total Equity
	Redeemable Noncontrolling Interest	Members' Equity	Members' Accumulated Deficit	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Deficit			
Balance - March 31, 2022	\$ 861,448	\$ —	\$ —	\$ 8	\$ 4	\$ 122,075	\$ (180,747)	\$ —	\$ (58,660)	
Warrant exercises	—	—	—	—	—	1,555	—	—	1,555	
Exchange of Class A Opco Units and Class B Common Stock for Class A Common Stock	(3,135)	—	—	—	—	3,135	—	—	3,135	
Deferred tax impacts from exchange for Class A Common Stock transactions	—	—	—	—	—	780	—	—	780	
Share-based compensation expense	—	—	—	—	—	3,170	—	—	3,170	
Shares withheld for taxes on net settled awards	—	—	—	—	—	(976)	—	—	(976)	
Net income (loss)	10,674	—	—	—	—	—	21,950	—	21,950	
Adjustment of redeemable noncontrolling interest to redemption amount	(262,379)	—	—	—	—	262,379	—	—	262,379	
Balance - June 30, 2022	\$ 606,608	\$ —	\$ —	\$ 8	\$ 4	\$ 392,118	\$ (158,797)	\$ —	\$ 233,333	

<i>(in thousands)</i>	Total Equity									
	Total Stockholders' Equity								Nonredeemable Noncontrolling Interests	Total Equity
	Redeemable Noncontrolling Interest	Members' Equity	Members' Accumulated Deficit	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Deficit			
Balance - March 31, 2021	\$ —	\$ 35,032	\$ (6,569)	\$ —	\$ —	\$ —	\$ —	\$ 631	\$ 29,094	
Share-based compensation expense	—	146	—	—	—	—	—	—	146	
Net income (loss)	—	—	(7,762)	—	—	—	—	(168)	(7,930)	
Balance - June 30, 2021	\$ —	\$ 35,178	\$ (14,331)	\$ —	\$ —	\$ —	\$ —	\$ 463	\$ 21,310	

The accompanying notes are an integral part of these consolidated financial statements.

ARCHAEA ENERGY INC.
Consolidated Statements of Cash Flows
(Unaudited)

<i>(in thousands)</i>	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities		
Net income (loss)	\$ (548)	\$ (10,429)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation, amortization and accretion expense	26,219	935
Amortization of debt issuance costs	1,404	14
Amortization of intangibles and below-market contracts	(2,206)	—
Bad debt expense	76	9
Return on investment in equity method investments	8,910	—
Equity in earnings of equity method investments	(4,122)	—
Total (gains) losses on derivatives, net	(18,180)	—
Net cash received (paid) in settlement of derivatives	(200)	—
Forgiveness of Paycheck Protection Loan	—	(201)
Share-based compensation expense	8,923	179
Changes in operating assets and liabilities:		
Accounts receivable	7,129	441
Inventory	(1,886)	—
Prepaid expenses and other current assets	2,737	(618)
Accounts payable - trade	17,974	1,961
Accrued and other liabilities	11,458	180
Other non-current assets	(969)	—
Other long-term liabilities	(27)	19
Net cash provided by (used in) operating activities	56,692	(7,510)
Cash flows from investing activities		
Acquisition of Aria, net of cash acquired	1,876	—
Acquisition of assets and businesses	(7,013)	(31,527)
Additions to property, plant and equipment and progress payments	(127,889)	(56,609)
Contributions to equity method investments	(8,027)	—
Return of investment in equity method investments	7,422	—
Net cash used in investing activities	(133,631)	(88,136)
Cash flows from financing activities		
Borrowings on line of credit agreement	—	8,578
Repayments on line of credit agreement	—	(1,522)
Proceeds from long-term debt, net of issuance costs	225,339	123,641
Repayments of long-term debt	(2,875)	(314)
Payment of acquisition contingent consideration	(1,650)	—
Capital contributions	—	70
Taxes paid on net share settled stock-based compensation awards	(1,762)	—
Net cash provided by financing activities	219,052	130,453
Net change in cash, cash equivalents and restricted cash	142,113	34,807
Cash, cash equivalents and restricted cash - beginning of period	93,066	1,496
Cash, cash equivalents and restricted cash - end of period	\$ 235,179	\$ 36,303
Supplemental cash flow information		
Cash paid for interest	\$ 8,834	\$ 2,333
Non-cash investing activities		
Accruals of property, plant and equipment and biogas rights incurred but not paid	\$ 36,499	\$ 10,965

The accompanying notes are an integral part of these consolidated financial statements.

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Organization and Description of Business

Archaea Energy Inc. (“Archaea” or the “Company”), a Delaware corporation (formerly named Rice Acquisition Corp.), is one of the largest RNG producers in the U.S., with an industry-leading RNG platform primarily focused on capturing and converting waste emissions from landfills and livestock farms into low-carbon RNG and electricity. As of June 30, 2022, Archaea owns, through wholly-owned entities or joint ventures, a diversified portfolio of 32 LFG recovery and processing facilities across 18 states, including 13 operated facilities that produce pipeline-quality RNG and 19 LFG to renewable electricity production facilities, including one non-operated facility and one facility that is not operational.

Archaea develops, designs, constructs, and operates RNG facilities. Archaea, through wholly-owned entities or joint ventures, has entered into long-term agreements with biogas site hosts which grant the rights to utilize gas produced at their sites and to construct and operate facilities on their sites to produce RNG and renewable electricity.

On September 15, 2021, Archaea consummated the business combinations pursuant to (i) the Business Combination Agreement, dated April 7, 2021 (as amended, the “Aria Merger Agreement”), by and among Rice Acquisition Corp., a Delaware corporation (“RAC”), Rice Acquisition Holdings LLC, a Delaware limited liability company and direct subsidiary of RAC (“RAC Opco”), LFG Intermediate Co, LLC, a Delaware limited liability company and direct subsidiary of RAC Opco (“RAC Intermediate”), LFG Buyer Co, LLC, a Delaware limited liability company and direct subsidiary of RAC Intermediate (“RAC Buyer”), Inigo Merger Sub, LLC, a Delaware limited liability company and direct subsidiary of RAC Buyer (“Aria Merger Sub”), Aria Energy LLC, a Delaware limited liability company (“Aria”), and Aria Renewable Energy Systems LLC, a Delaware limited liability company, pursuant to which, among other things, Aria Merger Sub was merged with and into Aria, with Aria surviving the merger and becoming a direct subsidiary of RAC Buyer, on the terms and subject to the conditions set forth therein (the transactions contemplated by the Aria Merger Agreement, the “Aria Merger”), and (ii) the Business Combination Agreement, dated April 7, 2021 (as amended, the “Archaea Merger Agreement”), by and among RAC, RAC Opco, RAC Intermediate, RAC Buyer, Fezzik Merger Sub, LLC, a Delaware limited liability company and direct subsidiary of RAC Buyer (“Archaea Merger Sub”), Archaea Energy LLC, a Delaware limited liability company, and Archaea Energy II LLC, a Delaware limited liability company (“Legacy Archaea”), pursuant to which, among other things, Archaea Merger Sub was merged with and into Legacy Archaea, with Legacy Archaea surviving the merger and becoming a direct subsidiary of RAC Buyer, on the terms and subject to the conditions set forth therein (the transactions contemplated by the Archaea Merger Agreement, the “Archaea Merger” and, together with the Aria Merger, the “Business Combinations”). Legacy Archaea was determined to be the accounting acquirer of the Business Combinations, and Aria was determined to be the predecessor to the Company. Unless the context otherwise requires, the “Company,” “we,” “us,” and “our” refer, for periods prior to the completion of the Business Combinations, to Legacy Archaea and its subsidiaries and, for periods upon or after the completion of the Business Combinations, to Archaea Energy Inc. and its subsidiaries, including Legacy Archaea and Aria Energy LLC.

Archaea has retained its “up-C” structure, whereby (i) all of the equity interests in Aria and Legacy Archaea are held indirectly by Opco through RAC Buyer and RAC Intermediate, (ii) Archaea’s only assets are its equity interests in Opco, and (iii) Sponsor, Atlas, the RAC independent directors, the Legacy Archaea Holders and the Aria Holders own or owned economic interests directly in Opco. In connection with the consummation of the Business Combinations, Rice Acquisition Holdings LLC was renamed LFG Acquisition Holdings LLC. In accordance with Accounting Standards Codification (“ASC”) 810 - *Consolidation*, Opco is considered a VIE with Archaea as its sole managing member and primary beneficiary. As such, Archaea consolidates Opco, and the remaining unitholders that hold economic interests directly in Opco are presented as redeemable noncontrolling interests on the Company’s financial statements.

Subsequent to the Business Combinations, transactions impacting the ownership of Class A Opco Units resulted from warrant exercises, repurchases from Aria Renewable Energy Systems LLC, redemption of certain other Class A Opco Units in exchange for Class A Common Stock, and issuances related to vested restricted stock units (“RSUs”). The ownership structure of Opco upon closing of the Business Combinations and as of June 30, 2022, which gives rise to the redeemable noncontrolling interest at Archaea, is as follows:

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Equity Holder	June 30, 2022		September 15, 2021	
	Class A Opco Units	% Interest	Class A Opco Units	% Interest
Archaea	80,717,757	67.4 %	52,847,195	45.9 %
Total controlling interests	80,717,757	67.4 %	52,847,195	45.9 %
Aria Holders	—	— %	23,000,000	20.0 %
Legacy Archaea Holders	33,350,385	27.8 %	33,350,385	29.0 %
Sponsor, Atlas and RAC independent directors	5,710,033	4.8 %	5,931,350	5.2 %
Total redeemable noncontrolling interests	39,060,418	32.6 %	62,281,735	54.1 %
Total	119,778,175	100.0 %	115,128,930	100.0 %

Holders of Class A Opco Units other than Archaea have the right (a “redemption right”), subject to certain limitations, to redeem Class A Opco Units and a corresponding number of shares of Class B Common Stock for, at Opco’s option, (i) shares of Class A Common Stock on a one-for-one basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations and the like, or (ii) a corresponding amount of cash.

NOTE 2 - Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

These unaudited, interim, consolidated financial statements and notes are prepared in accordance with GAAP for interim reporting and in accordance with the rules and regulations of the SEC. These unaudited interim financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly the results for the interim periods presented. The Company’s accounting policies conform to GAAP and have been consistently applied in the presentation of financial statements. The Company’s consolidated financial statements include all wholly-owned subsidiaries and all VIEs with respect to which the Company determined it is the primary beneficiary. Certain information and disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these unaudited consolidated financial statements should be read in conjunction with the Company’s audited financial statements included in the 2021 Annual Report.

The Archaea Merger with RAC was accounted for as a reverse recapitalization with Legacy Archaea deemed the accounting acquirer, and therefore, there was no step-up to fair value of any RAC assets or liabilities and no goodwill or other intangible assets were recorded. The Aria Merger was accounted for using the acquisition method of accounting with Aria deemed to be the acquiree for accounting purposes. The Company also determined that Aria is the Company’s predecessor and therefore has included the historical financial statements of Aria as predecessor beginning on page [32](#).

Principles of Consolidation

As the Company completed its Business Combinations on September 15, 2021, these unaudited consolidated financial statements for the three and six months ended June 30, 2022 and as of December 31, 2021 include the assets, liabilities and results of operations of the combined results of the businesses of Legacy Archaea and Aria as operated by the Company after the Business Combinations; whereas, the unaudited results of operations for the three and six months ended June 30, 2021 are those of Legacy Archaea, the accounting acquirer.

The Company has determined that Opco is a VIE and the Company is the primary beneficiary. Therefore, the Company consolidates Opco, and ownership interests of Opco not owned by the Company are reflected as redeemable noncontrolling interests due to certain features of the redemption right. See “Note 15 - Nonredeemable and Redeemable Noncontrolling Interest and Stockholders’ Equity.” Entities that are majority-owned by Opco are consolidated. Certain investments in entities are accounted for as equity method investments and included separately in the Company’s consolidated balance sheets.

All intercompany balances and transactions have been eliminated.

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying consolidated financial statements.

Revenue Recognition

The Company generates revenues from the production and sales of RNG, Power, and associated Environmental Attributes, as well as from the performance of other landfill energy operations and maintenance ("O&M") services. The Company also manufactures and sells customized pollution control equipment and performs associated maintenance agreement services. Prior to the January 1, 2022 adoption of ASC 842 - *Leases* as discussed in "Note 3 - Recently Issued and Adopted Accounting Standards," a portion of the Company's revenue was accounted for under ASC 840 - *Leases* and a portion under ASC 606 - *Revenue from Contracts with Customers* based on requirements of GAAP. Under ASC 840, lease revenue is recognized generally upon delivery of RNG and electricity. Under ASC 606, revenue is recognized when (or as) the Company satisfies its performance obligation(s) under the contract by transferring the promised product or service either when (or as) its customer obtains control of the product or service, including RNG, electricity and their related Environmental Attributes. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. A contract's transaction price is allocated to each distinct performance obligation. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring its products or services. Based on the terms of the related sales agreements, the amounts recorded under ASC 840 as lease revenue are generally consistent with revenue recognized under ASC 606. After the January 1, 2022 adoption of ASC 842, revenue is accounted for solely under ASC 606 as our facilities no longer meet the definition of leased assets under ASC 842.

Business Combinations

For business combinations that meet the accounting definition of a business, the Company determines and allocates the purchase price of an acquired company to the tangible and intangible assets acquired, the liabilities assumed, and noncontrolling interest, if applicable, as of the date of acquisition at fair value. Fair value may be estimated using comparable market data, a discounted cash flow method, or a combination of the two. In the discounted cash flow method, estimated future cash flows are based on management's expectations for the future and can include estimates of future biogas production, commodity prices, operating and development costs, and a risk-adjusted discount rate. Revenues and costs of the acquired companies are included in the Company's operating results from the date of acquisition.

The Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, and these estimates and assumptions are inherently uncertain and subject to refinement during the measurement period not to exceed one year from the acquisition date. As a result, any adjustment identified subsequent to the measurement period is included in operating results in the period in which the amount is determined. The Company's acquisitions are discussed in "Note 4 - Business Combinations and Reverse Recapitalization."

NOTE 3 – Recently Issued and Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The main difference between previous generally accepted accounting principles and the new requirements under Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases with a term greater than 12 months classified as operating leases under previous GAAP.

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Upon adoption of Topic 842 as of January 1, 2022, the Company recognized \$5.1 million of right-of-use (“ROU”) assets and lease liabilities on its consolidated balance sheet related to operating leases existing on the adoption date. Prior period financial statements were not adjusted. The adoption of Topic 842 did not have a material impact on the Company’s consolidated statement of operations or consolidated statement of cash flows. See “Note 11 - Leases” for additional information.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (ASC 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ASU 2020-04 provides optional guidance for a limited period of time to ease the transition from the London Inter-Bank Offered Rate (“LIBOR”) to an alternative reference rate. The guidance intends to address certain concerns relating to accounting for contract modifications and hedge accounting. These optional expedients and exceptions to applying GAAP, assuming certain criteria are met, are allowed through December 31, 2022. The Company is currently evaluating the provisions of this update and has not yet determined whether it will elect the optional expedients. The Company does not expect the transition to an alternative rate to have a material impact on its business, operations or liquidity.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ASU 2021-08 requires all entities to recognize and measure contract assets and liabilities in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. The guidance aims to improve comparability for revenue contracts with customers by providing consistent recognition and measurement guidance for all revenue contracts with customers. ASU 2021-08 is effective for the Company for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company will adopt this ASU as of January 1, 2023 and does not expect the adoption to have a material impact on its financial condition, results of operations, or cash flows.

NOTE 4 – Business Combinations and Reverse Recapitalization

Formation of the Lightning JV

On May 5, 2022, the Company and Republic Services, Inc. (“Republic”) announced the formation of the Lightning JV to develop 39 RNG projects across the U.S. that will be located at various landfill sites owned or operated by Republic. The joint venture will develop and construct RNG facilities that will convert LFG into pipeline-quality RNG that can be used for a variety of applications. The Company holds a 60% ownership interest in the Lightning JV, and the Company’s initial capital funding of \$222.5 million was paid into the Lightning JV on July 5, 2022. Concurrent with the initial funding, the Lightning JV completed the acquisition of landfill gas rights and underlying assets at an additional Republic-owned landfill for \$37.9 million, bringing the total number of RNG development projects within the Lightning JV to 40. The Lightning JV did not conduct any activities impacting the financial results of the Company for the three and six months ended June 30, 2022.

Reverse Recapitalization

Legacy Archaea is considered the accounting acquirer of the Business Combinations because the Legacy Archaea Holders have the largest portion of the voting power of the Company and Legacy Archaea’s senior management comprise the majority of the executive management of the Company. Additionally, the Legacy Archaea Holders appointed the majority of board members exclusive of the independent board members. The Archaea Merger represents a reverse merger and is accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, RAC is treated as the “acquired” company for financial reporting purposes. Accordingly, for accounting purposes, the Archaea Merger is treated as the equivalent of Legacy Archaea issuing shares for the net assets of RAC, accompanied by a recapitalization. The net assets of RAC were stated at historical cost, no goodwill or other intangible assets were recorded.

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Aria Merger

As discussed in “Note 1 - Organization and Description of Business,” Aria was acquired as part of the Business Combinations consummated on September 15, 2021 to complement the Company’s existing RNG assets and for its operational expertise in the renewable gas industry. The Aria Merger represented an acquisition of a business and was accounted for using the acquisition method, whereby all of the assets acquired and liabilities assumed were recognized at their fair value on the acquisition date, with any excess of the purchase price over the estimated fair value recorded as goodwill.

As of June 30, 2022, the Company has completed the allocation of the consideration. During the six months ended June 30, 2022, the final consideration adjustment of \$.9 million was determined and received from the Aria Holders which had the effect of reducing goodwill. In addition, other purchase price adjustments of \$2.5 million in the aggregate were recorded for the six months ended June 30, 2022 which had the effect of increasing goodwill.

NOTE 5 – Revenues

The following table disaggregates revenue by significant product type and operating segment for the three and six months ended June 30, 2022 and 2021:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue by Product Type				
RNG, including RINs and LCFS credits	\$ 55,086	\$ 821	\$ 89,883	\$ 821
RNG O&M service ⁽¹⁾	242	—	532	—
Power, including RECs	14,893	2,238	31,759	2,238
Power O&M service ⁽¹⁾	953	—	1,851	—
Equipment and associated services	2,808	2,068	4,022	3,722
Other ⁽¹⁾	468	—	533	—
Total	\$ 74,450	\$ 5,127	\$ 128,580	\$ 6,781
Revenue by Operating Segment				
RNG	\$ 55,328	\$ 821	\$ 90,415	\$ 821
Power	15,846	2,238	33,610	2,238
Corporate and Other	3,276	2,068	4,555	3,722
Total	\$ 74,450	\$ 5,127	\$ 128,580	\$ 6,781

⁽¹⁾ Includes revenues earned from the Company’s joint ventures, see “Note 20 - Related Party Transactions.”

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Contract Assets and Contract Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets include unbilled amounts from equipment sales projects when revenues recognized under the cost-to-cost measure of progress exceed the amounts invoiced to customers, as the amounts cannot be billed under the terms of the contracts. There were no credit allowances for contract assets as of June 30, 2022 or December 31, 2021. Contract liabilities from contracts arise when amounts invoiced to customers exceed revenues from equipment sales recognized under the cost-to-cost measure of progress. Contract liabilities additionally include advanced payments from customers on certain equipment contracts. Contract liabilities decrease as revenue is recognized from the satisfaction of the related performance obligation and are recorded as either current or long-term, depending upon when such revenue is expected to be recognized.

Contract assets and liabilities consisted of the following as of June 30, 2022 and December 31, 2021:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Contract assets (included in Prepaid expenses and other current assets)	\$ 168	\$ 87
Contract liabilities (included in Accrued and other current liabilities)	\$ (270)	\$ (505)

The decrease in contract liabilities during the six months ended June 30, 2022 was primarily due to the timing of milestone billings along with revenues recognized that were included in December 31, 2021 contract liabilities.

Costs to Obtain Customer Contracts

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer when the economic benefit and amortization period exceeds one year. Only those costs that are directly related to the acquisition of customer contracts and that would not have been incurred if the customer contract had not been obtained are deferred as assets. As of June 30, 2022, \$2.5 million was recorded for costs to obtain customer contracts and included in other non-current assets on the Company's consolidated balance sheet. Amortization will begin when the related contract commences.

Transaction Price Allocated to Remaining Unsatisfied Performance Obligations

Remaining unsatisfied performance obligations as of June 30, 2022 relate to certain of the Company's RNG and Environmental Attributes contracts. The Company applies the optional exemptions in ASC 606 and does not disclose consideration for remaining performance obligations with an original expected duration of one year or less or for variable consideration related to unsatisfied performance obligations. Firm contracts for fixed-price, fixed-quantity sales of RNG and Environmental Attributes based on minimum contractual volumes are reflected in the table below when their original expected term is in excess of one year. The following table summarizes the revenue the Company expects to recognize over next 21 years on these firm sales contracts as of June 30, 2022:

<i>(in thousands)</i>		
Remainder of 2022	\$	42,026
2023-2024		262,001
2025-2026		429,996
2027-2028		441,067
2029-2030		434,641
2031-2032		418,453
Thereafter		1,871,603
Total	\$	3,899,787

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – Property, Plant and Equipment

Property, plant and equipment consist of the following as of June 30, 2022 and December 31, 2021:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Machinery and equipment	\$ 307,808	\$ 285,718
Buildings and improvements	17,517	16,039
Furniture and fixtures	2,326	1,176
Construction in progress ⁽¹⁾	151,496	55,039
Land	266	246
Total cost	479,413	358,218
Less accumulated depreciation	(19,073)	(7,635)
Property, plant and equipment, net	<u>\$ 460,340</u>	<u>\$ 350,583</u>

⁽¹⁾Includes both acquired long-lead equipment and projects in progress.

NOTE 7 – Equity Method Investments

As a result of the Aria Merger, the Company holds 50% interest in two joint ventures, Mavrix, LLC (“Mavrix”) and Sunshine Gas Producers, LLC (“SGP”), which are accounted for using the equity method due to the joint control by both the Company and unrelated parties with ownership interest in each entity.

Under the terms of the original Mavrix, LLC Contribution Agreement dated September 30, 2017, the Company is required to make an earn-out payment to its joint venture partner holding the other 50% membership in Mavrix in an amount up to \$9.55 million. The earn-out payment represents additional consideration for the Company’s equity interest in Mavrix and will be based on the performance of certain projects owned by Mavrix through the earn-out period which ends September 30, 2022. No earn-out payment is due until the completion of the earn-out period. In February 2022, the Mavrix, LLC Contribution Agreement was amended to exclude certain upgrade and optimization capital expenditures incurred for one specific project from the earn-out calculation and to add a maintenance expenditure cap. Based on the amended terms, the Company has estimated the earn-out payment to be \$8.3 million at June 30, 2022, and this amount is reflected in the accompanying balance sheet in accrued and other current liabilities.

The summarized financial information for the Mavrix and SGP equity method investments is as follows:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Assets	\$ 225,978	\$ 203,864
Liabilities	51,873	15,477
Net assets	\$ 174,105	\$ 188,387
Company’s share of equity in net assets	\$ 87,052	\$ 94,194

<i>(in thousands)</i>	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Total revenues	\$ 26,797	\$ 52,025
Net income	\$ 10,419	\$ 18,436
Company’s share of net income	\$ 5,209	\$ 9,218

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Company's carrying values of the Mavrix and SGP investments also include basis differences totaling \$154.5 million as of June 30, 2022 as a result of the fair value measurements recorded as part of the Aria Merger. Amortization of the basis differences reduced equity investment income by \$ 2.6 million and \$5.1 million for the three and six months ended June 30, 2022, respectively.

On December 30, 2021, the Company entered into a new joint venture. The Company contributed \$7.5 million in cash in 2021 into this newly created entity, Saturn Renewables LLC ("Saturn"), in exchange for a 50% interest, and the joint venture acquired gas rights at two landfill sites to develop RNG facilities. The Company is the operator of Saturn's day-to-day operations and accounts for its investment in Saturn using the equity method. The Company has contributed an additional \$8.0 million to the Saturn joint venture during the six months ended June 30, 2022, and the carrying value of Saturn was \$15.5 million as of June 30, 2022.

In addition, the Company also owns several smaller investments accounted for using the equity method of accounting totaling \$7.1 million as of both June 30, 2022 and December 31, 2021.

NOTE 8 – Goodwill and Intangible Assets

Goodwill

At June 30, 2022, the Company had \$29.8 million of goodwill, all of which is allocated to the RNG segment. The goodwill is primarily associated with the acquisition of Aria in the Business Combinations, as discussed in "Note 4 - Business Combinations and Reverse Recapitalization." The Company performs its annual impairment testing on October 1 of each year or as circumstances change or necessitate. There have been no material changes related to the RNG segment's goodwill or the Company's impairment assessments since its fiscal year ended December 31, 2021.

Intangible Assets

Intangible assets consist of biogas rights agreements, off-take agreements, O&M contracts, an RNG purchase contract, customer relationships and trade names that were recognized as a result of the allocation of the purchase price under business acquisitions based on their future value to the Company, and such intangible assets will be amortized over their estimated useful lives. Biogas rights agreements also include the cost of agreements entered into with biogas site hosts. The biogas rights agreements have various renewal terms in their underlying contracts that are factored into the useful lives when amortizing the intangible asset.

Intangible assets consist of the following as of June 30, 2022 and December 31, 2021:

<i>(in thousands)</i>	June 30, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net
Biogas rights agreements	\$ 612,461	\$ 22,814	\$ 589,647
Electricity off-take agreements	26,511	2,344	24,167
O&M contracts	8,620	460	8,160
RNG purchase contract	10,290	5,291	4,999
Trade names and customer relationships	500	250	250
Total	\$ 658,382	\$ 31,159	\$ 627,223

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

<i>(in thousands)</i>	December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net
Biogas rights agreements	\$ 603,868	\$ 8,237	\$ 595,631
Electricity off-take agreements	26,511	749	25,762
O&M contracts	8,620	173	8,447
RNG purchase contract	10,290	1,959	8,331
Trade names and customer relationships	500	200	300
Total	\$ 649,789	\$ 11,318	\$ 638,471

Total amortization expense was approximately \$8.3 million and \$16.5 million for the three and six months ended June 30, 2022, respectively, and \$25 thousand and \$50 thousand for the three and six months ended June 30, 2021, respectively, excluding the \$1.7 million and \$3.3 million of amortization of the RNG purchase contract for the three and six months ended June 30, 2022, respectively, that is amortized to cost of energy.

Below-Market Contracts

As a result of the Aria Merger, the Company assumed certain fixed-price sales contracts that were below current and future market prices at the Closing Date. The contracts were recorded at fair value and are classified as other long-term liabilities on the Company's consolidated balance sheets as of June 30, 2022 and December 31, 2021:

	June 30, 2022		
	Gross Liability	Accumulated Amortization	Net
Gas off-take agreements	\$ 146,990	\$ 11,780	\$ 135,210

	December 31, 2021		
	Gross Liability	Accumulated Amortization	Net
Gas off-take agreements	\$ 146,990	\$ 4,360	\$ 142,630

The below-market contract amortization was \$3.7 million and \$7.4 million for the three and six months ended June 30, 2022, respectively, and was recognized as an increase to revenues since it relates to the sale of RNG and related Environmental Attributes.

NOTE 9 – Accrued and Other Current Liabilities

Accrued and other current liabilities consist of the following as of June 30, 2022 and December 31, 2021:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Accrued expenses	\$ 30,377	\$ 16,638
Accrued capital expenditures	22,760	16,609
Derivative liabilities	55	771
Payroll and related costs	6,875	7,683
Accrued interest	70	738
Contract liabilities	270	505
Other current liabilities	3,200	3,335
Total	\$ 63,607	\$ 46,279

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – Debt

Credit Agreement Amendment

On June 30, 2022, the Company amended its Revolving Credit and Term Loan Agreement which included a senior secured revolving credit facility (the “Revolver”) with an initial commitment of \$250 million and a senior secured term loan credit facility (the “Term Loan”) with an initial commitment of \$220 million. The amendment, among other things, increased the aggregate total commitment from the original syndicate of lenders plus two additional lenders by approximately \$630 million to a total of \$1.1 billion, and provides for a \$400 million Term Loan and a \$700 million Revolver (together, the “Credit Facilities”). In addition, on June 1, 2022, the benchmark interest rate was revised to the secured overnight financing rate (“SOFR”) plus 2.75% for the Revolver and SOFR plus 3.25% for the Term Loan. The maturity date of the Credit Facilities remains unchanged at September 15, 2026.

The Company had outstanding borrowings under the Term Loan of \$400.0 million at an interest rate of 4.89% and under the Revolver of \$50.0 million at an interest rate of 4.39% as of June 30, 2022. The Company had issued letters of credit under the Credit Facilities of \$23.8 million, resulting in available borrowing capacity of \$626.2 million under the Revolver as of June 30, 2022.

The Company’s outstanding debt consists of the following as of June 30, 2022 and December 31, 2021:

<i>(in thousands)</i>	June 30, 2022	December 31, 2021
Credit Agreement, as amended - Term Loan	\$ 400,000	\$ 218,625
Credit Agreement, as amended - Revolver	50,000	—
Wilmington Trust – 4.47% Term Note	60,828	60,828
Wilmington Trust – 3.75% Term Note	69,667	72,542
	<u>580,495</u>	<u>351,995</u>
Less unamortized debt issuance costs	(10,027)	(9,221)
Long-term debt less debt issuance costs	<u>570,468</u>	<u>342,774</u>
Less current maturities, net	(21,568)	(11,378)
Total long-term debt, net	<u>\$ 548,900</u>	<u>\$ 331,396</u>

Scheduled future maturities of long-term debt principal amounts are as follows:

<i>(in thousands)</i>		
Remainder of 2022	\$	10,502
2023		26,108
2024		26,371
2025		26,598
2026 and thereafter		490,916
Total	<u>\$</u>	<u>580,495</u>

Fair Value of Debt

The Company estimates the fair value of fixed-rate term loans based on quoted market yields for similarly rated debt instruments in an active market, which are considered a Level 2 input in the fair value hierarchy. As of June 30, 2022 and December 31, 2021, the estimated fair value of the Company’s outstanding debt was approximately \$523.0 million and \$353.1 million, respectively.

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – Leases

The Company has entered into warehouse, facility, and various office leases with third parties for periods ranging from one to eleven years. As discussed in “Note 3 - Recently Issued and Adopted Accounting Standards,” the Company adopted ASC 842 - *Leases* on January 1, 2022 utilizing the modified retrospective approach. The Company has elected the package of practical expedients, which allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain leases, (2) lease classification for any expired or existing leases as of the adoption date, and (3) initial direct costs for any existing leases as of the adoption date. The Company has elected not to recognize ROU assets and lease liabilities for leases with terms of 12 months or less.

The Company determines at the inception of a lease whether an arrangement that provides the Company control over the use of an asset is a lease. ROU assets and lease liabilities are initially measured at the lease commencement date based on the present value of the future lease payments over the lease term, discounted using an estimate of the Company’s incremental borrowing rate which approximates the rate to borrow funds on collateralized loans over a similar term of the lease. Renewal options are included in the calculation of ROU assets and lease liabilities when the Company determines that the option is reasonably certain of exercise based on an analysis of the relevant facts and circumstances. When operating leases contain provisions for maintenance services, which are considered non-lease components for accounting purposes, those non-lease components are excluded from the calculation of the ROU assets and lease liabilities.

Operating lease expense is generally recognized on a straight-line basis over the lease term unless another method better represents the pattern that benefit is expected to be derived from the right to use the underlying asset. For the three and six months ended June 30, 2022, the Company recognized total lease costs of \$0.8 million and \$1.6 million, respectively, which was comprised of \$0.3 million and \$0.7 million, respectively, in operating lease costs for ROU assets, and \$0.4 million and \$0.9 million, respectively, of short-term operating lease expense. For the three and six months ended June 30, 2021, the Company recognized rent expense of \$0.3 million and \$0.4 million, respectively.

The Company also entered into a related-party office lease as a result of its acquisition of an interest in Gulf Coast Environmental Services, LLC in 2020. During the three and six months ended June 30, 2022, the Company recognized rent expense of zero and \$70 thousand, respectively, under this related-party lease which expired on May 1, 2022. For the three and six months ended June 30, 2021, the Company recognized rent expense of \$53 thousand and \$105 thousand, respectively, under this related-party lease.

Supplemental information related to the Company’s ROU assets and related operating lease liabilities were as follows:

<i>(in thousands)</i>	Six Months Ended June 30, 2022
Operating cash outflows for operating leases	\$ 1,346
Weighted average remaining lease term (in years)	8.9
Weighted average discount rate	5.0 %

In 2021, the Company entered into a new corporate office lease with a commitment of approximately \$8.3 million that has not commenced as of June 30, 2022 and, therefore, has not been recognized on the Company’s consolidated balance sheet. This operating lease is expected to commence in the first half of 2023 with a lease term of 11 years.

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2022, future lease payments under the Company's operating leases that have commenced are as follows:

(in thousands)

Remainder of 2022	\$	602
2023		625
2024		609
2025		589
2026		533
2027		546
Thereafter		2,576
Total future lease payments		6,080
Less portion representing imputed interest		(1,205)
Total operating lease liabilities	\$	4,875

NOTE 12 – Commitments and Contingencies

Commitments

The Company has various long-term contractual commitments pertaining to its biogas rights agreements. Excluding the evergreen contracts, these agreements expire at various dates through 2045.

Contingencies

The Company is subject to certain claims, charges and litigation concerning matters arising in the ordinary course of business and that have not been fully resolved. The Company does not believe the ultimate outcome of any currently pending lawsuit will have a material adverse effect upon the Company's financial statements, and the potential liability is believed to be only reasonably possible or remote.

NOTE 13 – Derivative Instruments

Warrant Liabilities

In June 2022, 234,399 Private Placement Warrants were exercised on cashless basis at an exercise price of \$11.50 per share in exchange for a total of 100,009 shares of Class A Common Stock. As of June 30, 2022, 6,536,601 Private Placement Warrants remain outstanding, and each is exercisable to purchase one share of Class A Common Stock or, in certain circumstances, one Class A Opco Unit and corresponding share of Class B Common Stock. The Private Placement Warrants expire on September 15, 2026, or earlier upon redemption or liquidation. Private Placement Warrants are nonredeemable so long as they are held by the initial purchasers or their permitted transferees. The outstanding Private Placement Warrants continue to be held by the initial purchasers or their permitted transferees as of June 30, 2022.

The Private Placement Warrants contain exercise and settlement features that preclude them from being classified within stockholders' equity, and therefore are recognized as derivative liabilities. The Company recognizes the warrant instruments as liabilities at fair value with changes in fair value included within gain (loss) on warrants and derivative contracts in the Company's consolidated statements of operations. Derivative warrant liabilities are classified as non-current liabilities as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities.

The fair value of the Private Placement Warrants is estimated using the Black-Scholes option pricing model (a Level 3 measurement).

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The Company used the following assumptions to estimate the fair value of the Private Placement Warrants:

	June 30, 2022		December 31, 2021	
Stock price	\$	15.53	\$	18.28
Exercise price	\$	11.50	\$	11.50
Volatility		49.5 %		46.0 %
Expected term (years)		4.2		4.7
Risk-free interest rate		3.0 %		1.2 %

The change in the fair value of the warrant liabilities is recognized in gain (loss) on warrants and derivative contracts in the consolidated statement of operations. The changes in the warrant liabilities for the six months ended June 30, 2022 are as follows:

(in thousands)

Warrant liabilities as of December 31, 2021	\$	67,290
Change in fair value		(13,004)
Less fair value of warrants exercised		(1,556)
Warrant liabilities as of June 30, 2022	\$	<u>52,730</u>

Natural Gas Swap

In conjunction with the Business Combinations, the Company assumed a natural gas variable to fixed priced swap agreement entered into by Aria. The Company is the fixed price payer under the swap agreement that provides for monthly net settlements through the termination date of June 30, 2023. The agreement was intended to manage the risk associated with changing commodity prices. The agreement has a remaining notional of 219,000 MMBtu as of June 30, 2022.

Changes in the fair values and realized gains (losses) for the natural gas swap are recognized in gain (loss) on warrants and derivative contracts in the consolidated statement of operations. Valuation of the natural gas swap was calculated by discounting future net cash flows that were based on a forward price curve for natural gas over the remaining life of the contract (a Level 2 measurement), with an adjustment for each counterparty's credit rate risk.

Interest Rate Swap

In December 2021, the Company entered into an interest rate swap that locks in payments of a fixed interest rate of 0.094% in exchange for a floating interest rate that resets monthly based on LIBOR. The interest rate swap was not designated as a hedging instrument, and net gains and losses are recognized currently in gain (loss) on warrants and derivative contracts. The interest rate swap notional was \$107.9 million as of June 30, 2022 and declines over the term of the swap to \$94.9 million at the December 2024 contract termination date.

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The following summarizes the balance sheet classification and fair value of the Company's derivative instruments as of June 30, 2022 and December 31, 2021:

<i>(in thousands)</i>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Prepaid expenses and other current assets		
Natural gas swap asset	\$ 245	\$ —
Interest rate swap asset	1,906	—
Other non-current assets		
Interest rate swap asset	2,814	439
Total derivative assets	<u>\$ 4,965</u>	<u>\$ 439</u>
Accrued and other current liabilities		
Natural gas swap liability	\$ 55	\$ 44
Interest rate swap liability	—	727
Derivative liabilities		
Natural gas swap liability	—	134
Warrant liabilities	52,730	67,290
Total derivative liabilities	<u>\$ 52,785</u>	<u>\$ 68,195</u>

The following table summarizes the income statement effect of gains and losses related to warrants and derivative instruments for the three and six months ended June 30, 2022 and 2021:

<i>(in thousands)</i>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Gain (loss) on natural gas swap contract	\$ 116	\$ —	\$ 570	\$ —
Gain (loss) on interest rate swap contract	963	—	4,606	—
Gain (loss) on warrant liabilities	37,016	—	13,004	—
Total	<u>\$ 38,095</u>	<u>\$ —</u>	<u>\$ 18,180</u>	<u>\$ —</u>

NOTE 14 – Fair Value Measurements

Fair Values - Recurring

The following table summarizes the outstanding derivative instruments and the fair value hierarchy for the Company's derivative assets and liabilities that are required to be measured at fair value on a recurring basis:

<i>(in thousands)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
June 30, 2022				
Assets				
Natural gas swap	\$ —	\$ 245	\$ —	\$ 245
Interest rate swap	—	4,720	—	4,720
Liabilities				
Natural gas swap	\$ —	\$ 55	\$ —	\$ 55
Warrant liabilities	—	—	52,730	52,730

ARCHAEA ENERGY INC.
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<i>(in thousands)</i>	Level 1	Level 2	Level 3	Total Fair Value
December 31, 2021				
Assets				
Interest rate swap	\$ —	\$ 439	\$ —	\$ 439
Liabilities				
Natural gas swap	\$ —	\$ 178	\$ —	\$ 178
Interest rate swap	—	727	—	727
Warrant liabilities	—	—	67,290	67,290

Financial Instruments Fair Value

As of June 30, 2022 and December 31, 2021, the fair value of other financial instruments including cash and cash equivalents, prepaid expenses, accounts payable, and accrued and deferred expenses approximate the carrying values because of the short-term maturity of those items. See “Note 10 - Debt” for the fair value of the Company’s debt.

Fair Values - Nonrecurring

The fair value measurements of goodwill, assets acquired and liabilities assumed, including below-market contracts assumed, in the business combinations are measured on a nonrecurring basis on the acquisition date based on inputs that are not observable in the market, and therefore, represent Level 3 inputs and measurements. See “Note 8 - Goodwill and Intangible Assets” and “Note 4 - Business Combinations and Reverse Recapitalization.”

There were no transfers between fair value hierarchy levels for the six months ended June 30, 2022 and the year ended December 31, 2021.

NOTE 15 – Nonredeemable and Redeemable Noncontrolling Interest and Stockholders’ Equity

Redeemable Noncontrolling Interest

The redeemable noncontrolling interest relates to Class A Opco Units, including units issued in connection with the Business Combinations and units owned by the Sponsor (or their transferees), Atlas or the Company’s directors. As of June 30, 2022, the Company directly owned approximately 67.4% of the interest in Opco and the redeemable noncontrolling interest was 32.6%. As of December 31, 2021, the Company owned approximately 54.5% of the interest in Opco and the redeemable noncontrolling interest was 45.5%. Holders of Class A Opco Units other than Archaea own an equal number of shares of Class B Common Stock and have a redemption right, subject to certain limitations, to redeem Class A Opco Units and a corresponding number of shares of Class B Common Stock for, at Opco’s option, (i) shares of Class A Common Stock on a one-for-one basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations and the like, or (ii) a corresponding amount of cash. Due to the cash redemption provisions of the redemption right, the Company has accounted for the redeemable noncontrolling interest as temporary equity.

Stockholders’ Equity

In March 2022, the Company supported an underwritten public offering in which Aria Renewable Energy Systems LLC sold 14,942,643 shares of our Class A Common Stock (the “Ares Secondary Offering”). The Ares Secondary Offering resulted in no proceeds to the Company and a decrease of 14,942,643 shares of outstanding Class B Common Stock and a corresponding increase of 14,942,643 shares of outstanding Class A Common Stock.

ARCHAEA ENERGY INC.
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The following is a summary of Class A Common Stock and Class B Common Stock activity for the six months ended June 30, 2022:

<i>(in shares)</i>	Class A Common Stock	Class B Common Stock
Balance at December 31, 2021	65,122,200	54,338,114
Issued for warrant exercises	100,009	—
Exchange of Class B Common Stock for Class A Common Stock	15,277,696	(15,277,696)
Issued for vested RSUs	217,852	—
Outstanding at June 30, 2022	80,717,757	39,060,418

NOTE 16 – Share-Based Compensation

In connection with Business Combinations, the Company adopted the 2021 Omnibus Incentive Plan (the “Plan”). The Company may grant restricted stock, RSUs, incentive and non-qualified stock options, stock appreciation rights, performance awards, stock awards and other stock-based awards to officers, directors, employees and consultants under the terms of the Plan. There are 11.3 million shares authorized under the plan and approximately 9.6 million shares remain available for future issuance as of June 30, 2022. The Company determines the grant-date fair value of its RSUs using the fair market value of its stock on the grant date, unless the awards are subject to market-based vesting conditions, in which case the Company utilizes a Monte Carlo simulation model to determine the grant-date fair value. The Company recognizes compensation expense equal to the grant-date fair value for all equity awards that are expected to vest. This expense is recognized as compensation expense on a straight-line basis over the requisite service period, which is the vesting period. The Company has elected to account for forfeitures of awards granted under the Plan as they occur in determining compensation expense.

Restricted Stock Units

In January 2022, the Company granted a total of 41,028 RSUs to non-employee directors with a one-year vesting period. These RSUs will be subject to forfeiture restrictions and cannot be sold, transferred, or disposed of during the restriction period.

In February 2022, the Company modified and accelerated the vesting of 158,583 unvested RSUs for certain employees and recognized \$2.9 million of incremental share-based compensation expense related to these modifications.

During the three months ended June 30, 2022, the Company granted a total of 666,677 RSUs to its executives and other employees, and these RSUs generally vest over a three-year period. These RSUs will be subject to forfeiture restrictions and cannot be sold, transferred, or disposed of during the restriction period.

The table below summarizes RSU activity for the six months ended June 30, 2022:

	RSUs	Weighted- Average Grant Date Fair Value (per unit)
Outstanding at December 31, 2021	851,020	\$ 17.23
Granted	707,705	\$ 22.22
Vested ⁽¹⁾	(316,903)	\$ 17.23
Forfeited	(164,004)	\$ 18.29
Outstanding at June 30, 2022	1,077,818	\$ 20.35

⁽¹⁾ Vested RSUs include 85,922 units that were not converted into Class A Common Stock due to net share settlements to cover employee withholding taxes.

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For the three and six months ended June 30, 2022, the Company recognized a total of \$2.4 million and \$8.2 million, respectively, of share-based compensation expense related to RSUs, including \$2.9 million of incremental share-based compensation expense for the February 2022 modifications. There was no share-based compensation expense recognized related to RSUs for the three and six months ended June 30, 2021 and no unrecognized share-based compensation expense related to unvested RSUs as of June 30, 2021. At June 30, 2022, there was \$19.1 million of unrecognized share-based compensation expense related to unvested RSUs, which is expected to be recognized over a weighted average period of approximately 1.6 years.

Performance-Based RSUs

In April and May 2022, the Company granted a total of 364,117 performance-based RSUs (“PSUs”) to its senior executives and certain other high-level employees. Each grant award reflects a target number of PSUs that may be issued to the award recipient. These PSUs vest on March 1, 2025 following the completion of a three-year performance period ending December 31, 2024. The performance criteria consist of the market-based Absolute Total Shareholders Return (“ATSR”) and the performance-based Average Cash Return on Investment (“ACRI”). Depending on the results achieved during the three-year performance period, the actual number of PSUs that an award recipient receives at the end of the vesting period may range from 0% to 200% of the target PSUs granted.

Estimates of grant-date fair value of these PSUs may not accurately predict the value ultimately realized by the employees who received the awards, and the ultimate value may not be indicative of the reasonableness of the original estimates of fair value made by the Company.

The fair value of the ATSR market-based performance objective was determined using Monte Carlo simulations with the following weighted-average assumptions:

Stock price	\$	22.67
Volatility		49.0 %
Risk-free interest rate		2.6 %
Grant date fair value per target ATSR PSU	\$	28.53

Separately, based on a subjective assessment of our future financial performance over the performance period, the Company determines quarterly the probable level of performance for the ACRI criteria. The Company starts recording compensation expense when the ACRI become probable of achievement. Based on the Company’s subjective assessment as of June 30, 2022, the 100% payout rate of ACRI performance is probable of being achieved; accordingly, the Company recognized expense based on the target level.

The table below summarizes PSU activity for the six months ended June 30, 2022:

	PSUs	Weighted-Average Grant Date Fair Value (per unit)
Outstanding at December 31, 2021	—	\$ —
Granted	364,117	\$ 26.75
Forfeited	(12,580)	\$ 26.84
Outstanding at June 30, 2022	351,537	\$ 26.75

For the three and six months ended June 30, 2022, the Company recognized a total of \$0.8 million share-based compensation expense related to these PSUs. At June 30, 2022, there was \$8.6 million of unrecognized compensation expense related to unvested PSUs, which is expected to be recognized over a weighted-average period of approximately 2.7 years.

**ARCHAEA ENERGY INC.
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Series A Incentive Plan

Legacy Archaea adopted a Series A Incentive Plan in 2018 to provide economic incentives to select employees and other service providers in order to align their interests with equity holders of Legacy Archaea. Under the original terms of the awards, all unvested Series A units outstanding were vested upon Closing of Business Combinations.

For the three and six months ended June 30, 2021, Legacy Archaea recognized compensation expense of \$0.1 million and \$0.2 million, respectively, related to Series A units awards. As a result of the Business Combinations, the Series A Incentive Plan is no longer applicable to the Company.

NOTE 17 – Provision for Income Tax

Archaea Energy Inc. is organized as a Subchapter C corporation and, as of June 30, 2022, is a 67.4% owner of LFG Acquisition Holdings LLC. LFG Acquisition Holdings LLC is organized as a limited liability company and treated as a partnership for U.S. federal and most applicable state and local income tax purposes and, as such, is generally not subject to any U.S. federal and state entity-level income taxes with the exception of two subsidiary Subchapter C corporations and certain limited state jurisdictions.

The Company recognized federal and state income tax expense of \$0.1 million for both the three and six months ended June 30, 2022. The Company did not record a tax provision for the three and six months ended June 30, 2021 primarily due to Archaea Energy LLC's status as a pass-through entity for U.S. federal income tax purposes.

The effective tax rates were 0% and (23.6)% for the three and six months ended June 30, 2022, respectively, and 0% for both the three and six months ended June 30, 2021. The difference between the Company's effective tax rate for the three and six months ended June 30, 2022, and the U.S. statutory tax rate of 21% was primarily due to a full valuation allowance recorded on the Company's net U.S. and state deferred tax assets, income (loss) from pass-through entities not attributable to Class A Common Stock, and state and local taxes. The Company evaluates the realizability of the deferred tax assets on a quarterly basis and establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset may not be realized.

As of June 30, 2022, the Company determined it is not more likely than not the Company's net deferred tax assets will be realized due to significant negative evidence such as cumulative losses and continues to maintain a full valuation allowance. There are no unrecognized tax benefits recorded as of June 30, 2022 and December 31, 2021.

Archaea is analyzing the relevant sections of the recently passed Inflation Reduction Act to determine what, if any, impact it may have on the 2022 financial statements. The Company does not anticipate a material impact on year-to-date activity as of June 30, 2022.

NOTE 18 – Net Earnings (Loss) Per Share

The Archaea Merger was accounted for as a reverse recapitalization and is treated as the equivalent of Legacy Archaea receiving proceeds for the issuance of the outstanding shares of Class A Common Stock and Class B Common Stock, as well as the warrants, of Rice Acquisition Corp. accompanied by a recapitalization. Therefore, Class A Common Stock is deemed to be outstanding beginning at the Closing due to the reverse recapitalization.

The Company's basic earnings per share ("EPS") of Class A Common Stock is computed based on the average number of shares of Class A Common Stock outstanding for the period. Diluted EPS includes the effects of the Company's outstanding RSUs, PSUs and Private Placement Warrants, unless the effects are anti-dilutive to EPS.

ARCHAEA ENERGY INC.
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The following provides a reconciliation between basic and diluted EPS attributable to Class A Common Stock for the three and six months ended June 30, 2022 and 2021.

<i>(in thousands, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss) attributable to Class A Common shares - basic	\$ 21,950	\$ —	\$ 3,523	\$ —
Less gain in fair value of Private Placement Warrants	(37,016)	—	(13,004)	—
Net income (loss) attributable to Class A Common shares - diluted	\$ (15,066)	\$ —	\$ (9,481)	\$ —
Weighted average number of Class A Common shares outstanding - basic	80,523	—	73,489	—
Effect of dilutive Private Placement Warrants	2,922	—	2,715	—
Effect of dilutive equity awards	—	—	—	—
Weighted average number of Class A Common shares outstanding - diluted	83,445	—	76,204	—
Net income (loss) per share of Class A Common Stock				
Basic	\$ 0.27	\$ —	\$ 0.05	\$ —
Diluted	\$ (0.18)	\$ —	\$ (0.12)	\$ —

For the three and six months ended June 30, 2022, weighted-average total RSUs and PSUs of 1,403,593 and 1,113,242, respectively, were excluded from the diluted Class A Common Stock shares as their effect would have been anti-dilutive.

NOTE 19 – Segment Information

The Company's two reporting segments for the three and six months ended June 30, 2022 and 2021 are RNG and Power. The Company's chief operating decision maker evaluates the performance of its segments based on operational measures including revenues, net income and EBITDA.

ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following summarizes selected financial information for the Company's reporting segments:

<i>(in thousands)</i>	<u>RNG</u>	<u>Power</u>	<u>Corporate and Other</u>	<u>Total</u>
Three months ended June 30, 2022				
Revenue and other income	\$ 58,781	\$ 15,092	\$ 3,346	\$ 77,219
Intersegment revenue	—	1,366	(1,366)	—
Total revenue and other income	58,781	16,458	1,980	77,219
Equity investment income, net	2,506	187	—	2,693
Net income (loss)	11,050	1,629	19,945	32,624
Interest expense	1,468	—	2,244	3,712
Depreciation, amortization and accretion	10,966	2,573	191	13,730
Income tax expense	—	—	129	129
EBITDA	<u>\$ 23,484</u>	<u>\$ 4,202</u>	<u>\$ 22,509</u>	<u>\$ 50,195</u>
Six months ended June 30, 2022				
Revenue and other income	\$ 97,620	\$ 31,941	\$ 4,555	\$ 134,116
Intersegment revenue	—	2,777	(2,777)	—
Total revenue and other income	97,620	34,718	1,778	134,116
Equity investment income, net	3,544	578	—	4,122
Net income (loss)	24,426	3,274	(28,248)	(548)
Interest expense	1,995	—	4,371	6,366
Depreciation, amortization and accretion	20,073	5,731	415	26,219
Income tax expense	—	—	129	129
EBITDA	<u>\$ 46,494</u>	<u>\$ 9,005</u>	<u>\$ (23,333)</u>	<u>\$ 32,166</u>
June 30, 2022				
Goodwill	\$ 29,835	\$ —	\$ —	\$ 29,835
Three months ended June 30, 2021				
Revenue and other income	\$ 822	\$ 2,237	\$ 2,068	\$ 5,127
Intersegment revenue	—	—	—	—
Total revenue and other income	822	2,237	2,068	5,127
Net income (loss)	(476)	(1,830)	(5,624)	(7,930)
Interest expense	13	—	—	13
Depreciation, amortization and accretion	202	630	54	886
EBITDA	<u>\$ (261)</u>	<u>\$ (1,200)</u>	<u>\$ (5,570)</u>	<u>\$ (7,031)</u>
Six months ended June 30, 2021				
Revenue and other income	\$ 822	\$ 2,237	\$ 3,722	\$ 6,781
Intersegment revenue	—	—	—	—
Total revenue and other income	822	2,237	3,722	6,781
Net income (loss)	(1,566)	(1,830)	(7,033)	(10,429)
Interest expense	19	—	—	19
Depreciation, amortization and accretion	215	630	90	935
EBITDA	<u>\$ (1,332)</u>	<u>\$ (1,200)</u>	<u>\$ (6,943)</u>	<u>\$ (9,475)</u>
December 31, 2021				
Goodwill	\$ 29,211	\$ —	\$ —	\$ 29,211

**ARCHAEA ENERGY INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 20 – Related Party Transactions

Assai Energy, LLC (“Assai”) (a wholly owned subsidiary of the Company) entered into a construction service and project guarantee agreement with Noble Environmental Specialty Services, LLC (“NESS”) (a wholly owned subsidiary of Noble). NESS was responsible for constructing an RNG plant located at the Keystone Landfill, near Scranton, PA. The total contract price for the engineering, procurement and construction (“EPC”) contract is \$19.9 million, which has been fully paid. The Company also reimbursed NESS \$4.6 million for costs outside the EPC contract related to additional capital costs for the Assai project. This agreement is considered to be a related party transaction due to the owners of NESS also being certain officers of the Company. NESS billed an additional \$6.1 million in capital project change orders and associated labor costs, and this amount has been capitalized to property, plant and equipment and is included in accounts payable - trade as of June 30, 2022.

The Company provides O&M and construction services for facilities owned by certain of its joint ventures and recognized associated revenues of \$0.7 million and \$1.0 million for the three and six months ended June 30, 2022, respectively. As of June 30, 2022, the Company had related party balances with certain of its joint ventures including a receivable of \$0.5 million.

In 2020, the Company entered into Master Services Agreement and Development and Marketing Agreement with Lutum Technologies LLC (“Lutum”), a joint venture with 20% ownership by the Company. The Company has paid a total of \$0.7 million to Lutum for the three and six months ended June 30, 2022.

NOTE 21 – Subsequent Events

On July 15, 2022, the Company paid \$230.5 million to acquire 100% of the ownership interest of INGENCO pursuant to the Purchase and Sale Agreement dated April 26, 2022 and to retire INGENCO’s outstanding debt. At the acquisition date, INGENCO owned 14 LFG to renewable electricity facilities. INGENCO was purchased to increase the Company’s backlog of RNG development opportunities. The Company is currently compiling information to determine the initial accounting impacts and related purchase price allocation. Legal and other costs related to the acquisition of \$1.6 million and \$2.3 million were included in general and administrative expenses for the three and six months ended June 30, 2022, respectively.

Predecessor - Aria Energy LLC Financial Statements

Archaea determined that Aria is the predecessor to the Company due to the relative fair values of the Company and legacy operations Aria had compared to Archaea. As such, we have included Aria's consolidated statements of operations and consolidated statements of comprehensive income for the three and six months ended June 30, 2021 and consolidated statement of cash flows for the six months ended June 30, 2021. See Archaea Energy Inc.'s "[Note 4 - Business Combinations and Reverse Recapitalization](#)" in the 2021 Annual Report for additional information.

ARIA ENERGY LLC AND SUBSIDIARIES (Predecessor)
Consolidated Statements of Operations
(Unaudited)

<i>(in thousands)</i>	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Revenues and Other Income		
Energy revenue	\$ 42,017	\$ 84,484
Construction revenue	—	24
Amortization of intangibles and below-market contracts	(954)	(1,908)
Total Revenues and Other Income	41,063	82,600
Equity Investment Income, net	7,469	13,325
Cost of Sales		
Cost of energy	20,016	41,116
Cost of other revenues	—	23
Depreciation, amortization and accretion	5,621	11,314
Total Cost of Sales	25,637	52,453
Gain on disposal of assets	(1,347)	(1,347)
Impairment of assets	(542)	—
General and administrative expenses	5,957	13,063
Operating Income	18,827	31,756
Other Income (Expense)		
Interest expense, net	(4,355)	(8,676)
Gain (loss) on derivative contracts	446	556
Gain on extinguishment of debt	61,411	61,411
Other income	2	2
Total Other Income (Expense)	57,504	53,293
Net Income	76,331	85,049
Net income attributable to noncontrolling interest	281	289
Net Income Attributable to Controlling Interest	\$ 76,050	\$ 84,760

The accompanying notes are an integral part of these consolidated financial statements.

ARIA ENERGY LLC AND SUBSIDIARIES (Predecessor)
Consolidated Statements of Comprehensive Income
(Unaudited)

<i>(in thousands)</i>	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Net Income	\$ 76,331	\$ 85,049
Other Comprehensive Income		
Net actuarial income	167	194
Other Comprehensive Income	76,498	85,243
Comprehensive income attributable to noncontrolling interest	281	289
Comprehensive Income Attributable to Controlling Interest	<u>\$ 76,217</u>	<u>\$ 84,954</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARIA ENERGY LLC AND SUBSIDIARIES (Predecessor)
Consolidated Statement of Cash Flows
(Unaudited)

<i>(in thousands)</i>	Six Months Ended June 30, 2021
Cash flows from operating activities	
Net income	\$ 85,049
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	
Depreciation, amortization and accretion	11,314
Gain on disposal of assets	(1,572)
Amortization of debt origination costs	492
Amortization of intangibles and below-market contracts	685
Return on investment in equity method investments	12,166
Equity in earnings of equity method investments	(13,325)
Change in fair value of derivatives	(1,015)
Gain on extinguishment of debt	(61,411)
Net periodic postretirement benefit cost	61
Changes in operating assets and liabilities:	
Accounts receivable	(6,143)
Inventory	(720)
Prepaid expenses and other assets	115
Other non-current assets	106
Trade accounts payable	269
Accrued and other current liabilities	6,021
Net cash provided by operating activities	32,092
Cash flows from investing activities	
Purchase of property and equipment	(1,331)
Contributions to equity method investments	(6,630)
Net cash used in investing activities	(7,961)
Cash flows from financing activities	
Payments on note payable and revolving credit agreement	(2,689)
Net cash used in financing activities	(2,689)
Net increase in cash and cash equivalents	21,442
Cash and cash equivalents – beginning of period	14,257
Cash and cash equivalents – end of period	\$ 35,699
Supplemental cash flow information	
Cash paid for interest	\$ 4,403
Noncash investing activities	
Accruals of property and equipment incurred but not yet paid	\$ 52

The accompanying notes are an integral part of these consolidated financial statements.

ARIA ENERGY LLC AND SUBSIDIARIES (Predecessor)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Description of Business - Predecessor

Aria Energy LLC and its subsidiaries (“Aria”) design, install, own, and operate long-lived energy projects. Aria was originally formed on September 6, 2007, as EIF Renewable Energy Holdings LLC, a Delaware LLC, headquartered in Novi, Michigan. Aria generates its revenue from customers located throughout the United States from the production and sale of electrical energy from LFG fuel engines and related Environmental Attributes, production and sale of RNG and related Environmental Attributes, operating and maintaining LFG projects owned by third parties, and constructing energy projects. Environmental Attributes include RECs in the power market and RINs and LCFS credits in the RNG market. Aria benefits from federal and state renewable fuel standards and federal compliance requirements for landfill owners and operators.

Funds managed by Ares EIF Management LLC held 94.35% of the ownership interests in Aria before the Closing of the Business Combinations.

The accompanying consolidated financial statements present the consolidated financial position and results of operations of Aria Energy LLC and its wholly owned subsidiaries.

NOTE 2 - Summary of Significant Accounting Policies - Predecessor

Basis of Presentation

The consolidated financial statements of Aria have been prepared on the basis of United States generally accepted accounting principles (“GAAP”). Certain amounts have been reclassified to conform to the current presentation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Revenue Recognition

Aria generates revenue from the production and sale of electricity, gas, and their related Environmental Attributes, and performance of other landfill energy services. Based on requirements of GAAP, a portion of revenue is accounted for under ASC 840, *Leases*, and a portion under ASC 606, *Revenue from Contracts with Customers*. Under ASC 840, revenue is recognized generally upon delivery of electricity, gas, and their related Environmental Attributes. Under ASC 606, revenue is recognized upon the transfer of control of promised goods or services to the customer in an amount that reflects the consideration to which is expected to be entitled in exchange for those goods or services. Based on the terms of the Power Purchase Agreements, the amounts recorded under ASC 840 are generally consistent with revenue recognized under ASC 606. For the six months ended June 30, 2021, approximately 36% of revenue was accounted for under ASC 606 and 64% under ASC 840.

The following tables display Aria’s revenue by major source and by operating segment for the three and six months ended June 30, 2021:

ARIA ENERGY LLC AND SUBSIDIARIES (Predecessor)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

<i>(in thousands)</i>	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
RNG, including RINs and LCFS credits	\$ 29,241	\$ 55,722
RNG O&M service	367	706
Power, including RECs	10,809	24,626
Power O&M service	1,600	3,430
Other	—	24
Total	\$ 42,017	\$ 84,508
Operating segments		
RNG	\$ 29,608	\$ 56,452
Power	12,409	28,056
Total	\$ 42,017	\$ 84,508

Held for Sale

During 2020, Aria enacted a plan to sell LES Project Holdings LLC (“LESPPH”), and accordingly, the business was classified as held for sale. An agreement to sell the membership interests of the business subsequently was executed on March 1, 2021. The sale of LESPPH was completed on June 10, 2021. Proceeds from the sale were \$58.5 million and were sent to the lenders of the LESPPH debt, and Aria was released from its obligations under the LESPPH debt. A gain on the extinguishment of debt in the amount of \$ 61.4 million was recorded in conjunction with the sale, which accounts for the proceeds received, the debt and interest payable relieved and settlement of LESPPH intercompany balances, and Aria recorded an ordinary gain on sale of assets in the amount of \$1.3 million during the three and six months ended June 30, 2021.

The pre-tax net earnings associated with LESPPH included in Aria’s consolidated statement of operations were \$69.0 million and \$67.1 million for the three and six months ended June 30, 2021, respectively.

NOTE 3 - Equity Method Investments - Predecessor

Aria holds 50% interests in two joint ventures accounted for using the equity method – Mavrix and Sunshine Gas Producers, LLC. Prior to the sale of LESPPH in June 2021, Aria also held 50% interests in the following four joint ventures: Riverview Energy Systems, LLC, Adrian Energy Systems, LLC, Salem Energy Systems, LLC, and Salt Lake Energy Systems LLC.

Under the terms of the Mavrix, LLC Contribution Agreement dated September 30, 2017, Aria is required to make an earn-out payment to its joint venture partner holding the other 50% membership (in Mavrix) in an amount up to \$9.55 million. As defined in the Contribution Agreement, the payment represents additional consideration for Aria’s equity interest in Mavrix, and the earn-out payment will be based on the performance of certain projects owned by Mavrix through the earn-out period which ends September 30, 2022. No earn-out payment is made until after the end of the earn-out period. Aria has estimated the earn-out payment to be \$ 1.7 million at June 30, 2021 and has recorded these amounts in other long-term liabilities in the period.

Summary information on the equity method investments is as follows:

<i>(in thousands)</i>	June 30, 2021
Assets	\$ 186,521
Liabilities	14,862
Net assets	\$ 171,659
Aria’s share of equity in net assets	\$ 85,299

ARIA ENERGY LLC AND SUBSIDIARIES (Predecessor)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

<i>(in thousands)</i>	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Revenue	\$ 29,303	\$ 52,902
Net income	\$ 13,907	\$ 25,275
Aria's share of net income	\$ 7,469	\$ 13,325

NOTE 4 - Derivative Instruments - Predecessor

Aria was exposed to certain risks in the normal course of its business operations. The main risks are those relating to the variability of future earnings and cash flows – e.g., market risks, which are managed through the use of derivative instruments. All derivative financial instruments are reported in the consolidated balance sheets at fair value, unless they meet the normal purchase normal sale criteria and are designated and documented as such.

Aria has a natural gas variable to fixed-priced swap agreement which provides for a fixed to variable rate swap calculated monthly, until the termination date of the contract, June 30, 2023. The agreement was intended to manage the risk associated with changing commodity prices. Changes in the fair values of natural gas swap are recognized in gain (loss) on derivative contracts and realized losses are recognized as a component of cost of energy expense as summarized in the table below.

Valuation of the natural gas swap was calculated by discounting future net cash flows that were based on a forward price curve for natural gas over the life of the contract (a Level 2 measurement), with an adjustment for each counterparty's credit rate risk.

On April 6, 2020, Aria entered into an interest rate cap with a total notional amount of \$10 million and an effective date of April 30, 2020. The cap agreement provides a fixed cap rate of 1.00% per annum related to the one-month LIBOR and has a termination date of May 31, 2022. The market value at June 30, 2021 was valued at zero and all associated fees with this transaction were recorded.

<i>(in thousands)</i>	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Natural gas swap - unrealized gain (loss)	\$ 446	\$ 556

NOTE 5 - Benefit Plans - Predecessor

401(k) Plan

Aria maintains a qualified tax deferred 401(k) retirement plan (the "Aria Plan"). Under the provisions of the Aria Plan, substantially all employees meeting minimum age and service requirements are entitled to contribute on a before and after-tax basis a certain percentage of their compensation. Aria matches up to 100% of employees' first 3% contribution and 50% of the employees' next 2% contribution. Employees vest immediately in their contributions and Aria's contribution.

Postretirement Obligations

Aria sponsors an unfunded defined benefit health care plan that provides postretirement medical benefits to certain full-time employees who meet minimum age and service requirements.

ARIA ENERGY LLC AND SUBSIDIARIES (Predecessor)
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Net periodic benefit cost recognized in the consolidated statements of comprehensive income was as follows:

<i>(in thousands)</i>	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Service cost	\$ 9	\$ 19
Interest cost	25	45
Amortization of prior service cost	3	6
Recognition of net actuarial loss	16	40
Net periodic benefit cost	\$ 53	\$ 110

NOTE 6 - Related Party Transactions - Predecessor

Sales are made to and services are purchased from entities and individuals affiliated through common ownership. Aria provides O&M services and administration and accounting services to their 50% owned joint ventures.

The following is a summary of transactions with these related parties:

<i>(in thousands)</i>	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
Sales of construction services	\$ —	\$ 24
Sales of operations and maintenance services	\$ 351	\$ 746
Sales of administrative and other services	\$ 97	\$ 195

NOTE 7 - Segment Reporting - Predecessor

<i>(in thousands)</i>	RNG	Power	Corporate and Other	Total
Three months ended June 30, 2021				
Total revenue	\$ 28,716	\$ 12,347	\$ —	\$ 41,063
Net income (loss)	21,823	64,422	(9,195)	76,050
Depreciation, amortization and accretion	2,284	3,325	12	5,621
Interest expense	—	—	4,355	4,355
EBITDA	\$ 24,107	\$ 66,747	\$ (4,828)	\$ 86,026
Six Months Ended June 30, 2021				
Total Revenue	\$ 54,669	\$ 27,931	\$ —	\$ 82,600
Net income (loss)	38,773	64,925	(18,938)	84,760
Depreciation, amortization and accretion	4,559	6,728	27	11,314
Interest expense	—	—	8,676	8,676
EBITDA	\$ 43,332	\$ 71,653	\$ (10,235)	\$ 104,750

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the financial statements and related notes included elsewhere in this Report. This discussion contains forward-looking statements reflecting our current expectations, estimates, and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the section entitled "Risk Factors" in Part I, Item 1A in the 2021 Annual Report and the sections entitled "Risk Factors" in Part II, Item 1A and "Forward-Looking Statements" appearing elsewhere in this Report.

Overview

Archaea is one of the largest RNG producers in the U.S., with an industry-leading RNG platform primarily focused on capturing and converting waste emissions from landfills and livestock farms into low-carbon RNG and electricity. As of June 30, 2022, the Company owns, through wholly-owned entities or joint ventures, a diversified portfolio of 32 LFG recovery and processing projects across 18 states, including 13 operated projects that produce pipeline-quality RNG and 19 LFG to renewable electricity production facilities.

Archaea develops, designs, constructs, and operates RNG facilities. Archaea, through wholly-owned entities or joint ventures, has entered into long-term agreements with biogas site hosts which give us the rights to utilize gas produced at their sites and to construct and operate facilities on their sites to produce RNG and renewable electricity. Archaea's development backlog includes 38 cumulative projects as of June 30, 2022 and increased to 88 cumulative projects as of July 31, 2022 primarily due to the Lightning JV and INGENCO transaction, with the total backlog including planned optimizations of certain operating RNG facilities over time and opportunities to build new RNG facilities on sites with existing renewable electricity facilities and on greenfield sites.

Our differentiated commercial strategy is focused on selling the majority of our RNG volumes under long-term, fixed-price contracts to creditworthy partners, including utilities, corporations, and universities, helping these entities reduce greenhouse gas emissions and achieve decarbonization goals while utilizing their existing gas infrastructure. We seek to mitigate our exposure to commodity and Environmental Attribute pricing volatility by selling a majority of our RNG and related Environmental Attributes under long-term fixed price contracts with creditworthy counterparties, which are designed to provide revenue certainty.

Certain long-term off-take contracts were accounted for as operating leases prior to January 1, 2022 and have no minimum lease payments. The rental income under these leases was recorded as revenue when the RNG was delivered to the customer. RNG not covered by off-take contracts is sold under short-term market-based contracts. When the performance obligation is satisfied through the delivery of RNG to the customer, revenue is recognized. We usually receive payments from the sale of RNG production within one month after delivery.

We also earn revenue by selling RINs, which are generated when producing and selling RNG as transportation fuel. These RINs are able to be separated and sold independently from the RNG produced. When the RNG and RIN are sold on a bundled basis under the same contract, revenue is recognized when the RNG is produced and the RNG and associated RINs are transferred to a third party. The remaining RIN sales are under a combination of short-term spot price contracts and forward sold fixed-price contracts independent from RNG sales, and revenue is recognized upon transfer of control to a third-party customer. We also generate and sell LCFS credits at some of our RNG projects through off-take contracts similar to RINs. LCFS is state level program administered by the CARB. LCFS credits are generated as the RNG is sold as vehicle fuel in California.

There is a general lag in the generation and sale of RINs and LCFS credits subsequent to a facility being placed into operation. While each new facility is eligible to register under the federal Renewable Fuel Standard ("RFS") upon initial production and pipeline injection, Archaea has external parties certify its plants under the EPA's voluntary Quality Assurance Plan ("QAP") in order to maximize the value of its D3 RINs. The initial QAP review generally requires evaluation of up to 90 days of operational data prior to achieving Q-RIN status. Once registration is obtained from the EPA and Q-RIN status achieved, Archaea can generate qualified RINs. RINs are generated monthly for the previous month's production. Quarterly and annual reports are required to maintain RFS registration and Q-RIN status for each facility.

LCFS registration requires a minimum of 90 days operational data for a provisional fuel pathway application. Following

the application submission, there is a mandatory third-party validation period ranging from three to six months. During this time, LCFS credits can be generated for the facility using a temporary carbon intensity (“CI”) score, which is typically higher than the expected certified CI for our facilities. Following successful fuel pathway validation, the facility is eligible to generate LCFS credits using the new provisional CI score. LCFS credits are generated on a quarterly basis for the previous quarter of production. Credits are then available to be sold. Quarterly and annual reports are required to maintain LCFS registration and certified CI for each facility.

Our Segments

The Company reports segment information in two segments: RNG and Power. Prior to the Business Combinations, the Company managed RNG as its primary business operations, which is to construct and develop biogas facilities on landfill sites for production of RNG. Our Power segment generates revenue by selling renewable electricity and associated Environmental Attributes. We expect our future long-term growth to be driven primarily by additional projects within the RNG segment, and we expect to build new RNG facilities on the majority of our sites with existing LFG to renewable electricity projects over time.

In addition, we hold interests in other entities that are accounted for using the equity method of accounting, including Mavrix, LLC, which owns and operates five separate RNG facilities, and Saturn Renewables, LLC, which owns gas rights at two landfills, both of which are included in the RNG segment, as well as the Sunshine electric project included in the Power segment.

The Business Combinations

On September 15, 2021, RAC completed the Business Combinations to acquire Legacy Archaea and Aria. Following the Closing, RAC changed its name from “Rice Acquisition Corp.” to “Archaea Energy Inc.,” and Rice Acquisitions Holdings LLC was renamed “LFG Acquisition Holdings LLC” (also referred to herein as “Opco”).

The Company and Opco issued 33.4 million Class A Opco Units and 33.4 million shares of Class B Common Stock on the Closing Date to Legacy Archaea Holders to acquire Legacy Archaea. Aria was acquired for total initial consideration of \$863.1 million, which was reduced by \$1.9 million in March 2022 for the final adjustment under the terms set forth in the Aria Merger Agreement. The initial Aria Merger consideration consisted of cash consideration of \$377.1 million paid to Aria Holders and equity consideration in the form of 23.0 million Class A Opco Units and 23.0 million shares of Class B Common Stock. In addition, \$91.1 million of Aria debt was repaid in connection with the Aria Merger.

Archaea has retained its “up-C” structure, whereby all of the equity interests in Aria and Legacy Archaea are indirectly held by Opco and Archaea Energy Inc.’s only assets are its equity interests in Opco. Opco is considered a VIE for accounting purposes, and the Company, as the sole managing member of Opco, is considered the primary beneficiary. As such, the Company consolidates Opco and the unitholders that hold economic interests directly at Opco are presented as redeemable noncontrolling interests in the Company’s financial statements.

Holders of Class A Opco Units (other than Archaea) have a redemption right, subject to certain limitations, to redeem Class A Opco Units (and a corresponding number of shares of Class B Common Stock) for, at Opco’s option, (i) shares of Class A Common Stock on a one-for-one basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations and the like, or (ii) a corresponding amount of cash.

Predecessor and Successor Reporting

Legacy Archaea is considered the accounting acquirer of the Business Combinations for accounting purposes, and the Archaea Merger represents a reverse merger and is accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, RAC is treated as the acquired company for financial reporting purposes. Accordingly, for accounting purposes, the Archaea Merger is treated as the equivalent of Legacy Archaea issuing shares for the net assets of RAC, accompanied by a recapitalization.

Legacy Archaea is considered the “Successor.” As such, the consolidated assets, liabilities and results of operations prior to the September 15, 2021 reverse recapitalization are those of Legacy Archaea (the accounting acquirer), and the Company’s consolidated financial statements include the assets, liabilities and results of operations of Aria beginning on September 15, 2021.

The Aria Merger represents a business combination in which Aria was determined to be the acquired company. Due to Aria's historical operations compared to Legacy Archaea and the relative fair values, Aria was determined to be the "Predecessor." Aria's consolidated statements of operations and consolidated statements of comprehensive income for the three and six months ended June 30, 2021 and Aria's consolidated statement of cash flows for the six months ended June 30, 2021 have been included in "Financial Statements" in Part 1, Item 1 of this Report to enhance comparability for readers.

Factors Affecting the Comparability of Our Financial Results

Our results of operations will not be comparable to our Successor or our Predecessor's historical results of operations for the reasons described below:

- The Company's results of operations and financial position may not be comparable to Legacy Archaea's or Aria's historical results as a result of the Business Combinations and the Company's ongoing development activities. Our results prior to the closing of the Business Combinations on September 15, 2021 only include Legacy Archaea, the accounting acquirer, whereas our results beginning on September 15, 2021 include the combined operations of Legacy Archaea and Aria as managed by the Company. In addition, both Legacy Archaea and Aria have experienced significant growth and expansion over the last two years, and the Company expects to continue to grow significantly through organic growth projects and acquisitions, including the INGENCO acquisition and the Lightning JV. In addition to significant growth and expansion in operations, the Company has raised a significant amount of capital through financing transactions to fund a portion of that growth, which may also impact the comparability of our historical results to our future results.
- As a result of the Business Combinations, and subsequent acquisitions, joint ventures and other transactions, the Company has hired and will need to hire additional personnel and implement procedures and processes to address expanded facilities, as well as public company regulatory requirements and customary practices. The Company expects to incur additional annual expenses as a public company that Legacy Archaea and Aria did not historically incur for, among other things, directors' and officers' liability insurance, director fees and additional internal and external accounting and legal and administrative resources, including increased audit and legal fees.
- As a corporation, the Company is subject to U.S. federal income and applicable state taxes to the extent it generates positive taxable income. Legacy Archaea and Aria and their subsidiaries (with the exception of one partially-owned subsidiary which filed income tax returns as a C corporation) are and were generally not subject to U.S. federal income tax at an entity level. Accordingly, the net income in Legacy Archaea and Aria's historical financial statements does not reflect the full tax expense the Company would have incurred if it were subject to U.S. federal income tax at an entity level during such periods.

Recent Events

Operational Highlights

Below are key recent development and operational events:

- Formed the landmark Lightning JV with Republic to jointly invest approximately \$1.1 billion to develop a total of 40 RNG projects across the U.S. that will be located at various landfill sites owned or operated by Republic. Initial funding occurred in July 2022 as discussed in "Note 4 - Business Combinations and Reverse Recapitalization" in this Report.
- During the second quarter of 2022, the Company signed several new bundled RNG sales contracts for RNG and its associated Environmental Attributes, including a long-term fixed-price RNG agreement with Energir L.P. ("Energir") and a medium-term fixed-price RNG agreement with UGI Utilities, Inc. ("UGI"). The agreement with Energir is for the sale of 2.15 gigajoules (approximately 2.04 million MMBtus) annually for a period of 20 years beginning approximately October 2023 and is subject to Quebec regulatory approval. The agreement with UGI is for the sale of 331,785 MMBtus annually for a period of 5 years beginning July 1, 2022.

- Completed initial optimization work at five legacy Aria facilities, with a focus on CO₂ separation systems and nitrogen rejection unit upgrades, which are essential components of the Company's V1 plant design, translating into improved operational performance at these existing RNG facilities. On average, methane recovery increased almost 10% upon completion of the initial optimization projects and is expected to further increase after completing the remaining optimization work at these and other legacy sites within the Company's portfolio.
- Produced first pipeline-quality RNG and achieved commercial operations at the Costa View dairy digester facility in May 2022, successfully completing the second of four dairy projects within the Company's 50%-owned Mavrix joint venture with BP Products North America Inc.

Term Loan and Revolver Amendment

On June 30, 2022, the Company amended its Revolving Credit and Term Loan Agreement to, among other things, increase its total commitment by approximately \$630 million to a total of \$1.1 billion and provide for a \$400 million Term Loan and a \$700 million Revolver. See "Note 10 - Debt" in this Report for additional information on the Revolver and the Term Loan.

INGENCO Acquisition

On April 26, 2022, a wholly owned subsidiary of the Company, Archaea Infrastructure, LLC, entered into a definitive purchase and sale agreement (the "INGENCO Purchase Agreement") to purchase INGENCO, which owned 14 LFG to renewable electricity facilities. The consideration paid upon the July 2022 closing of the transaction was \$230.5 million and was funded with cash on hand and borrowings under the Term Loan and Revolver. The acquisition includes gas rights for the 14 LFG to energy sites, which have a number of existing long-term agreements in place.

Lightning JV Formation

On May 5, 2022, the Company and Republic announced the formation of the Lightning JV to develop 39 RNG projects across the U.S. that will be located at various landfill sites owned or operated by Republic. The joint venture will develop and construct RNG facilities that will convert LFG into pipeline-quality RNG that can be used for a variety of applications.

Pursuant to the terms of the contribution agreement, dated May 4, 2022, a wholly owned subsidiary of the Company, Zeus Renewables LLC ("Zeus"), and a wholly owned subsidiary of Republic, Republic Services Renewable Energy, LLC ("Investco"), will contribute approximately \$780 million and \$300 million, respectively, over approximately five years to six years in exchange for newly issued limited liability company interests of the Lightning JV (the "Lightning JV Membership Interests"), with Zeus and Investco holding 60% and 40%, respectively, of the outstanding Lightning JV Membership Interests. In July 2022, the Company made its initial capital contribution of \$222.5 million to the Lightning JV, which was funded with borrowings under the Revolver. Concurrent with the funding, the Lightning JV paid \$37.9 million to acquire an additional site ("Fort Wayne") located in Fort Wayne, Indiana. The purchase of Fort Wayne includes the landfill gas rights to a Republic-owned landfill site and a medium-BTU facility.

Cash on hand from operations of the Lightning JV (less certain customary reserves) will be distributed quarterly to Zeus and Investco, as the members, in accordance with their membership percentages, and no later than 10 days following the final commercial operations date of all approved LFG projects (excluding any subsequently abandoned), the Lightning JV will distribute all unused capital contributions to Zeus and Investco in proportion to their capital contributions.

The Lightning JV, Investco and Archaea Operating LLC, a wholly owned subsidiary of the Company, have entered into certain other arrangements relating to the Lightning JV that govern, among other things, the grant by Republic of landfill gas rights and real property rights at 40 of Republic's landfills to the Lightning JV, the process and timeline for development at those landfills by the Lightning JV, the production and sale of RNG and related Environmental Attributes by the Lightning JV, the payment of royalties to Republic and, in exchange for a fee to be paid to Archaea Operating LLC, engineering, procurement, construction management services and O&M services to be provided to the Lightning JV.

Key Factors Affecting Operating Results

The Company's business strategy includes growth primarily through the upgrade and expansion of existing RNG production facilities, building new RNG production facilities at sites of our existing LFG to renewable electricity production facilities, development and construction of greenfield RNG development projects for which we already have

gas development agreements in place, and the procurement of LFG rights and LFG to renewable electricity production facilities to develop additional RNG projects. We are also evaluating other potential sources of biogas and exploring the development of wells for carbon sequestration, the use of on-site solar-generated electricity to meet energy needs for RNG production, and the use of RNG as a feedstock for low-carbon hydrogen.

The Company's performance and future success depend on several factors that present significant opportunities but also pose risks and challenges. For information regarding the key factors affecting our performance and future success, see "Key Factors Affecting Operating Performance" within "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the 2021 Annual Report. In addition to those discussed in Part I, Item 1A. "Risk Factors" of the 2021 Annual Report, these factors include: the demand for RNG, renewable electricity and Environmental Attributes; electricity prices and the costs of raw materials and labor; the regulatory landscape, which affects demand for our products by providing market participants with incentives to purchase RNG, renewable electricity and Environmental Attributes and which may also affect our development or operating costs; and seasonality.

Results of Operations

Key Metrics

Management regularly reviews a number of operating metrics and financial measurements to evaluate our performance, measure our growth and make strategic decisions. In addition to traditional GAAP performance and liquidity measures, such as revenue, cost of sales, net income and cash provided by operating activities, we also consider MMBtu of RNG and MWh of electricity sold and Adjusted EBITDA in evaluating our operating performance. Each of these metrics is discussed below under "Comparison of the Three and Six Months Ended June 30, 2022 and 2021."

Key Components of Results of Operations

See "Key Components of Results of Operations" within "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the 2021 Annual Report for information regarding the key components of our results of operations, which are revenue, cost of sales, general and administrative expenses and equity earnings.

Comparison of the Three and Six Months Ended June 30, 2022 and 2021

The following discussion pertains to the results of operations, financial condition, and changes in financial condition of the Successor. Legacy Archaea (the Successor) did not have operational RNG and Power assets until commercial RNG and Power operations commenced in the fiscal quarter ended June 30, 2021 and did not have significant revenues from operations until the acquisition of Aria. A majority of the Company's revenues prior to March 31, 2021 were comprised of sales of customized pollution control equipment and maintenance agreement services. As such, to provide more meaningful comparisons, the following discussion also compares certain of the Company's operating results for the three and six months ended June 30, 2022 to the combined operating results of Legacy Archaea and Aria for the three and six months ended June 30, 2021. Such combined information (which is referred to in this Report as "on a combined basis") is the sum of the historical financial results of Legacy Archaea and Aria and does not include the impact of purchase accounting.

In this section, any increases or decreases "for the three and six months ended June 30, 2022" refer to the comparison of the three and six months ended June 30, 2022, to the three and six months ended June 30, 2021.

As noted above, Legacy Archaea did not have significant revenues from operations until the the acquisition of Aria. As such, any segment comparison would not be informative and has not been included for comparison purposes.

Volumes Sold

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	Change	2022	2021	Change
RNG Sold (MMBtu) ⁽¹⁾⁽²⁾	1,755,145	47,592	1,707,553	3,016,500	47,667	2,968,833
Electricity Sold (MWh) ⁽¹⁾⁽²⁾	142,977	47,847	95,130	290,404	47,847	242,557

⁽¹⁾ Volumes sold represent the consolidated Successor volumes only (excluding volumes sold by the Company's equity method investments). On a combined basis, during the three and six months ended June 30, 2021, the Company sold 1,137,988 MMBtu and 2,152,379 MMBtu of RNG, respectively, and 146,772 MWh and 251,296 MWh of electricity, respectively.

⁽²⁾ Volumes sold exclude the Company's equity method investments' net volumes sold during the three and six months ended June 30, 2022 of 282,620 MMBtu and 561,297 MMBtu of RNG, respectively, and 15,826 MWh and 33,979 MWh of electricity, respectively.

Volumes increased for the three and six months ended June 30, 2022 compared to the three and six months ended June 30, 2021 on consolidated basis due to the acquisition of Aria, commencement of commercial operations in April 2021 at our Boyd County RNG facility, the purchase of the PEI Power assets in April 2021, the acquisition of additional LFG to renewable electricity facilities, and the commencement of commercial operations at our Assai facility, offset by downtime at certain facilities related to winter weather in the first quarter of 2022. The increase on a combined basis occurred due to the same factors discussed above, excluding the acquisition of Aria.

As of June 30, 2022, we had 3.0 million RINs generated by June production that were committed and settled in July 2022 under short-term forward RIN sales contracts at a weighted-average price of \$3.15. The related revenues and associated royalty expenses will be recognized in the third quarter of 2022.

Set forth below is a summary of selected financial information for the three and six months ended June 30, 2022 and 2021:

(in thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	\$ Change	2022	2021	\$ Change
Revenues and other income	\$ 77,219	\$ 5,127	\$ 72,092	\$ 134,116	\$ 6,781	\$ 127,335
Costs of sales	62,746	5,233	57,513	105,437	6,443	98,994
Equity investment income (loss)	2,693	—	2,693	4,122	—	4,122
General and administrative expenses	18,883	7,884	10,999	45,236	11,042	34,194
Operating income (loss)	(1,717)	(7,990)	6,273	(12,435)	(10,704)	(1,731)
Other income (expense), net	34,470	60	34,410	12,016	275	11,741
Net income (loss)	\$ 32,624	\$ (7,930)	\$ 40,554	\$ (548)	\$ (10,429)	\$ 9,881

Revenues and Other Income

Revenues and other income were approximately \$77.2 million and \$134.1 million for the three and six months ended June 30, 2022, respectively, as compared to \$5.1 million and \$6.8 million for the three and six months ended June 30, 2021, respectively, an increase of \$72.1 million and \$127.3 million, respectively. The increased revenues are primarily attributable to the acquisition of Aria resulting in a \$48.1 million and \$91.7 million increase for the three and six months ended June 30, 2022, respectively, the strong market pricing of Environmental Attributes, natural gas and electricity, and the commencement of commercial operations at our Assai RNG facility, and other acquisitions made in late 2021, partially offset by downtime at certain facilities related to winter weather in the first quarter of 2022.

Revenues and other income increased on a combined basis for the three and six months ended June 30, 2022 as compared to revenue and other income for the three and six months ended June 30, 2021 primarily due to the strong market pricing of Environmental Attributes natural gas and electricity, the commencement of commercial operations at our Assai RNG facility, and other acquisitions made in late 2021, partially offset by downtime at certain facilities related to winter weather in the first quarter of 2022.

Cost of Sales

Costs of sales increased by \$57.5 million and \$99.0 million for the three and six months ended June 30, 2022, respectively, as compared to \$5.2 million and \$6.4 million for the three and six months ended June 30, 2021, respectively, primarily due to the acquisition of Aria resulting in increases of \$36.3 million and \$70.0 million for the three and six months ended June 30, 2022, respectively, the commencement of commercial operations at our Assai RNG facility, additional royalty and marketing expenses, and increased utility and gas costs.

Costs of sales on a combined basis increased for three and six months ended June 30, 2022 as compared to the three and six months ended June 30, 2021 primarily due to operational costs at our Assai RNG facility following the commencement of operations, higher utility prices, as well as increased depreciation and amortization expense as a result of those operations and the step-up in value of the Aria assets due to purchase accounting.

General and Administrative Expenses

General and administrative expenses were \$18.9 million and \$45.2 million for the three and six months ended June 30, 2022, respectively, an increase of \$11.0 million and \$34.2 million compared to the three and six months ended June 30, 2021, respectively. The increase is primarily due to higher employee costs, including share-based compensation expenses, associated with higher headcount and contractors and consultants costs as our business has expanded and we became a public company. Additionally, expenses for the three months ended June 30, 2022 include \$3.6 million for non-recurring legal and professional fees and other non-recurring costs primarily associated with the formation of the Lightning JV and the acquisition of INGENCO, and expenses for the six months ended June 30, 2022 include \$8.9 million in severance related costs, including accelerated share-based compensation expense, and \$6.0 million related to non-recurring legal and professional fees associated with the executive transition, the Ares Secondary Offering, the formation of the Lightning JV, and the acquisition of INGENCO.

Other Income (Expense)

Other income was \$34.5 million and \$12.0 million for the three and six months ended June 30, 2022, respectively, as compared to other income of \$0.1 million and \$0.3 million for the three and six months ended June 30, 2021, respectively, primarily due to the decrease in fair value on the Private Placement Warrant liabilities resulting in gains of \$37.0 million and \$13.0 million for the three and six months ended June 30, 2022, respectively, compared with no Private Placement Warrants outstanding during the three and six months ended June 30, 2021, and gains in fair value on the interest rate swap of \$1.0 million and \$4.6 million for the three and six months ended June 30, 2022, respectively, offset in part by the increase in interest expense of \$3.7 million and \$6.3 million for the three and six months ended June 30, 2022, respectively.

Adjusted EBITDA

Adjusted EBITDA is calculated by taking net income (loss) before taxes, interest expense, and depreciation, amortization and accretion, and adjusting for the effects of certain non-cash items, other non-operating income or expense items, and other items not otherwise predictive or indicative of ongoing operating performance, including net derivatives activity, certain acquisition and other transaction expenses, severance expenses, non-cash share-based compensation expense and Settled RIN adjustment (as defined below). We believe the exclusion of these items enables investors and other users of our financial information to assess our sequential and quarter-over-quarter performance and operating trends on a more comparable basis and is consistent with management's own evaluation of performance.

Under GAAP, the timing of revenue recognition for stand-alone RIN sales contracts is tied to the delivery of the RINs to our counterparty and not the production of the RINs. The Company had approximately 3.0 million RINs generated by June 2022 RNG production that were delivered under forward RIN sale agreements in July 2022 at a weighted-average price of \$3.15. To reflect this and match the RIN revenue to the month of production, Adjusted EBITDA for both the three and six months ended June 30, 2022 includes a \$7.0 million add-back ("Settled RIN adjustment"), which represents the net cash value (proceeds minus expenses) of this settled, forward sold RIN transaction. The related revenues and associated royalty expenses will be recognized in the third quarter of 2022. The Company anticipates the quarterly financial impact of these monetization timing delays to be mitigated over time as it continues to bring additional RNG facilities online and enter into new contracts.

Adjusted EBITDA also includes adjustments for equity method investment basis difference amortization and the depreciation and amortization expense included in our equity earnings from our equity method investments. These adjustments should not be understood to imply that we have control over the related operations and resulting revenues and expenses of our equity method investments. We do not control our equity method investments; therefore, we do not control the earnings or cash flows of such equity method investments. The use of Adjusted EBITDA, including adjustments related to equity method investments, as an analytical tool should be limited accordingly.

Adjusted EBITDA is commonly used as a supplemental financial measure by our management and external users of our consolidated financial statements to assess the financial performance of our assets without regard to financing methods, capital structures, or historical cost basis. Adjusted EBITDA is not intended to represent cash flows from operations or net income (loss) as defined by GAAP and is not necessarily comparable to similarly titled measures reported by other companies.

We believe Adjusted EBITDA provides relevant and useful information to management, investors, and other users of our financial information in evaluating the effectiveness of our operating performance in a manner that is consistent with management's evaluation of financial and operating performance.

The table below sets forth the reconciliation of Net income (loss) to Adjusted EBITDA:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 32,624	\$ (7,930)	\$ (548)	\$ (10,429)
Adjustments				
Interest expense	3,712	13	6,366	19
Depreciation, amortization and accretion	13,730	886	26,219	935
Income tax expense	129	—	129	—
EBITDA	\$ 50,195	\$ (7,031)	\$ 32,166	\$ (9,475)
Net derivative activity	(38,095)	—	(18,180)	—
Amortization of intangibles and below-market contracts	(1,103)	—	(2,206)	—
Amortization of equity method investments basis difference	2,571	—	5,141	—
Depreciation and amortization adjustments for equity method investments	1,579	—	3,173	—
Income tax expense for equity method investments	151	—	1,693	—
Share-based compensation expense	3,170	146	8,923	178
Acquisition and other transaction costs and severance costs ⁽¹⁾	4,621	—	12,956	—
Settled RIN adjustment ⁽²⁾	7,006	—	7,006	—
Adjusted EBITDA	\$ 30,095	\$ (6,885)	\$ 50,672	\$ (9,297)

⁽¹⁾ Other transaction costs include expenses related to certain joint ventures, R&D expenses, and the Ares Secondary Offering.

⁽²⁾ Adjustment for gross profit on RINs generated from June gas production which will be recognized in the Company's third quarter 2022 consolidated statement of operations.

Liquidity and Capital Resources

Sources and Uses of Funds

The Company's primary uses of cash have been to fund construction of RNG facilities and acquisitions of complementary businesses and assets and LFG rights. The Company is expected to primarily finance its project development activities with cash on hand, cash expected to be generated from operations and available funding under the Revolver. The amount and timing of the future funding requirements will depend on many factors, including the pace and results of our acquisitions and project development efforts. As discussed in "Recent Events," the Company has significantly expanded and accelerated the pace of developing its project backlog. The Company is in the process of optimizing the pace and timing of its long-term project development backlog as a result of recent additions to its backlog related to the Lightning JV and the

acquisition of INGENCO. Capital expenditures guidance for 2022 (excluding acquisition costs) has increased to a range of \$325 million to \$365 million, to begin development on recent additions to the Company's development backlog.

During the three months ended June 30, 2022, we borrowed a total of \$50.0 million under the Revolver to provide funding for ongoing operations and capital expenditures. As of June 30, 2022, we had the cash balance described in the paragraph below and approximately \$580.5 million of outstanding indebtedness, including \$400.0 million of outstanding borrowings under the Term Loan and \$130.5 million outstanding on our Assai Notes (as defined below). We also had \$626.2 million of available borrowing capacity under the Revolver as of June 30, 2022. On July 5, 2022 and July 14, 2022, we borrowed \$220.0 million and \$75.0 million, respectively, under the Revolver. Following these borrowings, available borrowing capacity under the Revolver was approximately \$331.2 million. We expect the Revolver along with the Company's other existing sources of liquidity will be sufficient to fund the Company's development capital needs for the foreseeable future, including capital expenditures related to the Lightning JV, projects related to INGENCO, and core development projects, thereby eliminating the need for additional external capital in the near-term based on the Company's current development plans and backlog.

Further accelerating our growth plans may require additional cash requirements, which would likely be funded with additional debt or equity issuances. We may, to the extent market conditions are favorable, incur additional debt or issue equity securities to, among other things, finance future acquisitions of businesses, assets, or biogas rights, fund development of projects in our backlog, respond to competition, or for general corporate purposes. The Company cannot predict with certainty the timing, amount and terms of any future issuances of any such securities or whether they occur at all.

Cash

As of June 30, 2022, the Company had \$213.3 million of unrestricted cash and cash equivalents, which is expected to provide ample liquidity to fund our current operations and a portion of our near-term development projects. As of June 30, 2022, we also had \$21.9 million of restricted cash for permitted payments and required reserves related to the Assai RNG facility, including future principal and interest payments for the Assai Notes. During the three months ended June 30, 2022, the Company received a total of \$9.3 million in distributions from restricted cash.

Term Loan and Revolver

On June 30, 2022, the Company amended its Revolving Credit and Term Loan Agreement which included a Revolver with an initial commitment of \$250 million and a Term Loan with an initial commitment of \$220 million. The amendment, among other things, increased the aggregate total commitment from the original syndicate of lenders plus two additional lenders by approximately \$630 million to a total of \$1.1 billion and provides for a \$400 million Term Loan and a \$700 million Revolver. In addition, on June 1, 2022, the benchmark interest rate was revised to SOFR plus 2.75% for the Revolver and SOFR plus 3.25% for the Term Loan. The maturity date of the Revolver and Term Loan remains unchanged at September 15, 2026.

As of June 30, 2022, the Company has outstanding borrowings under the Term Loan of \$400.0 million at an effective interest rate of 4.89% and has drawn down a total of \$50.0 million under the Revolver. As of June 30, 2022, the Company had issued letters of credit under the Credit Facilities of \$23.8 million, and thus reducing the borrowing capacity of the Revolver to \$626.2 million. Under the Company's updated 2022 capital expenditure budget, we expect to utilize a portion of available capacity under the Revolver to fund our near-term development projects.

In July 2022, the Company drew an additional \$295.0 million under the Revolver and used these proceeds along with incremental Term Loan proceeds from the June 30, 2022 amendment to fund its initial capital contribution in the Lightning JV and the acquisition of INGENCO.

See "Note 10 - Debt" in this Report for additional information on the Revolver and the Term Loan.

Assai Energy 3.75% and 4.47% Senior Secured Notes

On January 15, 2021, Assai entered into a senior secured note purchase agreement with certain investors for the purchase of \$72.5 million in principal amount of 3.75% Senior Secured Notes (the “3.75% Notes”). Interest on the 3.75% Notes is payable quarterly in arrears on each payment date and the 3.75% Notes mature on September 30, 2031. On April 5, 2021, Assai entered into an additional senior secured note purchase agreement with certain investors for the purchase of \$60.8 million in principal amount of its 4.47% Senior Secured Notes (the “4.47% Notes” and, together with the 3.75% Notes, the “Assai Notes”). Interest is payable quarterly in arrears on each payment date, and the 4.47% Notes mature on September 30, 2041.

Summarized Cash Flows for the Six Months Ended June 30, 2022 and 2021:

<i>(in thousands)</i>	Six Months Ended June 30,	
	2022	2021
Cash provided by (used in) operating activities	\$ 56,692	\$ (7,510)
Cash used in investing activities	\$ (133,631)	\$ (88,136)
Cash provided by financing activities	\$ 219,052	\$ 130,453
Net increase in cash, cash equivalents and restricted cash	\$ 142,113	\$ 34,807

Cash Provided by (Used in) Operating Activities

The Company generates cash from revenues and uses cash in its operating activities and for general and administrative expenses.

Total cash provided by operating activities increased by \$64.2 million for the six months ended June 30, 2022, which was primarily related to higher revenues, offset in part by higher cost of energy associated with the increased level of operations and higher general and administrative expenses due to increases in employee costs as we continue to build our business. Changes in other working capital accounts were approximately \$36.4 million and related to the timing of revenue receipts and increases in accounts payable and accrued liability balances.

Cash Used in Investing Activities

We continue to have significant cash outflows for investing activities as we expand our business, make acquisitions, and develop projects. Total cash used in investing activities was \$133.6 million for the six months ended June 30, 2022. We spent \$127.9 million on development activities and \$7.0 million, net of cash acquired, primarily related to the acquisition of landfill gas right assets. Development activities in the six months ended June 30, 2022 are related to supply chain purchases, deposits on long-lead items, and construction and optimization at our various plants, including additional costs at Assai. We also made contributions to equity method investments totaling \$8.0 million and received return of investment in equity method investments of \$7.4 million.

Cash used in investing activities of \$88.1 million for the six months ended June 30, 2021 was primarily attributable to the acquisition of PEI Power LLC, acquiring biogas rights, and construction at the Assai and Boyd County production facilities.

Cash Provided by Financing Activities

Cash used provided by financing activities for the six months ended June 30, 2022 is primarily attributable additional funding under the Term Loan and Revolver of \$225.3 million, net of issuance costs, offset by scheduled repayments of long-term debt and payment of contingent consideration related to the Boyd County acquisition resulting in net cash payments of \$4.5 million.

Cash provided by financing activities of \$130.5 million for the six months ended June 30, 2021 was comprised primarily of proceeds from issuance of the Assai Notes and borrowings under the Company’s line of credit agreement.

Material Cash Requirements

The Company has various long-term contractual commitments pertaining to certain of its biogas rights agreements that

include annual minimum royalty and landfill gas rights payments. Annual minimum royalty and landfill gas rights payments generally begin when production commences and continue through the period of operations. As of June 30, 2022, the expected annual minimum royalty and landfill gas rights payments are approximately \$8.0 million, and the annual commitment will increase as production commences from new facilities under development with biogas rights agreements that include minimum payment terms.

The Company has purchase commitments related to construction services and equipment purchases for the development and upgrade of facilities of \$274.1 million as of June 30, 2022, with expected cash payments of \$161.9 million in the remainder of 2022 and \$112.2 million in 2023 and beyond.

On May 5, 2022, the Company and Republic announced the formation of the Lightning JV. The Company and Republic have agreed to contribute to the Lightning JV approximately \$780 million and \$300 million, respectively, over approximately five to six years. The Company made its initial capital contribution of \$222.5 million on July 5, 2022. Contributions to the Lightning JV are subject to annual budget approval by the Lightning JV's board of directors and are further subject to adjustment based on actual amounts spent by the Lightning JV through the completion of development of RNG projects.

Critical Accounting Policies and Estimates

The preparation of the Company's financial statements in accordance with GAAP requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The estimates and assumptions used in our financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. We evaluate our estimates on an ongoing basis. Because these estimates can vary depending on the situation, actual results may differ from the estimates and assumptions used in preparing the financial statements.

The Company considers critical accounting estimates to be those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the Company's financial condition or results of operations. See "Significant Accounting Policies - Critical Accounting Policies and Estimates" included within "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the 2021 Annual Report for a discussion of our critical accounting estimates; there have been no material changes to the Company's critical accounting estimates as disclosed therein.

Recent Accounting Pronouncements

For a description of the Company's recently adopted accounting pronouncements and recently issued accounting standards not yet adopted, see "Note 3 - Recently Issued and Adopted Accounting Standards" in this Report.

Inflation

The Company does not believe that inflation had a material impact on our business, revenues or operating results during the periods presented. If inflationary trends continue, our business and operating results could be adversely affected.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item. However, we note that we are exposed to market risks in the ordinary course of our business. Market risk is the potential loss that may result from market changes associated with our power generation or with an existing or forecasted financial or commodity transaction. These risks primarily consist of commodity price risk, specifically electricity and RNG, counterparty credit risk and interest rate risk. See "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A in the 2021 Annual Report on Form 10-K for more information. Our exposure to market risk has not materially changed since December 31, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief

Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2022. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this Report based on the material weakness in our internal control over financial reporting described below.

Previously Reported Material Weakness

The material weakness resulted from an ineffective risk assessment process, which led to improperly designed controls over the Company's financial statement close process. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Management concluded that this deficiency in internal control over financial reporting related to an inadequate understanding of the impact of consolidation entries by certain individuals. This failure led to a duplicate entry that constituted a material weakness as defined in the SEC regulations. This material weakness resulted in the misstatement of general and administrative expenses and accounts payable - trade and in the restatement of the unaudited consolidated financial statements for the interim period ended September 30, 2021.

We performed additional analysis and procedures with respect to accounts impacted by the material weakness in order to conclude that our consolidated financial statements in this Report, and for the three and six months ended June 30, 2022 and 2021, are fairly presented, in all material respects, in accordance with GAAP.

Under "Changes to Internal Controls" below, we describe our remediation plan to address the identified material weakness.

Changes to Internal Controls

The design and implementation of internal controls over financial reporting for the Company's post-Business Combinations has required and will continue to require significant time and resources from management and other personnel. The changes to our internal control over financial reporting commenced during the period covered by this Report and after will materially affect, or are reasonably likely to materially affect, our internal control over financial reporting by establishing new controls and procedures appropriate to the operating business we have become as a result of the Business Combinations.

The Company is remediating the previously reported material weakness by enhancing training of our staff, following stricter journal entry approval workflows, and requiring certain account reconciliations to be completed and approved prior to the issuance of financial statements. In addition, the Company will improve its analytical review procedures and perform such procedures and related variance explanations at a more detailed level.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is party to certain legal actions and claims arising in the ordinary course of business. While the outcome of these events cannot be predicted with certainty, management does not currently expect these matters to have a materially adverse effect on the financial position or results of operations of the Company.

ITEM 1A. RISK FACTORS

Other than the risk factors set forth below, there have been no material changes or updates to our risk factors that were previously disclosed in “Risk Factors” in Part I, Item 1A of the 2021 Annual Report.

A key component of our growth strategy is expanding our backlog of high-quality development projects, including through acquisitions, joint ventures and other strategic transactions, which present certain risks and uncertainties. We have limited operating experience at our current scale of operations and have plans to implement significant future growth, including through the INGENCO acquisition and the Lightning JV, which are expected to significantly expand our growth trajectory and our capital requirements in the near term and longer term. If we are unable to manage or finance our growth effectively, our financial performance may suffer.

In July 2022, we acquired INGENCO, and in May 2022, we and Republic formed the Lightning JV. We expect to continue considering acquisitions and other strategic transactions in the future and expect that such transactions will continue to be a key component of our near-term growth strategy. Some of our projections and expectations and, in part, our success are based on our ability to complete and integrate such transactions and recognize the anticipated financial, strategic and operational benefits thereof.

Pending, recent or future acquisitions, joint ventures and other strategic transactions may negatively impact our business, financial condition, results of operations, cash flows and prospects because (i) we may have difficulty managing our growth; (ii) we may assume liabilities of an acquired business (e.g., environmental, litigation or tax), including liabilities that were unknown at the time of the acquisition, that pose future risks to our working capital needs, cash flows and profitability, and we may be subject to risks beyond our estimates or what was disclosed to us; (iii) such acquisitions and transactions could divert management’s attention and other resources from our existing business; and (iv) substantial transaction costs to complete such acquisitions and transactions may be incurred and such costs may exceed the estimated financial and operational benefits. Further, the businesses or assets that we acquire, or our joint ventures or other strategic transactions, may not achieve anticipated revenue, production, earnings or cash flows, and we may be unable to fully realize all of the anticipated benefits and synergies from recent, pending and future strategic transactions. See “Risk Factors—Risks Related to the Business and Industry of the Company—Acquiring existing projects involves numerous risks.” in Part I, Item 1A in the 2021 Annual Report for additional risks relating to acquisitions.

In addition, such acquisitions and transactions may require increases in working capital and capital expenditure investments to fund their growth, and to facilitate or fund such acquisitions and transactions, we may incur or assume substantial additional indebtedness or issue equity securities. In July 2022, the Company paid \$230.5 million for the acquisition of INGENCO and made an initial capital contribution of \$222.5 million to the Lightning JV, both of which were funded with borrowings under the Credit Facilities. The development of the projects in accordance with the terms of the Lightning JV agreement will require significant additional capital, with the Lightning JV requiring cash capital contributions from us of approximately \$780 million over approximately five to six years (including the initial capital contribution of \$222.5 million which was funded in July 2022). We may fund certain incremental development costs associated with the Lightning JV and INGENCO RNG development projects through one or more capital markets transactions or private financing transactions. However, such financing may not be available in amounts or on terms acceptable to us, if at all. If we are unable to obtain financing needed for future acquisitions or other strategic transactions, we may not be able to consummate such transactions and may be required to delay, reduce the scope of, or eliminate such activities or growth initiatives. In addition, if either member of the Lightning JV fails to make its annual capital contribution to the Lightning JV on a timely basis, the other member may elect to loan such amount and may also elect to treat such loan as a capital contribution to the Lightning JV in an amount equal to twice the amount loaned, thereby decreasing the failing member’s membership interest in the Lightning JV.

The Lightning JV is a joint venture and our investment could be adversely affected by our lack of sole decision-making authority and restrictions on transfer relating to the Lightning JV. The Lightning JV may also impair our operating flexibility and subject us to risks not present in investments that do not involve co-ownership.

Although we have the right to appoint three of the five persons to serve on the board of directors of the Lightning JV, the limited liability company agreement of the Lightning JV (the “Lightning JV LLC Agreement”) contains certain protective provisions requiring the approval of a supermajority vote of at least 80% of the directors to take certain actions, including, among other items, the incurrence of debt by the Lightning JV, amending the terms of the Lightning JV LLC Agreement, and approving or amending the annual budget of the Lightning JV. In addition, certain fundamental decisions involving the Lightning JV, such as approving any liquidation, dissolution, windup, commencement of bankruptcy or insolvency proceedings, sale, merger or disposition of all of the assets of the Lightning JV, initial public offering or application for listing on a stock exchange of the Lightning JV, require a vote of at least 90% of the directors. Thus, our investment in the Lightning JV involves risks that are not present when we are able to exercise sole control over an asset, including certain major decisions requiring supermajority decision-making beyond our sole control and are subject to agreement with Republic. Differences in views between us and Republic may result in delayed decisions or failures to agree on major matters, such as large expenditures or the construction or acquisition of assets, and delayed decisions and disagreements could adversely affect the business and operations of the Lightning JV, and, in turn, our business, operations and financial results.

In addition, the members of the Lightning JV are subject to transfer restrictions with respect to their membership interests in the Lightning JV, including consent rights of the other member of the Lightning JV and a right of first offer for the other (non-transferring) member, which may make it more difficult to sell such interests in the future. In addition, Republic has a right of first refusal with respect to sales of certain assets from the Lightning JV. The terms of the Lightning JV also allow Republic to require us to take certain actions in the event we undergo certain changes of control, which could result in the termination of certain contractual agreements with Archaea Operating LLC or could result in us being forced to sell all of our membership interests in the Lightning JV to Republic at fair market value or at an otherwise specified value in the Lightning JV LLC Agreement or spin off the entity through which we participate in the Lightning JV.

Moreover, the Lightning JV, like joint ventures generally, could impair our operating flexibility and subject us to risks not present in investments that do not involve co-ownership. The Lightning JV LLC Agreement allows Republic, in certain circumstances, to terminate its master landfill gas development agreement with the Lightning JV, which, among other things, governs the grant by Republic of landfill gas and real property rights at its landfills to the Lightning JV. The Lightning JV LLC Agreement also allows Republic to terminate an individual LFG project of the Lightning JV in certain circumstances, including the failure of the LFG project to complete project milestones or commence commercial operations within the agreed-upon timeframe or satisfy certain other commercial obligations. We may also be liable for liquidated damages under the master engineering, procurement and construction agreement between the Lightning JV and Archaea Operating LLC for failure to meet specified commercial operations dates or operating metrics. Furthermore, the Lightning JV may establish separate financing arrangements that contain restrictive covenants that may limit or restrict the entity’s ability to make cash distributions to the members of Lightning JV under certain circumstances. Additionally, from time to time, the Lightning JV may be involved in disputes or legal proceedings which may negatively affect the Lightning JV or our investment. See “Risk Factors—Risks Related to the Business and Industry of the Company—We currently own, and in the future may acquire, certain assets through joint ventures. As operating partner for some of our joint venture projects, we are exposed to counterparty credit risk, and as non-operating partner for other joint venture projects, we have limited control over management decisions and our interests in such assets may be subject to transfer or other related restrictions.” in Part I, Item 1A in the 2021 Annual Report for additional risks associated with joint ventures.

Effective December 31, 2022, we will be a large accelerated filer and no longer qualify as a smaller reporting company or emerging growth company, which will increase our costs and demands on management.

Based on the Company’s aggregate worldwide market value of voting and non-voting common equity held by non-affiliates as of June 30, 2022, the Company will become a “large accelerated filer” and lose smaller reporting company and emerging growth company status on December 31, 2022. Due to this upcoming transition, we are devoting significant time and efforts to implement and comply with the additional standards, rules and regulations that will apply to us upon becoming a large accelerated filer and losing our smaller reporting company and emerging growth company status, diverting such time from the day-to-day conduct of our business operations. Compliance with the additional requirements of being a large accelerated filer will also increase our legal, accounting and financial compliance costs.

As a smaller reporting company and an emerging growth company, we have availed ourselves of the exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002. However, we may no longer avail ourselves of this exemption when we become a large accelerated filer and our independent registered public accounting firm will be required to formally attest to the effectiveness of our internal control over financial reporting in our Annual Report on Form 10-K for the year ending December 31, 2022. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Due to the complexity and logistical difficulty of implementing the standards, rules and regulations that apply to non-emerging growth companies on an accelerated timeframe, there is an increased risk that we may be found to be in non-compliance with such standards, rules and regulations or to have significant deficiencies or material weaknesses in our internal controls over financial reporting. Any failure to maintain effective disclosure controls and internal control over financial reporting could materially and adversely affect our business, results of operations, and financial condition and could cause a decline in the trading price of our Class A Common Stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following is a list of exhibits filed as part of this Report.

Exhibit Number	Description
2.1+	Aria Merger Agreement (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on April 8, 2021).
2.2+	Amendment No. 1 to Business Combination Agreement, dated as of May 12, 2021, by and among the RAC Buyer, Aria and the Equityholder Representative (incorporated by reference to Exhibit 2.3 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 13, 2021).
2.3+	Amendment No. 2 to the Business Combination Agreement, dated as of June 11, 2021, by and among the RAC Buyer, Aria and the Equityholder Representative (incorporated by reference to Exhibit 2.4 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 13, 2021).
2.4+	Amendment No. 3 to the Business Combination Agreement, dated as of August 3, 2021, by and among the RAC Buyer, Aria and the Equityholder Representative (incorporated by reference to Exhibit 2.5 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 13, 2021).
2.5+	Archaea Merger Agreement (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K, filed with the SEC on April 8, 2021).
2.6+	Amendment No. 1 to the Business Combination Agreement, dated as of May 12, 2021, by and among the RAC Buyer and Archaea Energy II, LLC (incorporated by reference to Exhibit 2.6 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 13, 2021).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 21, 2021).
3.2	Certificate of Amendment to the Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on September 21, 2021).
3.3	Bylaws (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K, filed with the SEC on September 21, 2021).
10.1+	First Amendment to Revolving Credit and Term Loan Agreement, dated as of June 1, 2022, by Comerica Bank, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 7, 2022).
10.2+	Second Amendment to Revolving Credit and Term Loan Agreement, dated as of June 30, 2022, by and among the financial institutions from time to time signatory thereto, Comerica Bank, as administrative agent, and Archaea Energy Operating LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on July 7, 2022).
10.3#	Archaea Energy Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on July 7, 2022).
10.4#	Form of Participation Agreement – Archaea Energy Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the SEC on July 7, 2022).
10.5#*	Form of Performance-Based Restricted Stock Unit Grant Notice and Performance-Based Restricted Stock Unit Agreement under the Archaea Energy Inc. 2021 Omnibus Incentive Plan.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

+ The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule or exhibit upon the request of the SEC in accordance with Item 601(a)(5) of Regulation S-K.

Management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto authorized.

Date: August 15, 2022

ARCHAEA ENERGY INC.

By: /s/ Brian McCarthy

Brian McCarthy

Chief Financial Officer (Principal Financial Officer)

**ARCHAEA ENERGY INC.
2021 OMNIBUS INCENTIVE PLAN**

PERFORMANCE-BASED RESTRICTED STOCK UNIT GRANT NOTICE

Pursuant to the terms and conditions of the Archaea Energy Inc. 2021 Omnibus Incentive Plan, as amended from time to time (the "**Plan**"), Archaea Energy Inc., a Delaware corporation (the "**Company**"), hereby grants to the individual listed below ("**you**" or the "**Participant**") the number of performance-based restricted stock units (the "**PSUs**") set forth below. This award of PSUs (this "**Award**") is subject to the terms and conditions set forth herein, in the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "**Agreement**") and in the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Type of Award: Performance-Based Restricted Stock Units

Participant: _____

Date of Grant: _____

**Target Number of
Performance-Based Restricted Stock Units ("**Target PSUs**"):**

Performance Period: The period commencing as of _____ and ending _____ (the "**Performance Period**").

Vesting: Subject to Section 5 of the Agreement, the Plan and the other terms and conditions set forth herein, the PSUs shall vest based on achievement of the performance vesting conditions set forth on Exhibit B during the Performance Period, so long as you remain continuously employed by, or providing services to, the Company or an Affiliate from the Date of Grant through the Certification Date (as defined in Exhibit B). Notwithstanding the foregoing, in the event of your death or Disability, a pro-rated portion of the outstanding and unvested PSUs shall immediately vest, with such portion determined by multiplying the number of Target PSUs by a fraction, (i) the numerator of which equals the number of calendar days that you were employed by, or providing services to, the Company or an Affiliate since the Date of Grant and (ii) the denominator of which equals the number of calendar days in the Performance Period.

By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Performance-Based Restricted Stock Unit Grant Notice (this "**Grant Notice**"). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations arising under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more

counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

Notwithstanding any provision of this Grant Notice or the Agreement, if you have not executed and delivered to the Company either this Grant Notice or a copy of that certain Confidentiality, Intellectual Property, Non- Competition, and Non-Solicitation Agreement, by and between you and the Company (the “**Confidentiality Agreement**”), in each case, prior to the date on which any portion of this Award would otherwise vest, the Company shall have the right to immediately cancel this Award and cause a forfeiture of this Award for no consideration, and this Grant Notice and the Agreement shall in such event be null and void ab initio and of no force or effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

ARCHAEA ENERGY INC.

By: _____

Name: _____

Title: _____

EXHIBIT A

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

This Performance-Based Restricted Stock Unit Agreement (together with the Grant Notice to which this Agreement is attached, this “**Agreement**”) is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Archaea Energy Inc., a Delaware corporation (the “**Company**”), and _____ (the “**Participant**”). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. Award. In consideration of the Participant’s past and/or continued employment with, or service to, the Company or an Affiliate and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the “**Date of Grant**”), the Company hereby grants to the Participant the number of PSUs set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. To the extent vested, each PSU represents the right to receive one Share, subject to the terms and conditions set forth in the Grant Notice, this Agreement and the Plan. Unless and until the PSUs have become vested in the manner set forth in the Grant Notice, the Participant will have no right to receive any Shares or other payments in respect of the PSUs. Prior to settlement of this Award, the PSUs and this Award represent an unsecured obligation of the Company, payable only from the general assets of the Company.

2. Vesting of PSUs. Except as otherwise set forth in Section 5, the PSUs shall vest in accordance with the vesting schedule set forth in the Grant Notice. Unless and until the PSUs have vested in accordance with such vesting schedule, the Participant will have no right to receive any dividends or other distribution with respect to the PSUs. Upon the Participant’s Termination of Service prior to the vesting of all of the PSUs, any unvested PSUs (and all rights arising from such PSUs and from being a holder thereof) will terminate automatically without any further action by the Company and will be forfeited without further notice and at no cost to the Company, except as expressly provided in a written employment-related agreement with the Participant effective on or prior to the Date of Grant or, if the Participant is a participant in any severance plan, such severance plan.

3. Dividend Equivalents. In the event that the Company declares and pays a dividend in respect of its outstanding Shares and, on the record date for such dividend, the Participant holds PSUs granted pursuant to this Agreement that have not been settled, the Company shall record the amount of such dividend in a bookkeeping account and pay to the Participant an amount in cash equal to the cash dividends the Participant would have received if the Participant was the holder of record, as of such record date, of a number of Shares equal to the number of PSUs held by the Participant that have not been settled as of such record date, such payment to be made on the date on which such PSUs are settled in accordance with Section 4 (the “**Dividend Equivalents**”). For purposes of clarity, if the PSUs (or any portion thereof) are forfeited by the Participant pursuant to the terms of this Agreement, then the Participant shall also forfeit the Dividend Equivalents, if any, accrued with respect to such forfeited PSUs. No interest will accrue on the Dividend Equivalents between the declaration and payment of the applicable dividends and the settlement of the Dividend Equivalents.

4. Settlement of PSUs. As soon as administratively practicable following the vesting of PSUs pursuant to Section 2, but in no event later than 30 days after the Certification Date, the Company shall deliver to the Participant a number of Shares equal to the number of PSUs subject to this Award. All Shares issued hereunder shall be delivered either by delivering

Exhibit A-2

one or more certificates for such shares to the Participant or by entering such shares in book-entry form, as determined by the Committee in its sole discretion. The value of Shares shall not bear any interest owing to the passage of time. Neither this Section 4 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

5. Restrictive Covenants. Notwithstanding any provision in this Agreement or the Plan to the contrary, in the event the Committee determines that Participant has failed to abide by the provisions of any confidentiality, non-competition, non-solicitation, non-disparagement or similar covenant in any agreement by and between the Company or any Affiliate and the Participant, then all PSUs that have not been settled as of the date of such determination (and all rights arising from such PSUs and from being a holder thereof) will terminate automatically without any further action by the Company or the Participant and will be forfeited without further notice and at no cost to the Company.

6. Tax Withholding. To the extent that the receipt, vesting or settlement of this Award results in compensation income or wages to the Participant for federal, state, local and/or foreign tax purposes, the Participant shall make arrangements satisfactory to the Company regarding the payment of, any income tax, social insurance contribution or other applicable taxes that are required to be withheld in respect of this Award, which arrangements include the delivery of cash or cash equivalents, Shares (including previously owned Shares (which is not subject to any pledge or other security interest), net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of Shares otherwise issuable or delivered pursuant to this Award), other property, or any other legal consideration the Committee deems appropriate. If such tax obligations are satisfied through net settlement or the surrender of previously owned Shares, the maximum number of Shares that may be so withheld (or surrendered) shall be the number of Shares that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to this Award, as determined by the Committee. Any fraction of a Share withheld but not required to satisfy such tax obligations shall be paid instead in cash to the Participant. The Participant acknowledges that there may be adverse tax consequences upon the receipt, vesting or settlement of this Award or disposition of the underlying Shares and that the Participant has been advised, and hereby is advised, to consult a tax advisor. The Participant represents that the Participant is in no manner relying on the Board, the Committee, the Company or an Affiliate or any of their respective managers, directors, officers, employees or authorized representatives (including attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

7. Employment/Service Relationship. For purposes of this Agreement, Participant shall be considered to be employed by, or providing services to, the Company or an Affiliate as long as Participant remains an employee or other service provider of any of the Company, an Affiliate or a corporation or other entity (or a parent or subsidiary of such corporation or other entity) assuming or substituting a new award for this Award.

8. Non-Transferability. During the lifetime of the Participant, the PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such shares have lapsed. Neither the PSUs nor any interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means, whether such disposition be voluntary or

involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

9. Compliance with Applicable Law. Notwithstanding any provision of this Agreement to the contrary, the issuance of Shares hereunder will be subject to compliance with all applicable requirements of applicable law with respect to such securities and with the requirements of any stock exchange or market system upon which the Shares may then be listed. No Shares will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, Shares will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the Shares to be issued or (b) in the opinion of legal counsel to the Company, the Shares to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary for the lawful issuance and sale of any Shares hereunder will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance of Shares hereunder, the Company may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company.

10. Rights as a Stockholder. The Participant shall have no rights as a stockholder of the Company with respect to any Shares that may become deliverable hereunder unless and until the Participant has become the holder of record of such Shares, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of any such Shares, except as otherwise specifically provided for in the Plan or this Agreement.

11. Execution of Receipts and Releases. Any issuance or transfer of Shares or other property to the Participant or the Participant's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such Person hereunder. As a condition precedent to such payment or issuance, the Company may require the Participant or the Participant's legal representative, heir, legatee or distributee to execute (and not revoke within any time provided to do so) a release and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to vested PSUs.

12. No Right to Continued Employment, Service or Awards. Nothing in the adoption of the Plan, nor the award of the PSUs thereunder pursuant to the Grant Notice and this Agreement, shall confer upon the Participant the right to continued employment by, or a continued service relationship with, the Company or any Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment or other service relationship at any time. Unless otherwise provided in a written employment or service agreement or by applicable law, the Participant's employment or service with the Company, or any such Affiliate, or any other entity shall be on an at-will basis, and the employment or service relationship may be terminated at any time by either the Participant or the Company, or any such Affiliate, or other entity for any reason whatsoever, with or without cause or notice. Any question as to whether and when there has been a termination of such employment or service, and the cause of such termination, shall be determined by the Committee or its delegate, and such determination shall be final, conclusive and binding for all purposes. This

Award is a one-time benefit that was made at the sole discretion of the Company and does not create any contractual or other right to receive a grant of PSUs or other Awards or any payment or benefits in the future, including any adjustment to wages, overtime, benefits or other compensation. Any future Awards will be granted at the sole discretion of the Company.

13. Notices. All notices and other communications under this Agreement shall be in writing and shall be delivered to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, unless otherwise designated by the Company in a written notice to the Participant (or other holder):

Archaea Energy Inc.
Attn: General Counsel
500 Technology Drive, Second Floor
Canonsburg, Pennsylvania 15317

If to the Participant, at the Participant's last known address on file with the Company.

Any notice that is delivered personally or by overnight courier or telecopier in the manner provided herein shall be deemed to have been duly given to the Participant when it is mailed by the Company or, if such notice is not mailed to the Participant, upon receipt by the Participant. Any notice that is addressed and mailed in the manner herein provided shall be conclusively presumed to have been given to the party to whom it is addressed at the close of business, local time of the recipient, on the fourth day after the day it is so placed in the mail.

14. Consent to Electronic Delivery; Electronic Signature. In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other Award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which the Participant has access. The Participant hereby consents to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

15. Agreement to Furnish Information. The Participant agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

16. Entire Agreement; Amendment. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the PSUs granted hereby; provided, however, that any conflict between this Agreement, on the one hand, and the terms of a written employment-related agreement with the Participant effective on or prior to the Date of Grant or, if the Participant is a participant in any executive severance plan, such executive severance plan, shall be decided in favor of the provisions of such employment-related agreement or such executive severance plan, as applicable. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement

from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially and adversely reduces the rights of the Participant shall be effective only if it is in writing and signed by both the Participant and an authorized officer of the Company.

17. Severability and Waiver. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. Waiver by any party of any breach of this Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right. The failure of any party to take action by reason of such breach or to exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

18. Company Recoupment of Awards. The Participant's rights with respect to this Award shall in all events be subject to (a) all rights that the Company may have under any Company recoupment policy or any other agreement or arrangement with the Participant, and (b) all rights and obligations that the Company may have regarding the clawback of "incentive-based compensation" under Section 10D of the Exchange Act and any applicable rules and regulations promulgated thereunder from time to time by the U.S. Securities and Exchange Commission.

19. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, EXCLUSIVE OF THE CONFLICT OF LAWS PROVISIONS OF DELAWARE LAW.

20. Successors and Assigns. The Company may assign any of its rights under this Agreement without the Participant's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the Person(s) to whom the PSUs may be transferred by will or the laws of descent or distribution.

21. Headings; References; Interpretation. Headings are for convenience only and are not deemed to be part of this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All references herein to Sections shall, unless the context requires a different construction, be deemed to be references to the Sections of this Agreement. The word "or" as used herein is not exclusive and is deemed to have the meaning "and/or." All references to "including" shall be construed as meaning "including without limitation." Unless the context requires otherwise, all references herein to a law, agreement, instrument or other document shall be deemed to refer to such law, agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. All references to "dollars" or "\$" in this Agreement refer to United States dollars. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

22. Counterparts. The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of the Grant Notice by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

23. Section 409A. Notwithstanding anything herein or in the Plan to the contrary, the PSUs granted pursuant to this Agreement are intended to be exempt from the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the PSUs may not be exempt from Section 409A of the Code, then, if the Participant is deemed to be a "specified employee" within the meaning of Section 409A of the Code, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PSUs upon his "separation from service" within the meaning of Section 409A of the Code, then to the extent necessary to prevent any accelerated or additional tax under Section 409A of the Code, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PSUs provided under this Agreement are exempt from or compliant with Section 409A of the Code and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A of the Code.

Exhibit A-7

[Remainder of Page Intentionally Blank]

EXHIBIT B

PERFORMANCE-VESTING CONDITIONS

This Exhibit B sets forth the performance vesting conditions and methodology applicable to the PSUs. Subject to the terms and conditions set forth in the Grant Notice, the Agreement and the Plan, the portion of the PSUs subject to this Award that become performance vested during the Performance Period, if any, will be determined upon the Committee's certification of the achievement of the performance criteria in accordance with this Exhibit B, which shall occur within sixty (60) days following the end of the Performance Period (the "Certification Date"). Capitalized terms used but not defined herein shall have the same meaning as is ascribed thereto in the Grant Notice, the Agreement or the Plan, as applicable.

A. Performance Criteria

[]

B. Certification of Performance Vesting

[]

All PSUs subject to this Award that are outstanding as of the date immediately following the Certification Date shall be forfeited and cancelled for no consideration if they do not become performance vested as set forth above. PSUs subject to this Award that have performance vested pursuant to this Exhibit B shall vest on the Certification Date in accordance with the Grant Notice.

Consistent with the terms of the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the terms of the Plan or the Agreement, including this Exhibit B shall be within the sole discretion of the Committee, and shall be final, conclusive, and binding upon all persons.

Exhibit B-1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13A-14(A)/RULE 15D-14(A)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Nicholas Stork, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Archaea Energy Inc. (the “registrant”);
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
 5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect
-

the registrant's ability to record, process, summarize and report financial information; and

- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2022

/s/ Nicholas Stork

Name: Nicholas Stork

Title: Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13A-14(A)/RULE 15D-14(A)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian McCarthy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Archaea Energy Inc. (the “registrant”);
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
 5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect
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the registrant's ability to record, process, summarize and report financial information; and

- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 15, 2022

/s/ Brian McCarthy
Name: Brian McCarthy
Title: Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Nicholas Stork, the Chief Executive Officer of Archaea Energy Inc. (the “Company”), hereby certify that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the period ended June 30, 2022 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 15, 2022

/s/ Nicholas Stork

Name: Nicholas Stork

Title: Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Brian McCarthy, the Chief Financial Officer of Archaea Energy Inc. (the “Company”), hereby certify that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the period ended June 30, 2022 (the “Report”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 15, 2022

/s/ Brian McCarthy

Name: Brian McCarthy

Title: Chief Financial Officer
(Principal Financial Officer)