



Fulcrum Centerpoint, LLC Financial FAQs

How is Fulcrum capitalized?

Since its inception, Fulcrum BioEnergy, Inc. (“Fulcrum”) has raised in excess of \$1 billion to fund its path to low carbon, renewable transportation fuels. This includes investments from a diverse group of some of the largest airline, waste management, fuel supply chain and logistics, pension funds and infrastructure companies in the world. Several more billions in capital will be raised in ensuing years.

How does Fulcrum raise money for its projects?

The two main ways Fulcrum raises money are through private equity financing and debt financing.

Private equity financing requires Fulcrum to sell a percentage of the parent company to private investors for cash. This cash is then used for Fulcrum projects and initiatives, including research, development and pilot plants. The private investors now own a share of the company and expect that Fulcrum will increase in value over time, providing a return on their investment. Funds raised through private equity financing can be applied toward any of the company’s projects. In this type of financing, there is no mandatory repayment by Fulcrum to private investors.

Debt financing – essentially a loan – means that Fulcrum borrows an amount of money and then is required to pay it back, with interest, over time. Typically, a project’s assets are used as collateral for debt financing and the money received can only be used for that specific project. A few common sources of debt financing are bank loans and bonds.

What is a municipal bond?

A bond represents a loan made by an investor to a borrower. State and local governments (municipalities) commonly use bonds to borrow money to build infrastructure or fund day-to-day activities within their communities.

Each state is allocated a certain amount of municipal bonds that they can issue each year. A certain portion of these municipal bonds are allocated to be “private activity” bonds. Private activity bonds are bonds issued by municipalities to private companies that qualify under certain criteria. The qualified companies can then sell the bonds to raise funds for their projects.

Because Fulcrum’s projects take municipal solid waste (household garbage) and convert it into renewable fuel, Fulcrum is eligible to apply for these private activity tax-exempt municipal bonds under federal law.

Where will the money to pay for Centerpoint come from?

Fulcrum’s wholly owned subsidiary, Fulcrum Centerpoint, LLC (“Centerpoint”), will be funded through a mixture of private equity raised by Fulcrum at the parent level, as well as by selling several private activity municipal bonds. The Indiana Finance Authority (“IFA”) has awarded Centerpoint a total allocation of \$500 million in private activity

municipal bonds. This allocation is not a grant or loan from the state of Indiana. Centerpoint must still raise the funds through sales to institutional buyers.

The proceeds from the sale of these bonds by Centerpoint can only be used for the construction of the Centerpoint project. The obligation to repay the bonds rests solely with Centerpoint and are not a debt, liability or obligation of the Indiana Finance Authority or the State of Indiana.

In general:

- The IFA is authorized to issue municipal bond allocations for certain qualifying projects. All states issue allocations to issues like Centerpoint because they allow for economic growth and improved infrastructure in Indiana. Municipal bond allocations are issued with an expiration date.
- Federal law determines project eligibility for these bond allocations.
- Once a bond allocation is awarded, Centerpoint can “sell” the municipal bonds to investors. Each investor pays cash to Centerpoint in the amount of the bond(s) purchased.
- Centerpoint is responsible to pay interest to each investor until Centerpoint has repaid the entire amount of the bond to the investor. This debt-financing, like a loan, generally has a set maturity date.

For more information, *see* <https://www.in.gov/ifa/tax-exempt-bond-programs/volume-cap-program/>

Why did Centerpoint sell bonds reserved for its project in 2021?

As stated earlier, municipal bond allocations are issued with an expiration date. To preserve this allocation, Centerpoint sold \$375 million in bonds before the end of 2021 in what is commonly called “escrow financing.” Escrow financing requires that the capital raised, plus the applicable interest, sit in an escrowed bank account that cannot be accessed by Centerpoint. When Centerpoint is ready to complete its total financing for the project, only then is the escrowed money released, less interest, to Centerpoint. Until then, all Centerpoint activities, including development and engineering, are funded solely by Fulcrum with money raised through private equity financing.

Has Fulcrum received any other funding from Indiana?

Centerpoint has been offered Economic Development for a Growing Economy (EDGE) credits from the Indiana Economic Development Corporation. This tax credit provides an incentive to businesses to support job creation, capital investment, and Indiana communities. These credits, are only awarded upon financial closing and commencement of operations of the Centerpoint project.

Where did the money to pay for Sierra come from?

Located near Reno, Nevada, Fulcrum Sierra BioFuels, LLC (“Sierra”) was funded through a mixture of private equity raised by Fulcrum as well as by selling several private activity municipal bonds. The allocation of bond capacity for Sierra was awarded by the State of Nevada, and totaled \$289 million. The Company simultaneously raised significant private equity capital to complete the Sierra project.

Together, the money raised by both private equity and debt financed Sierra, at which point the money was assigned to the Sierra project. Once the money was assigned, it could not be used for anything else.

Further, the United States Department of Defense awarded a \$70 million capital grant to Fulcrum restricted specifically for the construction of Sierra. This grant was awarded because the federal government recognized Fulcrum had created an innovative way to make low carbon renewable fuels that could be used by the military.